

A-45011/3/2022-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 22nd December, 2022

OFFICE MEMORANDUM

The undersigned is directed to circulate herewith the unclassified portion of Monthly Summary on important policy decisions in respect of Department of Economic Affairs for the Month of October, 2022.


(Arup Shyam Chowdhury)
Deputy Secretary to the Government of India
Tel No. 2309- 5091

To

1. All Members of the Union Council of Ministers, Government of India, New Delhi.
2. Vice Chairman, Niti Aayog, Yojna Bhawan, New Delhi.
3. Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
4. Secretary to the President of India, Rashtrapati Bhavan, New Delhi.
5. Secretary to the Vice-President of India, 6, Maulana Azad Road, New Delhi.
6. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi
7. Chairman, Union Public Service Commission, Dholpur House, New Delhi.
8. All Members of Niti Aayog, Yojna Bhawan, New Delhi.
9. Secretaries to all the Ministries/Departments, Government of India, New Delhi.
10. PS to MOS (F), PPS to Finance Secretary, PPS to Secretary (EA), PPS to Secretary (Revenue), PPS to Secretary (Expenditure), PPS to Secretary (DIPAM).
11. Shri V. Anantha Nageswaran, Chief Economic Adviser, DEA.
12. Additional Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Shri Manoj Sahay, AS&FA(Finance).
14. Ms. Aparna Bhatia, Advisor(Admn./Coord./ C&C)
15. Ms. Manisha Sinha, AS(G20 logistics(Coord-II)/OMI/Crypto assets and CBDC)

16. All Heads of Divisions in Department of Economic Affairs.
JS(IPP)/JS(ISD)/JS(Inv)/JS(Budget)JS(FM)/All Advisers/CAAA
17. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
18. Guard File – 2022.

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Subject: **Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of October, 2022**

I. Important policy decisions taken and major achievements during the month:

Macroeconomic Overview:

The global economy continues to navigate an increasingly turbulent and uncertain environment. Despite the current slowdown in global growth, inflation has risen to a multi-decade high in many economies, amid elevated food and energy prices. The global composite PMI output index shrank for the second consecutive month in September, led by weakness in advanced economies, as elevated uncertainty and high energy prices dented confidence. These unfavourable developments have led the IMF to downgrade its outlook on the global economy, revising downward its projections of 2023 growth rates for most economies.

India's food system has also been adversely impacted by the Ukraine conflict and vagaries of nature. Domestic prices of some food items have risen in the wake of the rise in international prices. India's grain availability was impacted by the untimely heat waves and deficiency of the southwest monsoon in the current year. However, export restrictions enforced by the government have ensured that the country's needs are fully met. Further, efficient government actions through NFSA and PMGKAY, enabled by well-ordered procurement and off take operations of FCI, have ensured accessibility of food supplies up to the last person. India's food security has remained intact. Sharp rise in tractor sales in September and October also point towards improved sentiments and an expected increase in crop area sown.

The impact of disruption in food supplies is also visible in inflation numbers. Food inflation has contributed significantly to overall CPI inflation. During the first five months of 2022, food inflation was imported from elevating global prices of oils and fats. Since June 2022, however, domestic seasonal factors have been the major source of food inflation, mostly seen in the elevated prices of vegetables, cereals, and their products. Going forward, the current retail inflationary pressures are expected to ease with fresh Kharif arrivals and a pass-through of lower input costs to consumers, also affirmed by RBI's inflation projections for the next two quarters.

The UNDP Multi-Dimensional Poverty Index (MPI) released in October 2022 estimates that 41.5 crore people exited/emerged from multidimensional poverty in India during the last 15 years, with poverty declining from 55.1 per cent in 2005-06 to 16.4 per cent in 2019-21. India's success in reducing poverty has also contributed to a decline in poverty in South Asia. For the first time, South Asia, with 385 million poor people, has dropped to second place after Sub-Saharan Africa, with the largest number of poor people at 579 million.

India's response and containment measures, followed by near universalization of vaccination, have been considered a public health care marvel in subduing the Covid pandemic. However, even before the successful Covid management, other success stories were slowly unfolding, including those of Infant Mortality Rate and Maternal Mortality Rate, which declined between 2019 and 2020. This could be attributed to strategic investments taken under National Health Mission (NHM).

Despite the pandemic, the enrolment rate in schools has risen. The steep increase in Government school enrolment has more than made up for the fall in private school admissions. Measures announced by the Government in Union Budget 2021-22 and 2022-23 to reduce the impact of the pandemic on education are expected to play an important role in expediting learning recovery.

As per the PLFS data the urban unemployment rate declined for the fourth consecutive quarter ending June 2022. Net payroll additions in EPFO have witnessed double-digit growth in August 2022, reflecting improved formalisation of the economy. The Naukri Job Speak Index shows that most key industries maintained hiring expansion during October 2022. The Team Lease Employment Outlook Report also documents a step-up in hiring activity in the quarter ending September, driven by a rebound in new business gains, with the growth in the index of hiring intentions being strongest in India.

2. Important Developments:

- (a) In line with the Budget Announcement 2022-23 regarding setting up of world class foreign universities in GIFT IFSC, IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022 were notified on 12th October 2022.
- (b) IFSCA participated in a formal MoU Signing Ceremony for new signatories during the Presidents Committee meeting at IOSCO Annual Meeting in October 2022 in Marrakech, Morocco.
- (c) Data Centre and Energy Storage System have been included in Harmonized Master List of Infrastructure Sub-Sector. The same has been notified through E-gazette F.No. 13/1/2017-INF dated 11.10.2022.

