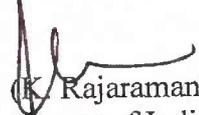


No. A-45011/2/2019-Admn.III
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, 16 July, 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 June, 2019.


(K. Rajaraman)

Additional Secretary to the Government of India
Tel No. 23093230/5012

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. Additional Secretary (FB&ADB), DEA
13. AS&FA(Finance).
14. Dr. C.S. Mohapatra, Additional Secretary, DEA
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)/Adviser(IER)/ JS(BC&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.

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

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

1. Macro-economic Overview

1.1 Headline inflation based on Consumer Price Index (New Series- Combined) in May 2019 was 3.0% as compared to 4.9% in May 2018. Inflation based on Wholesale Price Index (WPI) stood at 2.5% in May 2019 as compared to 4.8% in May, 2018.

1.2 The base rate for scheduled commercial banks stood at 8.95 / 9.40% as on 17th, May 2019. The yield on 10-Year Government securities has declined below 6.9% after budget presentation on 5th July from stood at 7.41% on 17th, May 2019.

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\$ 426.4 billion as on 21st June, 2019, showing an increase of US\$ 13.5 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 June 2019 was Rs. 69.44 per US dollar as against Rs 69.77 per US dollar in May 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 3.4% in April, 2019 as compared to the growth of 4.5% in April, 2018. Eight Core Industries registered a growth of 5.1% in May-2019 as compared to 4.1% in May - 2018. The growth of core industries during April- May, 2019-20 is 5.7% as compared to 4.4% during April- May, 2018-19.

1.6 India's merchandise exports during May 2019 were valued at US\$ 30.0 billion as compared to US\$ 28.9 billion during May 2018, exhibiting a growth of 3.9%. India's Imports during May 2019 were valued at US\$ 45.4 billion which increased by 4.3% over the level of imports valued at US \$ 43.5 billion in May 2018. India's oil imports during May 2019 were valued at US\$ 12.4 billion which was 8.2% higher as compared to US\$ 11.5 billion in May 2018.

1.7 The trade deficit for May 2019 was estimated at US\$ 15.4 billion as against the deficit of US\$ 14.6 billion during May 2018.

1.8 Exports & Import of services during April 2019 were valued at US\$ 18.1 billion and US\$ 11.4 billion respectively. Trade balance in Services for April, 2019 was estimated at US\$ 6.7 Billion.

2. Other important Developments

2.1(a) SEBI in consultation with GoI on June 27, 2019, has-

- Finalized a framework for issuance of differential voting rights shares along with amendments to the relevant SEBI Regulations to give effect to the framework. This would help the start-up companies in raising finance while not ceding control to others.
- Decided that payments made to related parties towards brand usage or royalty may be considered material if the transaction(s) exceed 5% of the annual consolidated turnover of the listed entity during a financial year and would require approval of the shareholders, with no related party having a vote to approve such resolutions
- Amended the definition of encumbrances in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 mandating that Promoters shall be required to disclose separately, detailed reasons for encumbrance, whenever the combined encumbrance by the promoters and persons acting in concert (PACs) crosses 20% of the total share capital in the company or 50% of their shareholding in the company.
- Approved proposals concerning risk-management framework of liquid funds and prudential norms governing investments in debt and money market instruments. This was taken in the wake of series of defaults in bond market.

(b) SEBI, on June 13, 2019 issued guidelines for enhanced disclosures by Credit Rating Agencies in order to further strengthen the disclosures made by CRAs and enhance the rating standards.

(c) EFC Meeting on Continuation and Revamping of Viability Gap Funding (VGF) Scheme was held on 21.06.2019. EFC recommended the proposal for approval of the Cabinet. The most important feature of the revamped VGF Scheme is mainstreaming Public-Private Partnerships (PPPs) in social infrastructure, including water supply, wastewater treatment, solid waste management, health and education.

(d) Bilateral Investment Treaty between the Government of the Kyrgyz Republic and the Government of the Republic of India was signed on 14 June 2019 at Bishkek, Kyrgyzstan.

