

Shrinking of economy

1025. SHRI B. LINGAIAH YADAV: Will the Minister of FINANCE be pleased to state:

- (a) whether the Indian economy is to contract by 4 per cent in 2020-21 as per ADB;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective measures being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) ADB, in its Asian Development Outlook Supplement, 2020, released in June 2020 projected the Indian economy to contract by 4 per cent in 2020-21. The Report follows a strict 21 days nationwide lockdown enforced by Government from 25th March, 2020, under the Disaster Management Act, 2005 with subsequent extensions and relaxations, to contain the spread of COVID-19 and simultaneously ramp up the health infrastructure. This was one of the most stringent lockdowns enforced as reflected in the Government Response Stringency Index measured by Oxford University. The contraction in GDP in April to June quarter is consistent with the effect of the stringent lockdown.

On May 12, 2020, Government announced the Atmanirbhar Package, a special economic and comprehensive package of ₹ 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.

With the phased unlocking of the Indian economy since June 1, 2020 and supportive policies of the Government, 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.