

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

New Delhi, 14th February, 2023

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 December, 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 December, 2022

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

Macroeconomic Overview:

As per the First Advance Estimates of National Income released by National Statistical Office, India's Real GDP and Nominal GDP are projected to grow by 7 per cent and 15.4 per cent, respectively in 2022-23. This is in line with the projections of various agencies which range from 6-7 percent.

On the demand side, private consumption is expected to continue momentum with growth of 7.7 per cent in 2022-23 as compared to 7.9 per cent in 2021-22. Gross fixed capital formation (GFCF) is estimated to grow at 11.5 per cent in 2022-23, supported by Government's efforts to invigorate capex cycle and crowd in private investment. Government's capital expenditure crossed Rs. 5 lakh crore during April-December 2022, which is 28 per cent higher as compared to April-December 2021. Share of GFCF in GDP is estimated to increase from 32.5 per cent in 2021-22 to 33.9 per cent in 2022-23. Exports are estimated to grow at 12.5 per cent in 2022-23, despite supply disruptions and uncertain geopolitical environment. Export share in real GDP is also likely to increase to 22.7 per cent compared to 21.5 per cent in 2021-22.

On the supply side, agriculture, forestry and fishing witnessed growth of 3.5 per cent in 2022-23 compared to 3.0 per cent in 2021-22. Industry sector grew by 4.1 per cent, compared to 10.3 per cent in 2021-22, possibly on account of input cost push pressures, supply chain disruptions and China lockdown impacting availability of essential inputs and slowing global economy. Another reason for the modest growth could be unfavourable base effect.

Services sector witnessed strong rebound with growth of 9.1 per cent compared to 8.4 per cent in 2021-22. This has been driven by recovery of contact-intensive service sectors--trade, hotels, transport, communication and services related to broadcasting-- which grew by 13.7 per cent on account of release of pent-up demand. As a result of the policy initiatives taken by the Government and India's strong growth fundamentals, the impact of geopolitical tensions on Indian economy seems to be less compared to other economies.

Growth momentum has been sustained in Q3 of 2022-23, as indicated by high-frequency indicators during October-December 2022. PMI Manufacturing at 57.8 in December 2022 reflects a robust improvement in the health of manufacturing. This was the best since October 2020, driven by an upturn in output and an improvement in international demand for domestic goods. PMI Manufacturing average for the third fiscal quarter (56.3) was the highest recorded in the last one year. Expansion in PMI Services at 58.5 in December 2022 can be attributed to robust intake of new work and favourable market conditions. Higher output in the manufacturing and services sector raised the composite PMI to 59.4 in December 2022 from 56.7 in the previous month, signalling strong expansion.

GST collections during December 2022 were 15 per cent higher on year-on-year basis, crossing the Rs. 1.4 lakh crore for successive nine months. This reflects the impact of measures taken by the Government to ensure better compliance and reduce evasion. Other indicators such as passenger traffic, e-way bill, electronic toll collection, etc., also point towards resumption of domestic economic activity, indicating resilience despite ongoing geo-political tensions.

2. Important Developments:

- (i) Following notifications were issued in December 2022:
 - (a) First Batch of Supplementary Demands for Grants 2022-23 and Demands for Excess Grants 2019-20.
 - (b) Commemorative Coin of denomination of ₹ 150 on the occasion of 150th birth anniversary of Shri Aurobindo
- (ii) Following loan/grant agreements were signed with multilateral and bilateral development agencies:

- (a) Loan aggregating Euro 300 million with European Investment Bank) for following two projects:
- Bhopal Metro Rail Project
 - Pune Metro Rail Project
- (b) Loan and grant aggregating to Euro 529.89 million and Euro 44 million respectively for following eight projects from KfW.
- Green Energy Corridor-Uttar Pradesh
 - Integrated Urban Infrastructure Development in Rishikesh
 - iGuarantee mechanism for Scaling Rooftop Solar in MSME Sector CGTMSE
 - Green Energy Corridor-- Rajasthan
 - Ganga Rejuvenation Phase II
 - Climate Change Adaptation in the Himalaya--Manipur
 - Energy Efficiency Programme - Mhaisal Lift Irrigation
 - viii. Indo-German Solar Partnership-245 MW projects-Grant
- (c) IBRD loan of USD 150 million and CTF loan of 28 million for Innovation in Solar Power and Hybrid Technologies Project
- (d) The following loans were signed with Asian Development Bank:
- USD 300 million for Assam South Asia Sub-regional Economic Corridor Connectivity Improvement Project
 - USD 350 million for Chennai Metro Rail Project
 - USD 350 million for Connecting Economic Clusters for Inclusive Growth in Maharashtra
 - USD 220 million for Tripura Distribution Strengthening and Generation Efficiency Improvement Project
 - USD 110 million for Rajasthan State Highway Project

- USD 250 million for Strengthening Multimodal and Integrated Logistics Ecosystem- Govt. of India
- USD 125 Million for Flagship Investment Program-Tamil Nadu

(iii) Following capacity building programmes in infrastructure sector were conducted:

- (a) Public Private Partnership and Infrastructure Development at IIM Kozhikode
- (b) Public Private Partnership training Programme at IIM Indore and AJNIFM, Faridabad.
- (c) Project Finance for Infrastructure Projects at IIBF Mumbai
- (d) Government Contracts & Litigation Management at NLSIU Bengaluru.
- (e) Project Management at IIM Calcutta.

(iv) Following important meetings/workshops were held/attended at the official level:

- (a) The Finance Track of the G20 began in December 2022 in Bengaluru. Three meetings were held in December, including:
 - First meeting of the G20 Finance and Central Bank Deputies under India's Presidency, co-chaired by Secretary (EA) and Deputy Governor RBI
 - First G20 Framework Working Group meeting co-chaired by Chief Economic Advisor and UK FWG
- (b) Plenary Meeting of Financial Stability Board to discuss vulnerabilities of Emerging Market and Developing Economies and their cross-border spill overs
- (c) Screening Committee that considered proposals seeking multilateral and bilateral financing
- (d) India-EU Bilateral Investment Treaty discussions
- (e) Board meeting of National Investment and Infrastructure Fund
- (f) NDB Board of Directors meetings

(g) Session of IFAD Executive Board of Directors

(h) Meetings of Board of Directors of AIIB

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 : 02

Awaiting Approval in the Department : 06