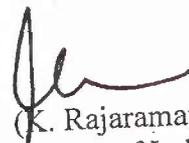


No. A-45011/2/2019-Admn.III  
Government of India  
Ministry of Finance  
(Department of Economic Affairs)  
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New Delhi, 28<sup>th</sup> March, 2019

**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 February, 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. Dr. C.S. Mohapatra, Additional Secretary, DEA
14. Shri Sanjeev Sanyal, Principal Economic Adviser, DEA
15. All Heads of Divisions in Department of Economic Affairs.  
JS(Budget)/JS(C&C/UN&OMI)/JS(IPF)/JS(FM)/Adviser(IER)/JS&FA(Finance)/CAAA.
16. Ms. Rajasree Ray, Adviser, DEA.
17. Dr. Shashank Saksena, Adviser (FSRL), DEA
18. Shri Arun Kumar, Adviser, DEA
19. Shri R.C. Gupta, OSD (FATF), DEA.
20. Senior PPS to Chief Economic Adviser, DEA.
21. Guard File – 2019.

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

**1 Macro-economic Overview**

1.1 As per the second advance estimate of national income released by Central Statistics Office (CSO) on 28<sup>th</sup> February 2019, the *growth rates of Gross Domestic Product (GDP)* at constant and current market prices are estimated to be 7.0% and 11.5% respectively in 2018-19. The growth rates of GDP at constant prices for the years 2015-16, 2016-17 and 2017-18 were 8.0%, 8.2% and 7.2% respectively. CSO had revised the GDP of 2016-17 and 2017-18 upward in its revision on 31st January. As a result, the base effect has affected GDP growth for 2018-19. In monetary terms, the GDP estimated for 2018-19 in the second advance estimates for both real and nominal is higher than the GDP estimated in the first advance estimates.

1.2 *Growth rate of gross value added (GVA) at constant basic prices* is estimated to be 6.8% in 2018-19, as compared to 8.0%, 7.9% and 6.9% respectively for the years 2015-16, 2016-17 and 2017-18.

1.3 *Headline inflation* based on Consumer Price Index (New Series- Combined) in January, 2019 was 2.0% as compared to 5.1% in January, 2018. Inflation based on Wholesale Price Index (WPI) stood at 2.8% in January, 2019 as compared to 3.0% in January, 2018.

1.4 The *yield on 10-Year Government securities* stood at 7.58% on 15th February, 2019 compared to 7.56% of 16th February, 2018.

1.5 India's *trade deficit* increased to US\$ 95.8 billion (2.7% of GDP) in H1 of 2018-19 from US\$ 74.4 billion (1.8% of GDP) in H1 of 2017-18. Net invisible receipts were higher in H1 of 2018-19 mainly due to increase in net services earnings and private transfer receipts. Net FDI inflows in H1 of 2018-19 moderated to US\$ 17.7 billion from US\$ 19.6 billion in H1 of 2017-18. Portfolio investment recorded a net outflow of US\$ 9.8 billion in H1 of 2018-19 as against an inflow of US\$ 14.5 billion a year ago. In H1 of 2018-19, there was a depletion of US\$ 13.2 billion of the foreign exchange reserves (on a BoP basis).

1.6 India's *Foreign exchange reserves* stood at US\$ 398.3 billion as on 15th February, 2019, showing a decrease of US\$ 26.2 billion over the level of US\$ 424.5 billion at end-March 2018.

1.7 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 2.4% in December-2018 as compared to the growth of 7.3% in December-2017.

1.8 On a cumulative basis, for the period April- December, 2018-19, the industrial growth was 4.6% as compared to the growth of 3.7% during April- November, 2017-18.

1.9 Eight Core Industries registered a growth of 1.8% in January 2019 as compared to 6.2% in January 2018. The growth of core industries during April-January, 2018-19 is 4.5% as compared to 4.1 % during April- January, 2017-18.

