

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

New Delhi, 1st January, 2021

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 November, 2020.



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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. Ms.Meera Swarup, AS&FA(Finance).
16. Shri A.M. Bajaj, Additional Secretary (FM), DEA
17. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
18. All Heads of Divisions in Department of Economic Affairs.
Sr.Adviser(C&C/FSLR/FS&CS)/JS(Budget)/JS(BC&IER)/JS(Inv)/Adviser (IER)/
CAAA.
19. Shri Rajesh Malhotra, Addl.DG (M&C), M/o Finance, North Block, New Delhi.
20. 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 November, 2020.

1. Macro-economic Overview

The Indian economy staged an impressive recovery in the second quarter (Q2) of 2020-21 from the record decline of the previous quarter (Q1), suggesting that the resumption of economic activity has been gathering pace. GDP in Q2 of 2020-21 has contracted by (-) 7.5 %, much smaller than the contraction of (-) 23.9 % in Q1 of 2020-21. The supportive policies of the Government under the Atmanirbhar Bharat package have resulted in much higher level of economic activity in September to November, 2020. This is evident in growth of high frequency indicators like PMI Manufacturing, PMI services, power consumption, sales of passenger vehicles, sales of tractors, E-way bills, GST collections, railway freight, cargo traffic, domestic aviation passengers and FDI inflows. India stands poised to recover at a fast pace and reach pre-COVID levels by the end of the year barring the incidence of a second wave that may be triggered by the fatigue with social distancing. The detail of important information in tabular form is given at **Annexure**.

2. Other important Developments

2.1 Morgan Stanley Capital International (MSCI), a leading provider of analytics and indices which are tracked by global investors, has announced the addition of several Indian companies across its various Indices on 10th November 2020. This is on account of the FPI policy change made by DEA whereby the statutory limit for aggregate FPI investment in a company was increased from 24% to the sectoral cap. These new additions are expected to drive passive inflows of about US\$2.55 bn to India. The month of November has also recorded the highest monthly FPI inflows ever amounting to Rs 62,782 crores largely driven by investments in equity.

2.2 (a) An MoU between Department of Economic Affairs and Security Printing and Minting Corporation of India (SPMCIL) for 2020-21 has been signed on 11th November, 2020 to measure the performance of the management of the CPSE on key selected parameters against targets agreed upon to improve performance of the organization.

(b) A Gazette Notification was issued on 18th November, 2020 for release of a commemorative coin of denomination Rs. 100 to mark the centennial celebrations of University of Lucknow.

2.3 The Govt. of India signed USD 500 million loan with New Development Bank (NDB) on 19th November 2020 for Delhi-Ghaziabad-Meerut Regional Rapid Transit System (RRTS) project.

2.4 (a) A loan of USD 120 million was signed with the World Bank on 19th November, 2020 for the project of Govt. of Meghalaya titled 'Meghalaya Integrated Transport Project (MITP)'.

(b) Negotiations between DEA, Ministry of Health and Family Welfare and Asian Development Bank were carried out for an ADB loan assistance of USD 300 million for the 'Strengthening Comprehensive Primary Health Care in Urban Areas under Pradhan Mantri Atmanirbhar Swasth Bharat Yojana' on 9th November, 2020.

(c) Negotiations amongst DEA, Ministry of Jal Shakti, ten participating states (Chhattisgarh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Rajasthan and Tamil Nadu) and the World Bank were carried out for an IBRD loan of US\$ 250 million for the Second Dam Rehabilitation and Improvement Project on 10th November 2020 at New Delhi (virtual). The project envisages to increase the safety of selected dams in participating States and to strengthen dam safety management in India.

(d) Negotiations between DEA, Government of Tripura and Asian Development Bank were carried out for an ADB loan assistance of USD 4.21 million for the 'Tripura Urban and Tourism Development Project under PRF facility' on 23rd November, 2020.

2.5 (a) Capital infusion into NIIF Infrastructure Debt Financing Platform ('Platform') comprising Aseem Infrastructure Finance Limited ('AIFL') and NIIF Infrastructure Finance Limited ('NIIF IFL') was approved on 25th November, 2020.

