

**No. A-45011/2/2019-Admn.III**  
**Government of India**  
**Ministry of Finance**  
**(Department of Economic Affairs)**

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New Delhi, 21<sup>st</sup> August, 2019

**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 July, 2019.

  
(Surinder Pal Singh)

Jt. Secretary to the Government of India  
Tel No. 23092100

To

1. All Members of the Union Council of Ministers, Government of India, New Delhi.
2. Secretary to the President of India, Rashtrapati Bhavan, New Delhi.
3. Secretary to the Vice-President of India, 6, Maulana Azad Road, New Delhi.
4. Chairman, Union Public Service Commission, Dholpur House, New Delhi.
5. Private Secretary to the Prime Minister, PMO, South Block, New Delhi.
6. Private Secretary to Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
7. Vice Chairman, Niti Aayog, Yojna Bhawan, New Delhi.
8. All Members of Niti Aayog, Yojna Bhawan, New Delhi.
9. Secretaries to all the Ministries/Departments, Government of India, New Delhi.  
PPS to Secretary (EA), PPS to Secretary (Revenue), PPS to Secretary (Expenditure), OSD to MOS (F).
10. Chief Economic Adviser, DEA.
11. Additional Secretary (Shri A. Giridhar) Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
12. Dr. C.S. Mohapatra, Additional Secretary, DEA
13. Additional Secretary (FB&ADB), DEA
14. AS&FA(Finance).
15. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
16. All Heads of Divisions in Department of Economic Affairs.  
JS(Budget)/JS(C&C/UN&OMI)/JS(IPF)/JS(FM)/ JS(BC&IER)/Adviser(IER)/ CAAA.
17. Ms. Rajasree Ray, Adviser, DEA.
18. Dr. Shashank Saksena, Adviser (FSRL), DEA
19. Shri Arun Kumar, Adviser, DEA
20. Guard File – 2019.

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**Subject: Monthly Summary on important policy decisions pertaining to DEA for the month of July, 2019.**

**1. Macro-economic Overview**

1.1 Headline inflation based on Consumer Price Index (New Series-Combined) in June 2019 was 3.2 % as compared to 4.9 % in June, 2018. Inflation based on Wholesale Price Index (WPI) stood at 2.0 % in June, 2019 as compared to 5.7 % in June, 2018.

1.2 The base rate for scheduled commercial banks stood at 8.85/9.40 % as on 19th July, 2019 compared to 8.75/9.45 % of 20th July, 2018. The yield on 10-Year Government securities stood at 6.45 % on 19th July, 2019 compared to 7.78 % of 20th July, 2018.

1.3 The Current Account Deficit increased to US\$ 57.2 billion (2.1 % of GDP) in 2018-19 from US\$ 48.7 billion (1.8 % of GDP) in 2017-18 on the back of widening of the trade deficit. India's trade deficit increased to US\$ 180.3 billion in 2018-19 from US\$ 160.0 billion in 2017-18. Net invisible receipts were higher in 2018-19 mainly due to increase in net services earnings to US\$ 81.9 billion as compared to US\$ 77.6 billion in 2017-18 and private transfer receipts to US\$ 70.6 billion in 2018-19. Net FDI inflows at US\$ 30.7 billion in 2018 -19, were marginally higher than US\$ 30.3 billion in 2017-18. Portfolio investment recorded a net outflow of US\$ 2.4 billion in 2018-19 as against an inflow of US\$ 22.1 billion a year ago. In 2018-19, there was a depletion of US\$ 3.3 billion of the foreign exchange reserves (on a BoP basis).

1.4 India's Foreign exchange reserves stood at US\$ 430.4 billion as on 19th July, 2019, showing an increase of US\$ 17.5 billion over the level of US\$ 412.9 billion at end-March 2019. The average monthly exchange rate of rupee (reference rate) for the month of July 2019 was Rs. 68.81 per US dollar as against Rs 69.44 per US dollar in June 2019.

1.5 As per the Quick Estimates released by the CSO (based on new series of 2011-12), the Index of Industrial Production (IIP) recorded a growth of 3.1 % in May, 2019 as compared to the growth of 3.8 % in May, 2018. Eight Core Industries registered a growth of 0.2 % in June, 2019 as compared to 7.8 % in June, 2018. The growth of core industries during April- June, 2019-20 is 3.5 % as compared to 5.5 % during April- June, 2018-19.

