

A-45011/4/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 17th May, 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 March, 2023.



(Arup Shyam Chowdhury)

Deputy Secretary to the Government of India

Tel No. 2309- 5054

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 – 2023.

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Subject: **Monthly Summary on important policy decisions pertaining to Department of Economic Affairs (DEA) for the month of March, 2023.**

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

Macroeconomic Overview:

The International Monetary Fund, in its April 2023 update of the World Economic Outlook (WEO), has projected global growth to decline from 3.4 per cent in 2022 to 2.8 per cent in 2023 and marginally improve to 3.0 per cent in 2024. The April 2023 update of the WEO projects India to be the fastest-growing economy in FY24. The slowing of global growth, accompanied by pressures from deglobalisation and supply chain disruptions, has also moderated global trade. IMF projects the increase in global trade volume to fall from 5.1 per cent in 2022 to 2.4 per cent in 2023 before slightly improving to 3.5 per cent in 2024.

India's merchandise exports declined in Q3 of FY23. However, merchandise imports fell more sharply with the easing of international commodity prices. This led to a smaller merchandise trade deficit, significantly narrowing India's current account deficit (CAD) from 3.7 per cent of GDP in Q2 to 2.2 per cent in Q3 of FY23. Sustained growth in net services exports and a strong inflow of remittances by Indians employed overseas also contributed to the improvement of CAD.

Fiscal parameters for the centre and the states in FY23 have also been robust. The centre's emphasis on capital expenditure has encouraged the states to announce an increase in their capex allocation in the budget of FY24. Broad-based economic activity and robust revenue buoyancy have further led to a consolidation in states' fiscal deficit target, with most states projecting a fiscal deficit for FY24 in the range of 3-3.5 per cent of the GSDP, in line with the borrowing limit announced by the central government.

Internal macroeconomic stability has further strengthened with easing inflationary pressures in March 2023, driven by the softening of food and core inflation, *which fell to a 16-month low*. The sequential growth of CPI-core in March 2023 is the weakest since June 2022. Although CPI for the full year rose from 5.5 per cent in FY22 to 6.7 per cent in FY23, it was much lower in the second half of FY23 at 6.1 per cent compared to 7.2 per cent in the first half.

FY23 has been strong for India's economy despite the tailwind of the pandemic and the headwind of the geo-political conflict intertwining to escalate global economic uncertainty. The strength in the economy is estimated to grow at 7 per cent, higher than the trend rate and the growth of the other major economies. Growing macroeconomic stability, as seen in the improved current account deficit, easing inflation pressure, and a banking system strong enough to survive the increase in policy rates, has made the growth rate further sustainable. The growth in FY24 is likely to be underpinned by even more robust stability in the macroeconomic variables.

2. Important Developments:

- (i) Annual report 2022-23 of Ministry of Finance has been circulated.
- (ii) India has been elected as the long-term Global Partnership for Financial Inclusion (GPFII) Co-Chair for a period of three years from 2024-2026 and it is expected to promote and facilitate DPI-led financial inclusion.
- (iii) Following important meetings were attended by the Hon'ble Finance Minister:
 - (a) Bilateral meeting with US Secretary of Commerce Ms. Gina Raimondo to discuss issues of mutual interest relating to trade, innovation, IPEF, etc.
 - (b) Bilateral meeting with Australian Trade Minister Mr. Don Farrell to discuss opportunities for deepening India-Australia Economic Cooperation.
- (iv) The following Finance Track meetings under G20 India Presidency were held during this month:

- (a) The 2nd meeting of the G20 Framework Working Group (FWG) under Indian Presidency was held from 24-25 March, 2023 in Chennai. On the sidelines of this meeting, a G20-COP28 side event titled 'Macroeconomic impact of climate change and transition pathways' was also held on 25 March, 2023.
- (b) The 2nd meeting of the International Financial Architecture Working Group (IFA WG) under the Indian Presidency was held from 30-31 March 2023 in Paris, France. On the sidelines of the meeting, two side events were held on 30th March, 2023 on "Strengthening the Global Financial Safety Net (GFSN) in a Fragmenting World" and on the "Expectations of Credit Rating Agencies (CRAs) of CAF Review recommendations and the potential impact on MDBs' ratings".
- (c) The 2nd meeting of the G20 Sustainable Finance Working Group (SFWG) was held in Udaipur on 21-23 March 2023. Two G20 workshops were also organized on the sidelines of the SFWG Meeting on the topics 'Enabling finance for the SDGs', and 'Non-Price Policy Levers to support Sustainable Investment'. Also, several Jan Bhagidari events were organised to create awareness about G20 and Sustainable Finance.
- (d) The 2nd meeting of the Infrastructure Working Group (IWG) under the Indian Presidency was held from 28-29 March 2023 in Visakhapatnam, Andhra Pradesh.
- (e) The meeting of the 2nd G20 Global Partnership for Financial Inclusion (GPFII) working group was held on 6-7 March 2023 in Hyderabad. On the sidelines of the meeting, 'an Experience and Knowledge Exchange Programme on Advancing Financial Inclusion through Digital Public Infrastructure (DPI) for the Emerging Economies of the Global South' was held on 4-6 March 2023. An international symposium on 'Harnessing Digital Innovations in Payments Systems for Financial Inclusion, Resilience, Productivity Gains, and Inclusive Growth' was also organized on 6 March 2023.
- (v) Following important meetings/workshops were held/attended at the official level:
 - (a) Secretary (EA) chaired the Board Meeting of National Investment and Infrastructure Fund Limited (NIIFL).