1.10 India's merchandise exports during January 2019 were valued at US\$ 26.4 billion as compared to US\$ 25.4 billion during January 2018, exhibiting a growth of 3.7%. India's Imports during January 2018 were valued at US\$ 41.09 billion which marginally increased by 0.01 % over the level of imports valued at US \$ 41.08 billion in January 2018.

1.11 India's oil imports during January 2019 were valued at US\$ 11.2 billion which was 3.4% lower as compared to US\$ 11.7 billion in January 2018. The trade deficit for January 2019 was estimated at US\$ 14.7 billion as against the deficit of US\$ 15.7 billion during January 2018. Exports & Import of services during December 2018 were valued at US\$ 17.9 billion and US\$ 11.4 billion. Trade balance in Services for December, 2018 was estimated at US\$ 6.5 Billion.

## 2. Other important Developments

2.1 (a) In accordance with the announcement made in the Union Budget 2018-19 with regard to reforms in the stamp duty regime on financial securities transactions, the amendments to the Indian Stamp Act, 1899 were introduced in Parliament as part of the Finance Bill, 2019. The Finance Bill 2019 was passed by both the houses of Parliament, Lok Sabha and Rajya Sabha on 12<sup>th</sup> and 13<sup>th</sup> February 2019 respectively. The President of India gave his assent to the amendments on 21<sup>st</sup> February, 2019.

(b) The Union Cabinet has approved establishment of a unified authority for regulating all financial services in International Financial Services Centres (IFSCs) in India through International Financial Services Centres Authority Bill, 2019. The Bill has been introduced in the Rajya Sabha on February 12, 2019.

(c) Department of Economic Affairs (DEA) organised a workshop on 26.02.2019 with European Bank for Reconstruction and Development (EBRD) with a view to enhance Indian Private Sector's engagement with the EBRD.

(d) Govt. of India entered into an agreement for *Bilateral Swap Arrangement (BSA)* between India and Japan for a maximum amount USD 75 Billion. The agreement was signed by both Bank of Japan and Reserve Bank of India. The BSA was approved by Union Cabinet on 10.01.2019. India can access the agreed amount of USD 75 billion for the purpose of maintaining an appropriate level of balance of payments or short-term liquidity. A part of the BSA can be accessed at the discretion of India. At present, India has comfortable level of Foreign Exchange. This financial cooperation would further enhance the strong economic ties between India and Japan.

(e) DEA approved extension of a Line of Credit through EXIM Bank of India amounting to USD 30 million to Government of Sierra Leone for Land and Infrastructure Development including Hydraulic, Water Management System (Irrigation) and provision of Tractors.

(f) Legal Agreements for Development Policy Loan I (DPL-I) of US\$ 40 million for the 'Shimla Water Supply and Sewerage Service Delivery Reform Program' were signed with the World Bank on Feb 15, 2019.

(g) An MoU on investing in the National Investment and Infrastructure Fund between the Government of the Kingdom of Saudi Arabia and the Government of the Republic of India was signed on 20.02.2019 during the recent visit of Crown Prince of Saudi Arabia to India during 19-20 Feb 2019.

(h) Agreement for providing Concessional Partner Loan (CPL) of US\$ 20 Million to International Fund for Agricultural Development (IFAD) was signed with the IFAD on 15<sup>th</sup> February, 2019 in Rome, Italy.

## **2.2 Following Meetings were held during the month of February, 2019:-**

(i) Secretary, DEA attended the 42nd Session of Governing Council of International Fund for Agricultural Development (IFAD) held in Italy on 14-15 February, 2019.

(ii) 1st G-20 International Finance Architecture (IFA) Working Group meeting under the Japanese Presidency was held on February 26, 2019 in Paris. India was represented by AS (FB & ADB) in the said meeting, which discussed the updates and possible solutions for concluding the IMF's 15th General Review of the Quotas, proposals of the G20 Eminent Persons Group Report and LIC Financing for Development.

(iii) 92nd Meeting of Screening Committee of DEA held on 14<sup>th</sup> February, 2019 considered around 14 projects for external assistance.

## **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	:	10

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