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Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 22nd March, 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 January, 2022.



(Arup Shyam Chowdhury)

Deputy Secretary to the Government of India

Tel No. 23095091

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, JS&FA(Finance).
14. Shri A.M. Bajaj, Additional Secretary (FM), DEA
15. Shri Rajat Kumar Mishra, Additional Secretary (Budget), DEA.
16. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
17. All Heads of Divisions in Department of Economic Affairs. SrEconomicAdviser(C&C/FSLR/FS&CS)/JS(C&C and OMI)/JS(Budget)/JS(IPP/JS(ISD)/JS(Inv)/All Advisers/CAAA
18. Shri Rajesh Malhotra, DG (M&C), M/o Finance, North Block, New Delhi.
19. Guard File – 2022.

A-45011/3/2022-Admn. III
Ministry of Finance
Department of Economic Affairs

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

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

1. Macroeconomic Overview:

The first advance and first revised estimates of national income released by the National Statistical Office suggest that the Indian economy is expected to witness real GDP expansion of 9.2% in 2021-22 after contracting by 6.6% in 2020-21. This implies that overall economic activity has recovered past the pre-pandemic levels.

Total consumption is estimated to have grown by 7.0% in 2021-22 with significant contributions from government spending. Similarly, Gross Fixed Capital Formation exceeded pre-pandemic levels on the back of ramped up public expenditure on infrastructure. Exports of both goods and services have been exceptionally strong so far in 2021-22, but imports also recovered strongly with recovery in domestic demand as well as higher international commodity prices.

Agriculture and allied sectors have been the least impacted by the pandemic and the sector is expected to grow by 3.9% in 2021-22 after growing 3.3% in the previous year. The first advance estimates and first revised estimates suggest that the GVA of Industry (including mining and construction) will rise by 11.8% in 2021-22 after contracting by 3.3% in 2020-21. The Services sector has been the

hardest hit by the pandemic, especially segments that involve human contact. This sector is estimated to grow by 8.2% this financial year following last year's 7.8 per cent contraction.

Major multi-lateral and credit rating agencies expect India to grow between 8%-10% in 2021 (FY 21-22) and so does the Government. Economic Survey 2021-22 projects that the Indian economy may witness GDP growth of 8.0-8.5% in 2022-23. IMF has projected India's real GDP to grow at 9% in both 2021-22 and 2022-23 and at 7.1% in 2023-24. This projects India as the fastest growing major economy in the world in all three years. The Labour Bureau has released the data for second Quarterly Employment Survey (QES) in respect of establishments employing 10 or more workers for nine major sectors of the economy (viz. Manufacturing, Construction, Trade, Transport, Education, Health, Accommodation & Restaurants, IT/BPO and Financial Service Activities). The estimated total employment in the nine selected sectors from the second round of QES (July-September, 2021) came out as 3.10 crore approximately, which is 2 lakhs (0.65%) higher than the estimated employment (3.08 crore) from the first round of QES (April-June, 2021). The sector wise growth rates are given in the **Annexure.**

2. Important Developments:

- (i) The 2nd Batch of Supplementary Demand for Grants has been passed in the Parliament.
- (ii) The following Lines of Credit (LOC) were extended and supported under the Indian Development & Economic Assistance Scheme (IDEAS):
 - (a) LOC of USD 100 million to Government of Madagascar for defence projects; and
 - (b) Short Term LOC of USD 500 million to Government of Sri Lanka for purchase of petroleum products.
- (iii) The following agreements were signed with multilateral and bilateral development agencies:

- (a) A grant of Euro 2 million for Surat Metro Project with KfW;
 - (b) A grant of Euro 4.49 million for Sustainable Land Management Meghalaya with KfW;
 - (c) A loan of USD 135 million for West Bengal Electricity Distribution Grid Modernization Project from World Bank;
 - (d) A loan of USD 105 million for Kerala Solid Waste Management Project from World Bank; and
 - (e) Two loans of USD 605 million for two projects namely, India Responsive COVID-19 Vaccines for Recovery Project and Kerala Solid Waste Management Project from Asian Infrastructure Investment Bank.
- (iv) A proposal for signing of six bilateral MoUs of International Financial Services Centres Authority (IFSCA) with six other authorities/regulators has been approved by the Cabinet.
- (v) Notifications for the following have been issued:
- (a) Commemorative Coin on the occasion of 150th Birth Anniversary of Kavi Muddana;
 - (b) Amendments in the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations have been notified by Securities and Exchange Board of India (SEBI) granting more powers to the Board;
 - (c) SEBI (Vault Managers) Regulation, 2021;
- (vi) The following regulations have been issued under International Financial Services Centres Authority (IFSCA) Act, 2019:
- (a) Registration of Insurance Business Regulations, 2021;
 - (b) Insurance Intermediary Regulations, 2021; and
 - (c) Regulation regarding specification of 'ship lease' to include operating lease, and hybrid of operating and financial lease, of a ship or ocean vessel, engines of ship or ocean vessel.

(vii) The following capacity building training programmes in infrastructure sector were held:

- (a) United Nations Economic and Social Commission for Asia and the Pacific - Training Programme on PPP ownership, lifecycle, risk, financial strategies, entire PPP ecosystem;
- (b) Foreign, Commonwealth and Development Office, United Kingdom - Knowledge Exchange Programme -Experience sharing of Infrastructure Projects Authority (UK PPP Experience), UK approach to Infra Development, Project prioritization under National Infrastructure Pipeline.

(viii) Amendment in Reserve Bank of India Act, 1934 (RBI Act) was included in Finance Bill 2022 to provide an enabling framework for introduction of Central Bank Digital Currency (CBDC).

