



Ministry of Finance

Steps taken by Government to ameliorate impact of COVID-19 pandemic on Indian economy



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As per the Estimates of Gross Domestic Product (GDP) for the First Quarter (Q1) of 2020-21 released by the National Statistical Office (NSO), Ministry of Statistics & Program Implementation (MoSPI), the real GDP in India contracted by 23.9 per cent during the first quarter of 2020-21 (as against 5.2 per cent growth in Q1 of 2019-20). India's GDP growth rose to (-) 7.5 percent YoY in Q2 (as against 4.4 per cent growth in Q2 of 2019-20), a sharp rebound from the pandemic induced decline in Q1.

This was stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs in a written reply to a question in Lok Sabha today.

Giving more details, the Minister stated that as per the First advance estimates of GDP released by NSO, GDP growth is estimated to contract by 7.7 percent in 2020- 21. Agriculture and allied sector is estimated to grow at 3.4 percent in 2020-21. This sector is set to cushion the shock of the COVID-19 pandemic on the Indian economy in 2020-21 that has contributed positively to the overall Gross Value Added (GVA). Industry and Services sector are estimated to contract by 9.6 per cent and 8.8 per cent respectively during the year 2020-21.

Within Industry, Mining is estimated to contract by 12.4 per cent, Manufacturing by 9.4 percent and construction by 12.6 per cent. The utilities sector has shown a sharp recovery and is set to register a positive growth of 2.7 per cent in 2020- 21. Within Services Sector, contact sensitive sectors like trade, hotels, transport & communication are estimated to contract by 21.4 per cent.

Citing RBI data, the Minister said that India's GDP growth is estimated to contract by 7.5 percent in 2020-21 and grow by 10.5 percent in 2021-22. The fundamentals of the economy remain strong as gradual scaling back of lockdowns, along with the astute support of AtmaNirbhar Bharat Mission has placed the economy firmly on the path of recovery. Net payroll data of Employees' Provident Fund Organisation (EPFO) as on 20th January, 2021 shows a net increase of new subscribers in EPFO of 78.58 lakh in 2019-20 as compared to 61.1 lakh in 2018-19. These estimates are net of the members newly enrolled, exited and re-joined during the year as per records of the EPFO. During FY 2020-21 (April-November), the net new EPF subscribers stood at 45.29 lakh. (d) In FY 2020-21,

Giving more details about the schemes launched by the Government, the Minister said that the Government announced a special economic and comprehensive package under AtmaNirbhar Bharat including measures taken by RBI amounting to about Rs. 27.1 lakh crore – more than 13 per cent of India's GDP– to combat the impact of the COVID-19 pandemic and to revive economic growth. The package included, among others, in-kind and cash transfer relief measures for households, employment provision measures under Pradhan Mantri Garib Kalyan Rojgar Abhiyaan and increased allocation under MGNREGS, credit guarantee and equity infusion-based relief measures for MSMEs and NBFCs and

regulatory and compliance measures. Structural reforms were also announced as part of the AtmaNirbhar Bharat Package which, inter alia, included deregulation of the agricultural sector, change in definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in defence and space sector, development of Industrial Land/ Land Bank and Industrial Information System, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivizing States to undertake sector reforms.

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

Under Pradhan Mantri Garib Kalyan Package valued at Rs. 2.76 lakh crore, free food grain for 80 crore people, free cooking gas for 8 crore families, and direct cash transfer to over 40 crore farmers, women, elderly, the poor and the needy were provided.

- As on 3rd February, 2021, a total of 323.19 crore person-days have been generated in the current FY 2020-21 under MGNREGS.
- Under Pradhan Mantri Garib Kalyan Rojgar Abhiyan, 50.78 crore person-days of employment was generated incurring an expenditure of Rs. 39,293 crore.
- Rs. 3 lakh crore Collateral-free Automatic Loans for Businesses, including MSMEs: Under Emergency Credit Line Guarantee Scheme (ECLGS) 1.0, Rs. 2.14 lakh crore has been sanctioned to 90.57 lakh borrowers of which Rs 1.65 lakh crore has been disbursed to 42.46 lakh borrowers as on 8th January, 2021. Additionally, ECLGS has been extended to 26 stressed sectors identified by the Kamath Committee and the healthcare sector till March, 2021 with operational guidelines issued on 26th November for maintaining the momentum of credit disbursements to close to 45 lakh business units. As on 8th January 2021, additional credit amounting to Rs. 15,571 crore has been sanctioned to 2,772 borrowers under ECLGS 2.0, of which Rs. 3,344 crore has been disbursed to 1,188 borrowers.
- Rs. 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs are being provided. Purchase of portfolio of Rs. 27,794 crore has been approved by PSBs and Rs. 1400 crore are currently in process of approval/negotiations as on 4th December, 2020.
- Rs. 30,000 crore Additional Emergency Working Capital Funding for farmers through NABARD is being provided. Rs. 25,000 crore has been disbursed so far as on 4th December, 2020. Under balance Rs. 5000 crore Special Liquidity Facility for smaller NBFCs and MFIs, Rs. 130 crore has been disbursed as on 4th December, 2020.
- Centre had enhanced the borrowing limit for the States from 3% to 5% of GSDP for FY2020-21. Under the Special Window provided by Central Government to borrow the shortfall arising out of GST implementation on behalf of States, Government of India has borrowed an amount of Rs. 78,000 crores in 13 instalments, at an average interest rate of 4.75 per cent, and passed it on to the States and UTs as on 25th January, 2021.
- Rs. 50,000 crore liquidity through TDS/TCS rate reduction has been effected.

