

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1371
TO BE ANSWERED ON 19.09.2020

IMPACT OF COVID-19 ON ECONOMY

1371. SHRI RAHUL RAMESH SHEWALE:

Will the Minister of FINANCE be pleased to state:

- (a) the impact of COVID-19 pandemic on the economy of the country along with the present status of economy;
- (b) the extent to which demand depressed in various sectors particularly in unorganised sector and unemployment rise in such sectors in economic slowdown due to Covid-19 pandemic in the country, sector-wise;
- (c) the contraction predicted by the Government/ RBI in GDP due to the said pandemic during the financial year 2020-21 ; and
- (d) the steps taken/being taken by the Government to mitigate the impact of pandemic on the economy along with the achievements thereof?

ANSWER

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

(a) to (d) 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 following a strict lockdown enforced by government from 25th March for a period of 21 days under the Disaster Management Act, 2005 to contain the spread of COVID-19 and gradual unlocking thereafter through the April-June quarter of 2020-21.

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.

As per month-wise net EPF subscriber data, employment appears to have fallen in April before rising again in May and crossing the March level in June.

Since Q1 of 2020-21, the lockdowns have been considerably eased resulting in much higher level of activity in the months of July, August and September. This is evident in growth of high frequency

indicators like PMI Manufacturing, index of eight core industries, E-way bills, Kharif sowing, power consumption, railway freight, cargo traffic and passenger vehicle sales.

On May 12, Government announced Atmanirbhar Package, a special economic and comprehensive package of Rs. 20 lakh crores - equivalent to 10 per cent of India's GDP – to combat the impact of the COVID-19 pandemic in India. The package includes several measures aimed at addressing lives and livelihood issues such as in-kind support like food and cooking gas, cash transfers, insurance coverage to healthcare workers, wage increase for MGNREGA workers, collateral free loans, support to MSMEs and tax relief measures besides structural reforms to enhance the productive capacity of the economy. ;

The implementation of the package is reviewed and monitored regularly. Some of the salient achievements include:

- ❖ Pradhan Mantri Garib Kalyan Package, under which around 42 crore poor people have received financial assistance of Rs. 68,820 crore as on 7th September, 2020.
- ❖ **Rs 3 lakh crore Collateral-free Automatic Loans for Businesses, including MSMEs and Rs 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs are being provided.**
- ❖ Rs 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs has been sanctioned.
- ❖ Rs 30,000 crore Additional Emergency Working Capital Funding for farmers through NABARD is being provided.
- ❖ Borrowing limits of State Governments have been increased from 3 percent to 5 percent for 2020-21.
- ❖ Rs 50,000 crore liquidity through TDS/TCS rate reduction has been effected.