- (b) Financial Stability Board (FSB) held the Plenary Meeting to discuss the current developments related to financial stability, NBFIL Leverage and cyber resilience reports.
 - (c) NDB Board of Directors met virtually for a Special Board of Directors Meeting to consider Transition of the NDB.
 - (d) AIIB Board of Directors met in Beijing, China to consider AIIB's policies including CEIU, 2022 Annual Financial Statements, 2022 Capital Adequacy Year-end Assessment, AIIB's Approach to Emergency Response, Accountability Framework, Review of Investment Projects.
 - (e) An Inter-sessional round on Investment Protection Agreement (IPA) with EU held through DVC.
 - (f) 11th round of India-Russia BIT negotiations held through DVC.
 - (g) 4th round of India-EU discussion on IPA held at Brussels.
 - (h) 8th round of India-UK Bilateral Investment Treaty (BIT)/Investment chapter negotiations held in New Delhi.
 - (i) 45th session of UNCITRAL Working Group III on ISDS reforms held in New York.
 - (j) A meeting was held with Ms. Nandita Parshad, Managing Director, Sustainable Infrastructure Group, EBRD and Mr. Carlos San Basilio, Managing Director, Corporate Strategy, EBRD.
 - (k) The 138th meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies.
 - (l) AS (MBC) virtually attended IMFC Deputies meeting to discuss global economic prospects, policy priorities, MD's Global policy Agenda (GPA), and the building blocks of the communiqué.
- (vi) Following notifications were issued during this month:

- (a) Commemorative Coin of denomination of Rs. 75/- on the occasion of International Year of Millets.
- (b) Commemorative Coin of denomination of Rs. 100/- on the occasion of Centennial Birth Anniversary of Shri Nandamuri Taraka Rama Rao.
- (c) Commemorative Coin of denomination of Rs. 50/- on the occasion of 50 Years of Project Tiger.
- (d) Commemorative Coin of denomination of Rs. 60/- on the occasion of Diamond Jubilee Year of CBI.
- (vii) Following loan/grant agreements were signed/negotiated with multilateral and bilateral development agencies:
- (a) The Exchange of Notes and Loan agreement for Japan International cooperation Agency (JICA) ODA under FY 2022-23 loan package have been signed for the following projects:
- Loan of JPY 300 billion (Rs. 16800 Crore) for Mumbai Ahmedabad High Speed Rail (MAHSR) Project (IV).
 - Loan of JPY 98.612 billion (Rs. 5509 Crore approx.) for Patna Metro Rail construction Project (I).
 - Loan of JPY 9.308 billion (Rs. 520 Crore approx) for Forest and Biodiversity Conservation for Climate Change Response Project in West Bengal.
 - Loan of JPY 18.894 billion (Rs. 1055.53 Crore approx) for Rajasthan Water Sector Livelihood Improvement Project (II) for 'Project for Forest and Biodiversity Conservation for Climate Change Response' in West Bengal.
- (b) The loan agreement for Establishment of Intelligent Transport System on Nagpur-Mumbai Super Communication Expressway project of KRW 215.098 billion (Rs. 1345 Cr approx) has been signed with Export-Import Bank of Korea.

- (c) Two Loan agreements for 'Rajasthan Forestry and Biodiversity Development' & 'Providing Water and Sanitation facilities to five towns of Himachal Pradesh' for loan amount of EUR 160 million and EUR 72 million respectively were signed with AfD.
 - (d) Loan of USD 1 Billion for "Transforming India's Public Health Systems for Pandemic Preparedness Program" and "India's Enhanced Health Service Delivery Program" was signed with World Bank.
 - (e) Loan of USD 141.12 Million was negotiated for "Visakhapatnam-Chennai Industrial Corridor Development Program - Tranche 2".
- (viii) Following capacity building programmes in infrastructure sector were held during this month:
- (a) Training Programme on Project Finance held at IIM Calcutta and IIM Raipur.
 - (b) Training Programme on Project Management held at SP Jain and IIM Shillong.
 - (c) Training Programme on Government Contracts & Litigation Management held at NLSIU Bangalore.

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	:	07