The Union Budget 2021-22 has also announced a number of measures to support broad-based and inclusive economic development under six pillars listed as under:

i. Health and Wellbeing

Key measures include a holistic approach to strengthen healthcare with focus on three areas- Preventive, Curative, and Wellbeing, Rs. 35,000 crore for COVID-19 vaccine, roll out of Made-in-India Pneumococcal Vaccine across the country, launching of a new centrally sponsored scheme PM

AtmaNirbhar Swasth Bharat Yojana in addition to National Health Mission, Mission Poshan 2.0, Universal Coverage of Water Supply, Urban Swachh Bharat Mission 2.0, Clean Air, Scrapping policy, etc.

ii. **Physical & Financial Capital, and Infrastructure**

Key measures include Production Linked Incentive scheme (PLI) in 13 Sectors, Mega Investment Textiles Parks (MITRA), 7 Textile Parks, expansion of National Infrastructure Pipeline (NIP) to 7,400 projects, creation of institutional structures for Infrastructure Financing, National Monetization Pipeline, sharp increase in Capital Budget, economic corridors, flagship corridors/expressways, National Rail Plan for India (2030), future dedicated freight corridor projects, strengthening of urban infrastructure, launching of National Hydrogen Energy Mission 2021-22, extension of Ujjwala Scheme to cover 1 crore more beneficiaries, development of a world class Fin-Tech hub, increasing FDI limit in insurance sector from 49 percent to 74 percent, setting up of Asset Reconstruction Company Limited and Asset Management Company, recapitalization of PSBs easing compliance requirement of small companies, amendments to the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961, decriminalization of the Limited Liability Partnership (LLP) Act, 2008, promoting start-ups and innovators by incentivizing the incorporation of one person companies, strengthening NCLT framework, new policy for Strategic Disinvestment, Government Financial Reforms such as universal application of Treasury Single Account (TSA) System, rationalization of Centrally Sponsored Schemes, development of Multi-State Cooperatives, etc.

iii. **Inclusive Development for Aspirational India**

Key measures include ensuring MSP at minimum 1.5 times the cost of production across all commodities, extension of SWAMITVA Scheme to all States/UTs, enhancing agricultural credit and infrastructure funds, investments to develop modern fishing harbours and fish landing centres, One Nation One Ration Card, Rs. 15,700 crore budget allocation to MSME Sector, etc.

iv. **Reinvigorating Human Capital**

Key measures include qualitative strengthening of 15,000 schools under National Education Policy, setting up of 100 new Sainik Schools, Higher Education Commission of India, Central University in Leh, 750 Eklavya model residential schools in tribal areas, revamped Post Matric Scholarship Scheme for welfare of SCs, measures to enhance skilling like realignment of existing National Apprenticeship Training Scheme (NATS), etc.


v. **Innovation and R&D**

Key measures include Rs. 50,000 crore outlay under National Research Foundation (NRF), Rs. 1,500 crore for financial incentives to promote digital modes of payment, PSLV-CS51 launch, Gaganyaan mission activities, launching of Deep Ocean Mission, etc.

vi. **Minimum Government and Maximum Governance**

Key measures include reforms to rationalize the functioning of Tribunals, National Commission for Allied Healthcare Professionals Bill in Parliament to ensure transparent and efficient regulation of the 56 allied healthcare professions, National Nursing and Midwifery Commission Bill to bring transparency, efficiency and governance reforms in the nursing profession, setting up of a Conciliation Mechanism for quick resolution of contractual disputes, Rs. 3,768 crore for India's first digital census, Rs.1,000 crore for the welfare of tea workers especially women and their children in Assam and West Bengal, etc

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