

A-45011/03/2024-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 29th February, 2024

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, 2024.



(Susruta Samanta)

Deputy Secretary to the Government of India
Tel No. 2309- 5244

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(OMI/Crypto assets and Fund Bank)
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 – 2024.

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Government of India
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Subject: Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of January, 2024.

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

Macroeconomic Overview:

The first advanced estimates of the National Statistics Office released on 5th January confirmed India's strong GDP growth expected outturn at 7.3 per cent during financial year 2023-24 (FY24). The International Monetary Fund (IMF) also endorsed India's expected strong growth performance in FY24 by revising its October 2023 forecast of 6.3 per cent to 6.7 per cent in the January update of World Economic Outlook. Private consumption and investment continue to support growth from the demand side; while upbeat manufacturing and construction sectors reinforce it from the supply side. The construction sector is expected to grow at 10.7 per cent in FY24, supported by rising household demand for real estate.

Government's strong focus on capital expenditure, aimed at bridging infrastructure gaps and crowding-in private investment, also continued to deliver a strong multiplier effect to bolster growth. The re-balancing of total expenditure towards capital expenditure resulted in 37.5 percent year-on-year increase in capital spending during the period April-December 2023. The ratio of revenue to capital expenditure rebalanced from 8.6 in FY21 to 4.1 in FY 24 during the April-December period. States' thrust on capital spending also continued with a 42.8 per cent growth in capital expenditure during April-November.

The headline inflation for December 2023 was 5.7 percent and remained within the notified tolerance band. This was despite the pressure from food inflation, which was 9.5 per cent in December, up from

8.7 per cent in the previous month. Hardening prices of pulses, onions, and tomatoes have fuelled food inflation. Barring global and weather-related shocks, the headline inflation has witnessed secular decline for the 7th consecutive month in its core component. *to reach 3.8 per cent in December. This is the *lowest core inflation in the last 49 months*.

Despite the softening of export growth, India's merchandized trade deficit improved to USD 188 billion during April-December 2023, as against USD 212 billion in the corresponding period of the previous year. Merchandize imports declined more, supported by softening commodity prices, to improve the trade balance. India's merchandize exports registered year-on-year decline of 5.7 per cent during April-December 2023, primarily on account of weak growth in the economies of India's trading partners. Nevertheless, *India's electronics exports grew by 22.2 per cent in this period* - driven by a surge in smartphone shipments. According to India Cellular and Electronics Association (ICEA), exports of mobile phones aggregated USD 10.5 billion during April-December 2023, accounting for about 52 per cent of total exports of electronics.

Prolonged or precipitated Red Sea crisis is a downside risk to economic forecasts of South Asian countries, with bearing on external balance, inflation, and growth. The Red Sea crisis has led to a rise in shipping and insurance costs for shipments to the USA, EU, some parts of Africa and the Middle East. To avoid the Red Sea, shipments are being taken through a longer route via Africa's Cape of Good Hope, which has increased the turnaround time of shipping containers by almost 14 days.

2. Important Developments:

- (i) Hon'ble Finance Minister met Mr. Emmanuel Bonne, Diplomatic Advisor to the French President against the backdrop of the visit of French President to India as Guest of Honor for the 75th Republic Day of India on 12th January, 2024.
- (ii) The following important meetings were held/attended at the official level:
 - a) 18th round of **India-UAE Bilateral Investment Treaty (BIT) negotiations** was held on 8th - 10th January, 2024 in New Delhi.

- b) 19th round of **India-UAE BIT negotiations** was held on 18th January, 2024 through DVC.
- c) Under the G20 Presidency of Brazil, the **1st G20 Framework Working Group meeting**, co-chaired by India and UK and the **1st G20 International Financial Architecture Working Group meeting**, co-chaired by France and South Korea were held virtually on 17th – 18th January, 2024 and 24th – 25th January, 2024 respectively. These meetings were held to discuss and finalize the work plans under FWG and IFA WG for 2024. The outcomes of these meetings will form the basis of discussions during the G20 Finance Ministers and Central Bank Governors (FMCBG) and G20 Finance and Central Bank Deputies (FCBD) meetings scheduled to be held in February, 2024.
- d) Workshop on **“PPP structuring Toolkit-Solid Waste Management”** was held on 18th -19th January, 2024 2024 in New Delhi.
- e) **Biannual Review Meeting for Lines of Credit** extended to various countries under Indian Development and Economic Assistance Scheme (IDEAS) was held on 18th -19th January, 2024 in New Delhi.
- f) Senior representatives from Ministry of Finance and United States Department of Treasury virtually held **third Quarterly Review meeting** on 22nd January, 2024 to follow-up to the 9th ministerial India-USA Economic & Financial Partnership meeting.
- g) **India - UAE BIT technical discussions** were held on 24th January, 2024 through DVC.
- h) **Follow up meeting on India-UK BIT** (between Secretary, DEA and a delegation from the United Kingdom) was held on 24th January, 2024 in New Delhi.
- i) **IMF-SARTTAC’s mid-year Steering Committee** meeting was held on 24th January 2024, wherein the draft work plan for FY 2024 was discussed.