1.6 India's merchandise exports during June 2019 were valued at US\$ 25.0 billion as compared to US\$ 27.7 billion during June 2018, exhibiting a decline of 9.7 %. India's Imports during June 2019 were valued at US\$ 40.3 billion which declined by 9.1 % over the level of imports valued at US \$ 44.3 billion in June 2018. India's oil imports during June 2019 were valued at US\$ 11.0 billion which was 13.3 % lower as compared to US\$ 12.7 billion in June 2018.

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1.7 The trade deficit for June 2019 was estimated at US\$ 15.3 billion as against the deficit of US\$ 16.6 billion during June 2018.

1.8 Exports & Import of services during May 2019 were valued at US\$ 18.7 billion and US\$ 12.5 billion. Trade balance in Services for May 2019 was estimated at US\$ 6.2 Billion.

## 2. Other important Developments

2.1(a) With a view to further liberalizing the External Commercial Borrowings (ECB) framework, RBI in consultation with the Government of India, on 30<sup>th</sup> July, 2019, allowed eligible borrowers to raise ECBs for the following purposes from recognized lenders, except foreign branches/overseas subsidiaries of Indian banks:

- i. ECBs with a minimum average maturity period of 10 years for working capital purposes and general corporate purposes. Borrowing by NBFCs for the above maturity for on-lending for the above purposes is also permitted.
- ii. ECBs with a minimum average maturity period of 7 years can be availed by eligible borrowers for repayment of Rupee loans availed domestically for capital expenditure as also by NBFCs for on-lending for the same purpose. For repayment of Rupee loans availed domestically for purposes other than capital expenditure and for on-lending by NBFCs for the same, the minimum average maturity period of the ECB is required to be 10 years.
- iii. Eligible corporate borrowers to avail ECB for repayment of Rupee loans availed domestically for capital expenditure in manufacturing and infrastructure sector if classified as SMA-2 or NPA, under any one time settlement with lenders. Lender banks are also permitted to sell, through assignment, such loans to eligible ECB lenders, except foreign branches/overseas subsidiaries of Indian banks, provided, the resultant external commercial borrowing complies with all-in-cost, minimum average maturity period and other relevant norms of the ECB framework.

(b) Bilateral meeting with Cambodian delegation to resolve the issues raised by Cambodian side on BIT was held on 3 July, 2019 in North Block, New Delhi.

(c) A teleconference was held on 16 July, 2019 with Russian side to discuss the BIT.

(d) DEA participated in the Working Group on Investment (WGI) in 27<sup>th</sup> Round of RCEP Meeting in China during 26-31 July, 2019.

(e) Board Meeting of NIIF Limited held on 18.07.2019.

(f) Board Meeting of NIIF Trustee Limited held on 24.07.2019.

(g) Government has acknowledged the receipt of the Report and draft Bill of the Inter-ministerial Committee on Virtual Currencies. A copy of the Report of the Group, along with the Draft Bill 'Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019' has also been placed on the website of the Department of Economic Affairs.

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**2.2 Following Line of Credit (LoC) was extended during the month:**

- i. LoC amounting to USD 56.824 million to Government of DR Congo for the 15 MW Photovoltaic Power Plant and Electrical Network Solar Project at Tshilenge.
- ii. LoC amounting to USD 56.824 million has been extended to Government of Govt. of DR Congo for the project 15 MW Photovoltaic Power Plant and Electrical Network Solar Project at Gemena.
- iii. LoC amounting to USD 26.68 million has been extended to Government of Govt. of DR Congo for the 10 MW Photovoltaic Power Plant and Electrical Network Solar Project at Manono.
- iv. LoC amounting to USD 40.00 million has been extended to Government of Uzbekistan for Procurement of defence equipment.

**2.3 Following Meetings were held during the month of July 2019:-**

- i. AS (FB&ADB) chaired the 97<sup>th</sup> Meeting of the Screening Committee of DEA held on 16 July, 2019.
- ii. AS (FB&ADB) chaired a meeting regarding the issue of Refund of IGST on imports held on 1 July, 2019 in New Delhi.

**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**

Cleared	:	04
Awaiting Approval in the Department	:	07

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