

No. A-45011/4/2020-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, September, 2020

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 August, 2020.



(Surinder Pal Singh)

Joint Secretary to the Government of India

Tel No. 23092100

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. Chief Economic Adviser, DEA.
12. Additional Secretary (Shri A. Giridhar) Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
13. Dr. C.S. Mohapatra, Additional Secretary (FS &CS), DEA
14. Shri K. Rajaraman, Additional Secretary (Admn. & Investment), DEA.
15. Sh. Sameer Kumar Khare, Additional Secretary (FB&ADB), DEA
16. Ms. Meera Swarup, AS&FA(Finance).
17. Shri A.M. Bajaj, Additional Secretary (FM), DEA
18. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
19. All Heads of Divisions in Department of Economic Affairs.
JS(Budget)/JS(BC&IER)/JS(Inv)/ Adviser(C&C/FSLR/FS&CS)/Adviser (IER)/
CAAA.
20. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
21. Guard File – 2020.

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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of August, 2020.

1. Macro-economic Overview

With India unlocking, the worst seems to be over as high-frequency indicators showed an improvement in May and June recovering from the slump in April 2020. However, risks on account of rising COVID-19 cases and intermittent state lockdowns remain. Forecast of a normal monsoon (at 102% of long-period average) augurs well for the agricultural sector, which is likely to cushion the shock of COVID pandemic on the Indian economy in 2020-21. Stronger recovery of exports ensured that India registered a trade surplus of USD 0.8 billion in June 2020 despite rise in crude and gold prices. This follows a current account surplus in January-March quarter of 2020, for the first time in more than a decade. Buoyant FDI, resurgence of FPI flows and current account surplus, helped India's foreign exchange reserves to cross half a trillion mark, safeguarding a year of India's imports. The details of important information in tabular form is given at Annexure.

2. Other important Developments

2.1 The Special Liquidity Scheme of Rs. 30,000 crores for NBFCs and HFCs has been launched on 1st July 2020 by the Government of India as a follow up of one of the announcements under Atma Nirbhar package made by the Hon'ble Finance Minister on 13th May, 2020 to improve the liquidity position of NBFCs/HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector. The Scheme has received a very positive response. As on 27th August, 2020, thirty-two (32) proposals involving an amount of Rs. 9685 crores have been approved. Eight (08) applications seeking financing of Rs. 1344.5 crore are under process.

2.2 The National Infrastructure Pipeline (NIP) portal has been launched on Invest India Grid (IIG) by FM on 10.8.2020 to showcase the NIP Projects to domestic & foreign investors. The online dashboard is envisaged as a one stop solution for all stakeholders looking for information on infrastructure projects in New India. IIG is an interactive and dynamic online platform that showcases updated & real-time investment opportunities in the country.

2.3 (a) The Loan Agreement for Euro 250 million for COVID-19 Social Protection Crisis Response Programme in 2020 was signed between DEA and KfW on 21st August 2020. The loan will support and strengthen the capability of state and national governments in India to provide coordinated and adequate social protection to the poor and vulnerable from the impacts of the COVID-19.

(b) The Govt. of India has signed Exchange of Notes with the Govt. of Japan on 31.08.2020 in respect of the following proposals of the Ministry of Health & Family welfare for COVID-19 related Loans/Grants:

(i) COVID-19 Crisis Response Emergency Support Loan:

JICA ODA Loan of JPY 50 billion (around Rs.3500 Crore) for COVID-19 Crisis Response Emergency Support program in the healthcare and medical sector.

(ii) COVID-19 Grant-in-aid proposal of Japan - Economic and Social Development Programme" (Provision of Medical Equipment):

The Grant-in-aid of JPY 1 billion (around Rs. 70 crore) to provide medical equipment to strengthen the public health and medical system in India.

(c) The Govt. of India has signed Finance Contract with European Investment Bank for a loan of Euro 200 million for Kanpur Metro project on 31.8.2020.