(b) Proposed Amendments to Revamped Gold Deposit Scheme (R-GDS), Revamped Gold Metal Loan Scheme (R-GML) and India Gold Coin Scheme (IGC) were presented before Hon'ble FM on 18th November, 2020.

2.6 Viability Gap Funding (VGF) scheme was approved upto 2024-25 with an outlay of Rs.8,100 crore on 11th November, 2020.

2.7 Following important meetings were held during the month of November, 2020:

i. Hon'ble Finance Minister, Smt. Nirmala Sitharaman participated in the 1st BRICS Finance Ministers and Central Bank Governors (FMCBG) meeting under the BRICS Russian Chairmanship held virtually on 9th November, 2020.

ii. Hon'ble Finance Minister attended a G20 Finance Ministers meeting which was held virtually on 20th November, 2020 to discuss the Global Economy and way forward.

iii. Hon'ble Finance Minister had a teleconference with the Finance Minister of Sweden on 9th November, 2020 wherein India supported the candidature of Ms. Andersson as Chairperson for the International Monetary and Financial Committee (IMFC) for the upcoming term.

iv. Secretary (EA) had a virtual meeting with Secretary (MeitY) and other stakeholders on 2nd November, 2020 to discuss way forward in effective operationalization of Computer Emergency Response Team for Financial Sector (CSIRT-Fin).

v. Secretary (EA) also participated in the Virtual Global Investor Roundtable held by DEA and NIIF on 5th November, 2020. This included interaction of Hon'ble Prime Minister with global investors (21) and Indian business leaders (5).

vi. Secretary (EA) attended the one-on-one meetings of Hon'ble Prime Minister with select global Investors which were held from 9th November, 2020 onwards.

vii. The IMF Mission team for India held virtual discussions with various Departments/Agencies of Ministry of Finance for the preparation of Assessment Report on Indian Economy by IMF during November 2-11, 2020. Consequently, Secretary (EA) held a de-briefing meeting with IMF team on 13th November, 2020 to discuss the findings of the IMF Mission team.

viii. The 14th Indo-German Finance Ministries Senior Officials' meeting was held in virtual mode on 23rd November, 2020, co-chaired by Additional Secretary (Bilateral Cooperation), DEA and Mr. Jakob von Weizsäcker, Chief Economist, Fiscal Policy and International Financial and Monetary Policy, Federal Ministry of Finance .

ix. The Indo-German Annual Negotiation meeting 2020 was held through virtual mode on 27th November, 2020. The Indian delegation was headed by Dr. C.S. Mohapatra, Addl. Secretary, DEA. The delegation of the Federal Republic of Germany was headed by Prof. Dr. Claudia Warning, Director General for the Asia; South-Eastern and Eastern Europe; Middle East; Latin America; civil society; churches, Federal Ministry for Economic Cooperation and Development (BMZ).

x. Addl. Secretary (FS&CS), DEA attended a virtual meeting of FSB's Standing Committee on Standards Implementation (SCSI) on 3rd November 2020.

xi. Addl. Secretary (FS&CS), DEA attended a virtual meeting of the FSB's Plenary on 12th November 2020.

xii. Additional Secretary (FB and ADB) chaired the 112th meeting of the DEA Screening Committee for externally aided projects on 25th November, 2020.

xiii. A meeting of G20 Finance and Central Bank Deputies was held on November 11-12, 2020 to finalise paragraphs related to the G20 Finance Track work in the G20 Leaders' Declaration.

xiv. An extraordinary Finance Ministers and Central Bank Governors (FMCBG) meeting was held on 13th November, 2020 to endorse a common framework for the treatment of debt.

xv. A virtual meeting of the FSB's Regional Consultative Group for Asia was held on 3rd November 2020.

xvi. The 20th meeting of the Early Warning Group was held under the Chairmanship of Member, SEBI on 24th November 2020.

xvii. A Webinar on "ADB Support to COVID-19 Vaccine Value Chain" chaired by Secretary, Dept. Of Pharmaceuticals was attended by officials of DEA on 5th November, 2020.