- j) **NDB Board of Directors** met virtually in a Special BoD Meeting on 30th January, 2024.
 - k) Secretary Economic Affairs met Mr. Bertrand Dumont, **Secretary of Treasury and Finance Treasury, France** on 26th January, 2024 and discussed various issues of bilateral and multilateral interests.
 - l) The **145th Screening Committee meeting on Externally Aided Projects** was held on 30th January, 2024.
 - m) **AIIB Board of Directors** met virtually on 31st January, 2024.
 - n) 10th Round of Negotiations on **India-Korea CEPA** (on Investment protection issues) were held on 30th – 31st January, 2024.
- (iii) First tranche of USD 12.025 million (INR 100 crore) out of the first instalment of USD 25 million was paid by Government of India to IMF for **Phase II operations of IMF-SARTTAC**.
- (iv) The following **loan agreements** were signed with the **New Development Bank (NDB)**:
- i. Rejuvenation of Lamphelpat Water Body to alleviate urban flooding, providing sustainable Water Sources for Imphal City and Promoting Eco-system for USD 70.27 million.
 - ii. Integrated Sewerage System for Imphal City Phase II for USD 115 million.
 - iii. Gujarat Rural Road (MMGSY) Project for USD 500 million.
- (v) The following important issues were discussed at the **Executive Board of International Monetary Fund (IMF)**:
- a) IMF Executive Board document on "The Rollback of Credit Arrangements in the New Arrangements to Borrow". DEA supported the Board proposal through Indian ED's Statement.
 - b) Executive Board meeting on Pakistan - First Review Under the Stand-By Arrangement, Requests for Waiver of No observance of a Performance Criterion, Modification of Performance Criteria, and for Rephrasing of Access on 11th January, 2024. As per

precedence, India abstained from voting on the First Review under SBA of Pakistan. ED (India), IMF was requested to convey to the IMF Executive Board "to put in place checks and balances and ensure a stringent monitoring of Pakistan's utilization of IMF funding. This is imperative to ensure that funds received to meet development imperatives are not diverted towards defence spending and repayment of external debt owed to third countries."

- (vi) To encourage further investments by insurers in the infrastructure sector and to enhance ease of doing business, **the requirement of case-to-case approval for an investment in an Infrastructure Debt Fund (IDF) has been done away.** Insurers are allowed to make investments in IDF-NBFCs which will be reckoned as infrastructure investments, subject to certain conditions
- (vii) The following **Notifications were issued** during the month:
- a) Foreign Exchange Management (Non-Debt Instruments) – Amendment Rules relating to Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme notified on 24th January, 2024.
 - b) Commemorative Coin of denomination of ₹ 75/- on the occasion of 75th Republic Day Celebration.
 - c) Commemorative Coin of denomination of ₹ 20/- on the occasion of 20 years of Vibrant Gujarat Summit.
 - d) Commemorative Coin of denomination of ₹ 100/- on the occasion of Birth Centenary of Late Shri Karpoori Thakur.
 - e) Commemorative Coin of denomination of ₹ 125/- on the occasion of 125th Birth Anniversary of Shri Ram Chandra Ji of Shahjahanpur.
 - f) Commemorative Coin of denomination of ₹ 150/- on the occasion of 150th Birth Anniversary of Srila Bhakti Siddhanta Saraswati Goswami Prabhupad.

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	:	08
6. **Number of VGF projects cleared/approved during January, 2024:** NIL
7. **Number of PPPAC projects cleared/approved during January, 2024:** NIL.
8. **LOCs recommended under Indian Development and Economic Assistance Scheme (IDEAS) during January, 2024:** NIL
9. **Number of Externally Aided Projects cleared by the DEA's Screening Committee during January, 2024:** Nine proposals.