2.4 Currency Swap Agreement between the RBI and Central Bank of Sri Lanka (CBSL): No Objection was communicated to RBI for entering into USD 400 Million.

2.5 The following Notifications have been issued:

S.No	Notification Date	Item
1.	06.8.2020	The term of appointment of Shri Ajay Tyagi, IAS has been further extended as Chairman, SEBI for a period of 18 months i.e. upto 28.2.2022.
2.	21.8.2020	In exercise of the powers conferred under International Financial Services Centre Authority Act, 2019 (50 of 2019), the Central Government appointed some of the provisions of the said Act and shall come into force from 21.8.2020.
3.	31.8.2020	In exercise of the powers conferred under International Financial Services Centre Authority Act, 2019(50 of 2019), Central Government notified certain financial products, financial services, definitions of 'bullion' etc. and empowered the Authority to regulate the financial products and financial services, namely: (i) Bullion Spot Delivery contract (ii) Bullion depository receipt.
4.	31.7.2020	DEA has amended the Securities Contract (Regulation) Rules, 2020 to give extension of one additional year till August, 2021 to listed Public Sector Undertakings and listed Public Sector Banks to ensure compliance with Minimum Public Shareholding Requirements.

2.6 Loan negotiation for the Madhya Pradesh Urban Services Improvement Project (Additional Financing) for a loan of USD 270 million was held with the ADB on August 11, 2020.

2.7 The Cabinet Note for signing and ratification of agreement between Government of India and NDB for establishment of Indian Regional Office of NDB was considered by the Cabinet and approved. The decision was communicated to NDB. After the Board of Director of NDB's approval, the signing of the agreement will be completed.

2.8 Following important meetings were held during the month of August, 2020: -

- i. Principal Secretary to Prime Minister chaired a meeting through video conferencing on 25.08.2020 at PMO, South Block to discuss issues related to Global Investors Summit.
- ii. Principal Secretary to PM chaired a meeting through VC on 28.8.2020 to discuss creation of a special window for affordable and middle-income housing.
- iii. Principal Advisor to PM chaired a meeting on 25.8.2020 relating to the continuation and revamping of Viability Gap Funding (VGF) Scheme for Social Sectors.
- iv. Secretary (EA) chaired the Stakeholders' discussions with Jewellers, their associations, Refineries, Collection and Purity Testing Centres (CPTCs), Temple Trusts, Banks, RBI, DFS to review Gold Monetisation Scheme (GMS) and Gold Metal Loan (GML) which were held on 8.8.2020, 21.8.2020, 22.8.2020 & 24.8.2020.
- v. Secretary (EA) attended the 584th Meeting of Central Board of the Reserve Bank of India (RBI) as one of the Board Members on August 14, 2020 through video conference.
- vi. Secretary (EA) attended the 25th Meeting of FSDC-SC on August 31 2020 through virtual mode alongwith Chief Economic Advisor, Addl Secretary (FS&CS) and Adviser (FS&CS) from this Department.
- vii. Shri Sameer Khare, Additional Secretary (FB and ADB) chaired the 109th meeting of the DEA Screening Committee for externally aided projects on Aug 18, 2020.
- viii. Shri Sameer Khare, Additional Secretary (FB and ADB) led the Indian delegation comprising representatives of CBIC, M/o Railways, M/o Power, M/o Tourism and MoRTH to the annual Nodal Officials Meeting of South Asia Sub-regional Economic Cooperation (SASEC) conducted by the ADB on August 19, 2020.
- ix. Dr. Shashank Saxena, Adviser (FS&CS) attended a virtual meeting of 18th Meeting of Technical Group on Financial Inclusion and Financial Literacy (TGFIFL) on 20th August 2020.
- x. 22nd Board meeting of National Investment & Infrastructure Limited (NIIFTL) held on 21st August, 2020.
- xi. First round of BIT negotiations between India and Azerbaijan was held on 17th August, 2020 through DVC.
- xii. Third round of BIT negotiations between India and UAE was held on 26th August, 2020 through DVC.