(e) Investment sub-working Group at 8th Round of India-Korea CEPA Upgrade Negotiations on June 17-18, 2019 at India Habitat Centre, New Delhi.

(f) Third Steering Committee Meeting of South Asia Regional Training and Technical Assistance Centre (SARTTAC) was held in Male, Maldives on 10th June, 2019 and India was represented by AS (FB & ADB).

(g) Tamil Nadu Health System Reforms Program was signed on 4th June, 2019 for an external assistance of USD 287 million.

(h) Program towards Elimination of Tuberculosis was signed on 27th June, 2019 for external assistance of USD 328 million.

(i) Andhra Pradesh Health System Strengthening Project was signed on 27th June, 2019 for an external assistance of USD 400 million.

(j) Resilient Kerala Development Program-I, was signed on 28th June, 2019 for external assistance of USD 250 million.

(k) Loan signing ceremony for Legal Agreement in respect of "Uttarakhand Public Financial Management Strengthening Project" between Government of India and World Bank held on 25th June, 2019 for an external assistance of USD 31.58 million.

(l) Loan signing ceremony for Legal Agreement in respect of "Jharkhand Municipal Development Project" between Government of India and World Bank held on 24th June, 2019 for an external assistance of USD 147 million.

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

- i. LoC amounting to USD 80.72 million to Government of Madagascar for Agriculture Development in Madagascar through Irrigation, Farm Mechanization and Food Processing plant in Bongolava, Betsiboka, Menabe and Analamanga regions.
- ii. LoC amounting USD 100.00 million has been extended to Government of Nigeria for the project 'Establishment of a National Rural Broadband Network (NRBN) and
- iii. LoC amounting to USD 310.00 million to Govt. of Zimbabwe for Repowering of Hwange Thermal Power Station.

2.3 Following Meetings were held during the month of June, 2019:-

- a. Finance Minister along-with an Indian delegation attended the Third meeting of Finance Ministers and Central Bank Governors under the Japanese Presidency which was held on 8-9 June 2019 in Fukuoka, Japan.
- b. Finance Minister chaired the 20th Meeting of the Financial Stability and Development Council (FSDC) on 19th June, 2019 to review the current global and domestic economic situation and financial stability issues including, inter-alia, those concerning Banking and NBFCs.

- c. Finance Secretary led an Indian delegation in the 3rd G20 Finance Deputies Meeting under the Japanese Presidency which was held on June 6-7, 2019 in Fukuoka. The meeting focused on negotiating the G20 Fukuoka Declaration of the Finance Ministers and Central Bank Governors.
- d. Indo German Annual consultation Meeting 2019 was held between DEA, Ministry of Finance and BMZ, Federal Ministry for Economic Cooperation and Development, Germany on 13th June, 2019 at New Delhi.
- e. DEA participated in the Sixteenth meeting of the FSB Regional Consultative Group for Asia held in Kuala Lumpur on 14th June, 2019.
- f. Shri. K. Rajaraman, Additional Secretary (Investments), participated in the 11th meeting of the ARC/BHRC and 19th Meeting of the Board of Directors meeting on 24-25th June 2019 at Shanghai, PRC.
- g. Finance Secretary participated as part of the Hon'ble Prime Minister's delegation on June 27-29, 2019 to the G20 Leaders' Summit, to Osaka, Japan.
- h. Finance Secretary also led an Indian delegation G20 Finance Deputies Meeting was held on 26-27 June 2019 for the purpose of drafting the Finance Track paragraphs of Osaka Declaration. DEA delegation took part in the negotiation on Finance Track paras of the Leaders Declaration
- i. Shri. K. Rajaraman, Additional Secretary, (Investments), participated in the negotiations in the Working Group on Investments of the Regional Cooperation Economic Partnership (RCEP) agreement on 29-30th June 2019 at Melbourne Australia.

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	:	00
Awaiting Approval in the Department	:	09