xviii. A meeting was held between officials of DEA and IFC team led by Mr. Jun Zhang, Country Head for briefing of new FB&ADB officers, on the IFC and its issues thereof.

xix. Tripartite Portfolio Review Meeting (TPRM) of NDB projects in India was held on 27th November, 2020 through videoconference.

xx. The 23rd Board Meeting of National Investment and Infrastructure Fund Trustee Limited (NIIFTL) was held on 27th November, 2020.

xxi. DEA participated in the Inter-Ministerial Meeting convened by Ministry of Railways for consideration of Model Bid Documents for Railway Stations Development.

xxii. 84th Meeting of Empowered Institution (EI) under Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) held on 12th November, 2020 to consider Vizhinjam International Deepwater Multipurpose Seaport Project.

xxiii. Review meeting of the projects approved under scheme for Financial Support to Public Private Partnership in Infrastructure (Viability Gap Funding Scheme) was held on 18th November, 2020.

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: 17

Sectors	2019-20				2020-21	
	Q1	Q2	Q3	Q4	Q1	Q2
Agriculture, forestry & fishing	3.0	3.5	3.6	5.9	3.4	3.4
Industry	4.2	0.5	-0.3	-0.6	-38.1	-2.1
Services	5.5	6.5	5.7	4.4	-20.6	-11.4
GVA at basic price	4.8	4.3	3.5	3.0	-22.8	-7.0

Source: National Statistical Office (NSO).

	2019-20				2020-21	
	Q1	Q2	Q3	Q4	Q1	Q2
Total Consumption	5.6	7.8	7.6	4.2	-19.2	-13.3
Government Consumption	6.2	14.2	13.4	13.6	16.4	-22.2
Private Consumption	5.5	6.4	6.6	2.7	-26.7	-11.3
Gross Fixed Capital Formation	4.6	-3.9	-5.2	-6.5	-47.1	-7.3
Exports	3.2	-2.2	-6.1	-8.5	-19.8	-1.5
Imports	2.1	-9.4	-12.4	-7.0	-40.4	-17.2
GDP at market prices	5.2	4.4	4.1	3.1	-23.9	-7.5

Source: National Statistical Office (NSO).

	Oct-19	Sep-20	Oct-20
CPI-C	4.62	7.27	7.61
WPI	0.00	1.32	1.48

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 provisional.

Item	20.11.2020
Policy Repo Rate	4.00
10-Year G-Sec Par Yield (FBIL)	5.92
Bank Credit Year-on-Year growth #	5.7

Note: # as on 6th November 2020

Table 5 : Merchandise Trade Performance (Customs Basis) (in US\$ billion)

	Exports	Imports	Trade Balance
October, 2019	26.2	38.0	-11.8
October, 2020	24.9	33.6	-8.7

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

September, 2020	17.3	10.1	7.2
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Source: Provisional data as per the Press Release dated 13.11.2020 of the Department of Commerce, Ministry of Commerce and Industry.

Table 7: Balance of Payments

Items	2019-20 Q1	2020-21 (P) Q1
Current Account Balance (in US\$ billion)	-15.0	19.8
Current Account Balance / GDP (Per cent)	-2.1	3.9

Source: Reserve Bank of India.

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

March, 2020	477.8
06.11.2020	568.5

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
20.11.2020	74.1598	98.4956	88.1547	71.4700

Source: Reserve Bank of India

Table 10: External Debt (US\$ Billion)

	as at end of June 2019 PR (1)	as at end of June 2020 P (2)	Percentage variation [(2/1)-1]*100
Total External debt outstanding	556.9	554.5	-0.4

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

Table 11: Industrial Production Highlights*			
Monthly Growth	July-19	August - 19	September - 19
Industrial Production Growth Rate (IIP)	4.9	-1.4	-4.6
Monthly Growth	July-20	August-20	September - 20
Industrial Production Growth Rate (IIP)	-10.8	-7.4	0.2

Table 12: Eight Core Industries*			
Monthly Growth	August - 19	September - 19	October-19
Growth of Eight Core Industries	-0.2	-5.1	-5.5
Monthly Growth	August-20	September-20	October-20
Growth of Eight Core Industries	-7.3	-0.1	-2.5