(ix) Cabinet approved the revamping and continuation of the Indian Development & Economic Assistance Scheme (IDEAS) till 31st March 2026, or till further review, whichever is earlier and for an amount of Rs.9,966 crore, as recommended by the Expenditure Finance Committee.

(x) The following meetings were held during the month:

- (a) The 124th meeting of Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks / Bilateral Agencies;
- (b) The mid-year Steering Committee meeting of International Monetary Fund (IMF) – South Asia Regional Technical and Training Center (SARTTAC);
- (c) 27th meeting of Early Warning Group (EWG) ; to discuss the financial system vulnerabilities and monitoring as well as major economic developments having bearing on risk outlook;
- (d) First virtual meeting of the Working Group to accelerate mutual trade between India and Singapore;
- (e) Meeting of Empowered Group on Economic Welfare;

- (f) Third round of Bilateral Investment Treaty (BIT) negotiations with Saudi Arabia;
- (g) Fifth, sixth and seventh round of negotiations on BIT with Uzbekistan; text was concluded in the seventh round.
- (h) First round of negotiations for a BIT / Investment Treaty / Investment Chapter of Foreign Trade Agreement (FTA) with United Kingdom;
- (i) AII Board of Directors' meeting to consider various policy review and investment operations; the Board approved (a) India Responsive COVID-19 Vaccines for Recovery Project and (b) West Bengal Electricity Distribution Grid Modernization Project.

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	:	01
Awaiting Approval in the Department	:	11

Annexure

Table 1: Annual Real growth in demand side of GDP and its components (per cent)

Components	2019-20 (2nd RE)	2020-21 (1 st RE)	2021-22 (1st AE)	Recovery over 2019-20
Total Consumption	4.9	-4.5	7.0	100.5
Government Consumption	3.4	3.6	7.6	115.0
Private Consumption	5.2	-6.0	6.9	97.8
Gross Fixed Capital Formation	1.6	-10.4	15.0	105.2
Exports	-3.4	-9.2	16.5	111.6
Imports	-0.8	-13.8	29.4	111.6
GDP	3.7	-6.6	9.2	101.6

Source: NSO

Note: RE - Revised Estimate, AE - Advance Estimate

Table 2: Annual Growth of GVA at constant (2011-12) prices (per cent)

Sectors	2019-20 (2nd RE)	2020-21 (1 st RE)	2021-22 (1 st AE)	Recovery over 2019-
Agriculture & Allied Sectors	5.5	3.3	3.9	106.9
Industry	-1.4	-3.3	11.8	104.2
Mining & quarrying	-1.5	-8.6	14.3	104.7
Manufacturing	-2.9	-0.6	12.5	104.8
Electricity, gas, water supply & other utility services	2.2	-3.6	8.5	110.5
Construction	1.2	-7.3	10.7	100.8
Services	6.3	-7.8	8.2	100.0
Trade, hotels, transport, communication and services	5.9	-20.2	11.9	91.8
Financial, real estate &	6.7	2.2	4.0	103.1
Public administration, defence and Other Services	6.3	-5.5	10.7	107.5
GVA at basic price	3.8	-4.8	8.6	102.3

Source: NSO

Note: RE - Revised Estimate, AE - Advance Estimate

INFLATION- CPI-C, WPI (in percent)			
	Dec-20	Nov-21	Dec-21
CPI-C	4.59	4.91	5.59
WPI	1.95	14.23	13.56

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

Note: WPI inflation for last two months and CPI-C inflation for last one month is

MONETARY DEVELOPMENT	
Item	21.1.2022
Policy Repo Rate	4.0
10-Year G-Sec Par Yield (FBIL)	6.63
Bank Credit Year-on-Year growth #	8.0

provisional.

Table 5: Merchandise Trade Performance (Customs Basis) (in US\$ billion)			
	Exports	Imports	Trade Balance
December 2020	27.2	42.9	(-) 15.7
December 2021	37.8	59.5	(-) 21.7

Table 6: Services Trade Performance (in US\$ billion)			
November 2021	20.1	12.6	7.5
Source: Provisional data as per the Press Release dated <u>13.1.2022</u> of the Department of Commerce, Ministry of Commerce and Industry.			

Table 7: Balance of Payments		
Items	2020-21	2021-22
	(April-	(April-
Current Account Balance (in US\$	34.4	(-) 3.0
Current Account Balance / GDP (Per	3.0	(-) 0.2
Source: Reserve Bank of India.		

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

End-March, 2021	577.0
21.1.2022	634.3
Source: Reserve Bank of India	

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

	US Dollar	Pound Sterling	Euro	Japanese yen
24.1.2022	74.5788	100.9886	84.4093	65.5200
Source: Reserve Bank of India / fbll.org.in				

Table 10: External Debt (US\$ Billion)

	as at end of September 2020 PR	as at end of September 2021 P	Percentage variation [(2/1)-1]*100
Total External debt	556.8	593.1	6.5
Source: Quarterly Report on External Debt as at end September 2021, DEA.			

Table 11: Industrial Production Highlights

Monthly Growth (YoY) in per cent

	September 2020	October 2020	November
Index of	1	4.5	1.6
	September 2021	October 2021	November
Industrial	3.3	4	1.4

Table 12: Eight Core Industries

Monthly Growth (YoY) in per cent

	October 2020	November	December 2020
Eight Core Industries (ICI)	(-) 0.5	(-) 1.1	0.4
	October 2021	November	December 2021
	8.4	3.4	3.8