- (d) Hon'ble Finance Minister approved the extension of G20 debt service relief to 20 Borrower countries seeking debt service suspension with Interest Equalization (IES) component being borne by Government of India.
 - (e) With the concurrence of Hon'ble Finance Minister, the validity of the 'Framework on Currency Swap Arrangement for SAARC Countries, 2019-2022' has been again extended till June 30,2023, which was due to expire on November 13,2022.
 - (f) Along with extending the Swap Framework, concurrence of Hon'ble Finance Minister was also conveyed to RBI to provide additional amount of INR equivalent of USD 200 million to Bhutan under the SSA with a total duration of 9 months (drawal plus 2 roll-overs of 3 months each) within the extant Framework.
- (ii) Following loan/grant agreements were signed with multilateral and bilateral development agencies.
- (a) Loan of Euro 80 mn and a grant agreement for Euro 1.5 million between DEA and KFW for the project 'Hydropower in Himalaya'.
 - (b) Loan agreement of USD 350 million with World Bank for IBRD loan for the Systems Reform Endeavors for Transformed Health Achievement in Gujarat (SRESTHAG) project.
- (iii) Project Extension:
Recommendation for extension of Project closing date by 18 months for STRIVE Project was sent on 11.10.2022.
- (iv) Loan/ Credit Cancellations:
- (a) A cancellation request of USD 3.08 million from the loan amount was recommended to the World Bank on 21.10.2022 for Odisha Higher Education Program for Excellence and Equity (Loan No. 8782).
 - (b) A cancellation request of USD 20 million from the STRIVE project was recommended to World Bank on 11th October, 2022.
- (v) Loan Negotiated:
Loan negotiation of Tamil Nadu Urban Flagship Investment Program — project-3 with Asian Development Bank was held on 12th October, 2022. The amount of project is USD 193.5 Million.
- (vi) Following capacity building programmes in infrastructure sector were held during this month:
- a) Training Programme on Public Private Partnership & Infrastructure Development held at IIM Shillong from **10th -14th October 2022**

- b) Training Programme on Training Programme on Public Private Partnership held at AJNIFM, Faridabad from **17th -21st October 2022**.

(vii) Hon'ble FM participated in the following meetings during this month:-

- (a) The 133rd meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/ Bilateral Agencies held on October 28, 2022 under the Chairmanship of AS (MBC).
- (b) 2022 Annual Meetings of the International Monetary Fund (IMF), World Bank, G20, and other related meetings were attended by Indian delegation led by Honorable Finance Minister during October 10-16, 2022 in Washington DC, USA. Meetings pertaining to IMF included: i. IMF Breakfast Meeting ii. IMFC Plenary Session.
- (c) During 2022 Annual Meetings of World Bank Group and IMF held in Washington DC from 10-16 Oct, 2022, Hon'ble FM had attended the following meetings as World Bank Group Governor for India:
- (d) Bilateral Meeting with World Bank Group President on 15- Oct-2022.
- (e) 2nd round of India-EU Investment Protection Agreement (IPA) was held on 11th, 12th and 14th October, 2022 through Video Conference.
- (f) Hon'ble Finance Minister participated in-person in the 4th G20 Finance Ministers and Central Bank Governors (FMCBG) meeting held under the Indonesian G20 Presidency on October 12-13, 2022 in Washington D.C, USA on the side-lines of the IMF-WB Annual meetings.
- (g) On the side-lines of the FMCBG meeting, Hon'ble FM held bilateral meetings with her counterparts from USA, Japan, Korea, Saudi Arabia, Netherlands, Australia, Bhutan, Egypt, OECD, UNDP, New Zealand, Germany, European Commission, UAE, IMF First Deputy Managing Director (FDMD) and FATF to discuss issues of mutual interest and exchange views on India's priorities during its G20 2023 Presidency. Secretary (DEA) also held bilateral meetings with several G20 members (USA, World Bank, France, Sri Lanka, FSB Chair, South Africa, IMF FDMD, Canada, ADB and International Financial Cooperation) to discuss India's priorities in the Finance Track in 2023.
- (h) Technical session on climate action window (CAW) by AfDB(ADF-16).

(viii) Following meetings at the official level were held or attended:

- (a) A Meeting between Secretary (EA) and World Bank MD & CFO Ms. Anshula Kant and World Bank VP & CRO, Ms. Lakshmi Shyam Sunder was held at DEA, North Block on 26-Oct-2022.
- (b) Joint Secretary (FB & ADB) had attended IDA day meeting from DEA's side virtually on 17-Oct-2022
- (c) The 31st meeting of Early Warning Group (EWG) was held on 6th October 2022. Director (FS&CS) is member in the group and attended the meeting.
- (d) Meeting of AIIB Board of Directors to consider AIIB's operational Policy on Financing and Investment Operations.
- (e) Meeting of NDB Board of Directors to discuss the impact and implications of Market Developments on the financial model of the NDB.
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3. Minimum Government, Maximum Governance

The use of ICT in submission of information is being encouraged.

4. Non-Compliance of ACC directions/orders: NIL

5. Details of FDI proposals cleared during the month and status of FDI proposals awaiting approval in the Department:

Number of proposals cleared	:	03
Awaiting Approval in the Department	:	05