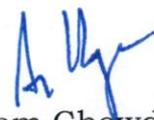


A-45011/4/2023-Coord.II
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 17th July, 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 May, 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, Dhoolpur 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.

A-45011/4/2023-Coord.II
Government of India
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 May, 2023.**

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

Macroeconomic Overview:

Amidst global spillovers, India's economy has sustained its growth momentum in FY23 on account of its strong macroeconomic fundamentals and the prompt policy action by the Government and the Reserve Bank of India (RBI). India's real GDP expanded by 7.2 per cent in FY23, the highest among major economies, driven mainly by better-than-expected growth in the fourth quarter of the fiscal year.

Wholesale price inflation started declining in June 2022 and kept falling steeply enough to a low of 1.3 per cent in March 2023. The decline has been very prominent since October 2022, with inflation in manufactured products shrinking steadily and fuel & power inflation also declining at a much faster pace.

On an annual basis, merchandise exports grew by 6 per cent in FY23. The high growth in exports was achieved on account of policy initiatives such as the Production-Linked Incentive (PLI) scheme, which attracted global manufacturers to shift their production base to India. India's imports also witnessed rebound in FY23 driven by India's robust recovery resulting in non-oil, non-gold, and silver imports growing YoY by 15.4 per cent. Energy prices also remained high in the first two quarters of FY23, before moderating in second half. As a result, crude oil and petroleum products imports grew by 29.1 per cent in FY23. Owing to these developments, India's merchandise trade deficit widened from (-)8.5 per cent of GDP in H1 of FY23 before moderating to (-)7.1 per cent of GDP in H2.

On the fiscal side, the government's pragmatic approach of reprioritising expenditure supported by buoyant revenues enabled the

achievement of the fiscal deficit target in FY23. The fiscal deficit of the Union Government was brought down from 6.7 per cent in FY22 to 6.4 per cent in FY23. This lends further credence to the government's resolve for fiscal consolidation, as it aims to bring down the fiscal deficit to below 4.5 per cent by 2025-26.

1. Important Developments:

(i) Following **important meetings were attended by the Hon'ble Finance Minister:**

- (a) The 56th Annual General Meeting of the Board of Governors of Asian Development Bank along with Investor/Bilateral meetings and other associated meetings during May 2-5, 2023 in Incheon, the Republic of Korea.
- (b) Hon'ble Finance Minister chaired the 27th meeting of the FSDC and inter alia, deliberated on Early Warning Indicators for the economy and our preparedness to deal with them, Reducing Compliance Burden on the regulated entities in the financial sector by Improving Regulatory Quality, Debt Levels of Corporates and Households in India, Simplification and Streamlining of KYC Framework to meet the needs of Digital India, Seamless Experience for Retail Investors in Government Securities, Bimakrit Bharat - Unique Value Proposition to take insurance to the last mile, and support required in terms of resolving inter-regulatory issues for GIFT IFSC to play strategic role in Atmanirbhar Bharat. The FSDC also took note of the activities undertaken by the FSDC Sub-Committee chaired by the RBI Governor and the action taken by members on the past decisions of the FSDC.
- (c) Bilateral meeting with Mr. Frans Timmermans, Executive Vice President for the European Green Deal, European Commission to discuss cooperation on Sustainable Finance and financing of climate action.

(ii) Following **Notifications were issued** during this month:

