

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 59
TO BE ANSWERED ON 14.09.2020

ASSESSMENT OF ECONOMIC LOSS

59. SHRI PRADYUT BORDOLOI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has been able to assess total economic loss in percentage to the country's GDP due to the COVID 19 pandemic related lockdown etc. between March 2020 to August 2020;
- (b) if so, the details thereof;
- (c) whether the economic stimulus of Rs. 20 lakh crores has been actually pumped in and if so, the details thereof;
- (d) whether there has been any tangible improvement in the investment cycle of India due to the sharp reduction of Corporate Tax rate as announced in September 2019; and
- (e) if so, in which sector such improvement has taken place between October 2019 to March 2020?

ANSWER

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

(a) & (b) As per the Estimates of Gross Domestic Product (GDP) for the First Quarter of April-June (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 Q1 of 2020-21 (as against a 5.2 per cent growth in Q1 of 2019-20). 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 and indicate growing convergence with previous year's activity levels.

(c) The Government has announced a special economic and comprehensive package of Rs. 20 lakh crores - equivalent to 10% of India's GDP – to combat the impact of the COVID-19 pandemic in India. 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.

(d) & (e) The Government, in its endeavour to make India a globally competitive and favoured destination for investment, reduced the corporate tax rate for new companies in the manufacturing sector to 15% and to 22% for existing companies in September, 2019. This has enabled the corporate tax rates in India to be amongst the lowest in the world. Given that investment decisions have a long term perspective, the impact of this landmark reform would be felt in coming years.
