

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1298
TO BE ANSWERED ON 19.09.2020

GDP GROWTH RATE

1298. SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of reasons as to why there has been a secular decline in the GDP growth rate of the economy for eight consecutive quarters preceding the onset of the COVID-19 pandemic;
- (b) whether a contraction of 23.9 per cent in the GDP in the first quarter of fiscal 2020-2021 indicate that Indian economy is in a recession and if so, the details thereof;
- (c) whether the Minister/Ministry was consulted before the decision to impose the national lockdown was taken on the 23rd of March 2020 and if so, the details thereof;
- (d) whether the Ministry outlined the deleterious impact that the national lockdown would have on an already sluggish economy and if so, the details thereof and the time when and the manner in which those concerns were articulated by the Ministry;
- (e) the number of years it would possibly take for the economy to recover from the setback of the national lockdown as per the estimation of the Ministry; and
- (f) whether any assessment was done by the Ministry in terms of lives qua livelihoods before tendering advise, if any and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) As per the estimates of Gross Domestic Product (GDP) released by National Statistical Office (NSO), GDP growth on average was 7.4 percent in 2014-19, which was the highest amongst G-20 countries and higher than 6.4 percent achieved in 2009-14. As per latest estimates of NSO, the annual GDP growth rates at constant (2011-12) prices during FY 2018-19 and FY 2019-20 stood at 6.1 per cent (First Revised Estimates) and 4.2 per cent (Provisional Estimates) respectively. The deceleration in the growth rate of GDP in FY 2019-20 coincided with a deceleration in growth of global output from 3.6 percent in 2018 to 2.9 percent in 2019 as estimated in the World Economic Outlook (WEO), update June, 2020 published by International Monetary Fund (IMF). Owing to policies implemented by Government in 2019, the Indian economy had rebounded in the months of January and February of 2020 to register high growth rates in Index of Industrial Production, Index of Eight-core Industries and exports. However, the growth momentum got disrupted with the COVID-19 outbreak which struck India late in the fourth quarter of 2019-20.

(b) As per the Estimates of Gross Domestic Product (GDP) for the First Quarter (Q1) of 2020-21 released by the National Statistical Office on 31st August 2020, the real GDP in India contracted by 23.9 per cent

during the first quarter of 2020-21. During this quarter, India enforced one of the most stringent lockdowns as reflected in the Government Response Stringency Index measured by Oxford University. The contraction in GDP is consistent with the effect of the stringent lockdown.

(c) Soon after the outbreak of novel coronavirus on 7th January, 2020, several measures like progressive tightening of international travel, issuing advisories for members of the public, setting up quarantine facilities etc. were taken by the Government to contain the spread of COVID-19. World Health Organization (WHO) declared COVID-19 as a pandemic on 11th March, 2020. During the period from 16th to 23rd March, 2020, most of the State Governments/UTs resorted to partial or full lockdown in their respective State/UT based upon their assessment of the situation. Taking into consideration the high infection rate of COVID-19, need for effective measures of social distancing as advised by experts, the global experience in containment of the spread of the virus and the need for consistency in the approach and implementation of various containment measures across the country, a nationwide 21-day lockdown was announced on 24th March, 2020 to contain the spread of COVID-19 in the country under the Disaster Management Act, 2005.

(d) to (f) India's response to COVID-19 has been pre-emptive, pro-active and graded. The approach of combating the pandemic was changed from "Jaan hai toh Jahaan Hai" to "Jaan Bhi Jahaan Bhi", after ramping up health infrastructure during the lockdown period that was critical to saving lives. The country entered the lockdown period after Government constituted a COVID-19 Economic Response Task Force on 19th March, 2020 to implement economic recovery measures in consultation with all stakeholders. Government announced Pradhan Mantri Garib Kalyan Yojana to provide emergency relief measures to the vulnerable sections of the population followed by a special economic and comprehensive Aatma Nirbhar Bharat package of Rs. 20 lakh crore-equivalent to 10 percent of India's GDP. The package includes, among others, relief measures under the, Pradhan Mantri Garib Kalyan Rojgar Abhiyaan, relief measures for MSMEs and NBFCs, increased allocation under MGNREGS, interest subvention for MUDRA loans and revamp of Viability Gap Funding scheme for social infrastructure. The implementation of the package is reviewed and monitored regularly.

With the phased unlocking of the Indian economy since June 1, 2020, high frequency economic indicators like PMI Manufacturing, index of eight core industries, E-way bills, Kharif sowing, power consumption, railway freight, cargo traffic and passenger vehicle sales have recovered in the months of July, August and September and indicate growing convergence with previous year's activity levels.