- (a) Commemorative Coin of denomination of Rs. 100/- on the occasion of 25th anniversary of Operation Shakti - National Technology Day.
 - (b) Commemorative Coin of denomination of Rs. 75/- on the occasion of Inauguration of New Parliament Building.
 - (c) Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2023.
- (iii) Following **important meetings** were held/attended at the official level:
- (a) The Indo-German Annual Consultation Meeting, 2023 was held at New Delhi wherein both sides agreed on new projects to be included under the Bilateral Cooperation (KfW, GIZ and IKI), reviewed on-going portfolio and progress under Green and Sustainable Development Programme.
 - (b) The 12th DEA-AFD Annual Consultation Meeting was held at New Delhi wherein the two sides discussed size of portfolio during 2023, the offer rate (lending terms) for new projects, projects under pipeline and currently under implementation, as well as emerging themes for the bilateral cooperation.
 - (c) The Annual Tri-Partite Review Meeting between DEA and USAID was held virtually to review on-going seven projects under GoI-USAID Partnership Agreements.
 - (d) Biannual Joint Portfolio review of all Lines of Credit under IDEAS was co-chaired by DEA and Ministry of External Affairs during May 16-17, 2023 in New Delhi.
 - (e) The 140th meeting of the DEA Screening Committee for consideration of proposals seeking financing from Multilateral Development Banks/Bilateral Agencies on 31st May, 2023.
 - (f) IMF Mid-Year Staff consultations were held between IMF Mission Team and various Departments of GoI and RBI during May 1-9, 2023.

- (g) India-Swiss Bilateral Investment Treaty (BIT) negotiations were held through VC.
- (h) India-Russia Bilateral Investment Treaty (BIT) negotiations were held through VC.
- (i) First meeting of the Creditor Committee for Sri Lanka , co-chaired by India, Japan and France, was held on 09th May 2023, to discuss Sri Lankan authorities' request for a debt treatment.
- (j) FSB RCG-Asia meeting was held to discuss the FSB work programme for 2023 and planned deliverables to the G20, vulnerabilities and financial stability issues affecting Asia, Role of NBFIs in Asia and Crypto-Assets.
- (k) IFAD Executive Board of Directors met in its 138th session by hybrid means to consider update of IFAD's 2023 results-based programme of work, regular and capital budgets and medium-term strategic budget outlook for 2024-25; the Independent Office of Evaluation of IFAD'S result-based Work programme and budget for 2023 and indicative plan for 2024-25; and the HIPC and PBAS progress reports, policies and strategies, Resources available for Commitment, Governance etc.
- (l) Annual Meeting of European Bank for Reconstruction and Development (EBRD) was held during May 16-18, 2023.
- (m) Annual Meeting of African Development Bank (AfDB) Group was held during May 22-26, 2023.
- (n) NDB Board of Directors (BoD) met for their 40th Bod Meeting and Board of Governors (BoG) met for their 8th Annual Meeting in Shanghai, China to consider various agenda including policy issues such as Investment operations, financial difficulties, access to global capital market, Membership Expansion of NDB, Capital Adequacy Framework, 2022 Annual Financial Accounts of the Bank, Membership Expansion and implementation of the General Strategy for 2022-26 etc.
- (o) Infrastructure Finance Secretariat conducted the workshop with states of Madhya Pradesh, Rajasthan, West Bengal, Odisha,

Jharkhand, Delhi, Dadar & Nagar Haveli and Daman & Diu at Bhopal, Madhya Pradesh, to explore the progress in infrastructure development through existing required initiatives under Infra Financing, Infra Implementation and PPP encouragement.

- (iv) India conveyed consent to IMF for **one-year extension of 2020 Bilateral Borrowing Arrangements (BBAs)** with IMF.
- (v) Following **loan/grant agreements** were signed/negotiated with multilateral and bilateral development agencies:
 - (a) The Loan negotiation of “Rajasthan Secondary Towns Development Sector Project-Additional Financing” was held on 18th May, 2023.
 - (b) The Loan of USD 141.12 million for ADB for the project “Visakhapatnam-Chennai Industrial Corridor Development Program - Tranche 2” was signed to support the development of high-quality internal infrastructure such as roads, water supply systems and electricity distribution network in three industrial clusters in the state of Andhra Pradesh.
- (vi) Following **capacity building programmes** in infrastructure sector were held during this month:
 - (a) Training Programme on ‘Digital Transformation in Infrastructure Development’, held at ISB Hyderabad.
 - (b) Training Programme on ‘Ownership driven Project Manager as a Leader’ held at SPJIMR, Delhi.
 - (c) Training Programme on Public Private Partnerships held at AJNIFM, Faridabad.
 - (d) Training Programme on Infrastructure Project Finance held at IIM Lucknow.

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