3. Minimum Government, Maximum Governance

In particular, use of ICT in submission of Information is being encouraged.

4. Non-Compliance of ACC directions/orders

Nil

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

Awaiting Approval in the Department: 12

Important Economic Development
(In Tabular Form)

Sectors	2019-20				2020-21
	Q1	Q2	Q3	Q4	Q1
Agriculture, forestry & fishing	3.0	3.5	3.6	5.9	3.4
Industry	4.2	0.5	-0.3	-0.6	-38.1
Services	5.5	6.5	5.7	4.4	-20.6
GVA at basic price	4.8	4.3	3.5	3.0	-22.8

Source: National Statistical Office (NSO).

	2019-20				2020-21
	Q1	Q2	Q3	Q4	Q1
Total Consumption	5.6	7.8	7.6	4.2	-19.2
Government Consumption	6.2	14.2	13.4	13.6	16.4
Private Consumption	5.5	6.4	6.6	2.7	-26.7
Gross Fixed Capital Formation	4.6	-3.9	-5.2	-6.5	-47.1
Exports	3.2	-2.2	-6.1	-8.5	-19.8
Imports	2.1	-9.4	-12.4	-7.0	-40.4
GDP at market prices	5.2	4.4	4.1	3.1	-23.9

Source: National Statistical Office (NSO).

	Jul-19	Jun-20	Jul-20
CPI-C	3.15	6.23	6.93
WPI	1.17	-1.81	-0.58

Source: NSO for CPI-C and OEA, DPIIT for WPI

Item	14 th August 2020
Policy Repo Rate	4.00
10-Year G-Sec Par Yield (FBIL)	5.96

Bank Credit Year-on-Year growth #

5.5

Note: # as on 31st July 2020**Table 5 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)**

	Exports	Imports	Trade Balance
July, 2019	26.3	39.8	-13.4
July, 2020	23.6	28.5	-4.8

Table 6 : Services Trade Performance (in US\$ billion)

June, 2020	17.0	10.0	7.0
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Source: Provisional data as per the Press Release dated 16.08.2020 of the Department of Commerce, Ministry of Commerce and Industry.

Table 7 : Balance of Payments

Items	2018-19 Q4	2019-20 (P) Q4
Current Account Balance (in US\$ billion)	-4.6	0.6
Current Account Balance / GDP (Per cent)	-0.7	0.1

Source: Reserve Bank of India.

Table 8: Foreign Exchange Reserves (in US\$ billion)

March, 2020	477.8
14 th August 2020	535.3

Source: Reserve Bank of India

Table 9 : Exchange Rate of the Indian Rupee (Rupee per unit of foreign currency)

	US Dollar	Pound Sterling	Euro	Japanese yen
19 th August, 2020	74.7608	99.1353	89.2828	70.8600

Source: Reserve Bank of India

Table 10 : External Debt (US\$ Billion)

	as at end of March 2019 PR (1)	as at end of March 2020 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	543.1	558.5	2.8

Source: Quarterly Report on External Debt as at end-March 2020, Reserve Bank of India.

Table 11 : Industrial Production Highlights*			
Monthly Growth	Apr-19	May-19	Jun-19
Industrial Production Growth Rate (IIP)	3.2	4.5	1.3
Monthly Growth	Apr-20	May-20	Jun-20
Industrial Production Growth Rate (IIP)	-57.6	-33.9	-16.6

Industrial Production Highlights*		
Cumulative Growth	2019-20	2020-21
April-June	3.0	-35.9

*As per the Quick Estimates released by the NSO MOSPI, (based on new series of 2011-12).

Table 12 : Eight Core Industries*			
Monthly Growth	May-19	Jun-19	July-19
Growth of Eight Core Industries	3.8	1.2	2.6
Monthly Growth	May-20	Jun-20	July-20
Growth of Eight Core Industries	-22.0	-12.9	-9.6