

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 866
ANSWERED ON 09.02.2021

Slowdown in the economy

866. Shri Sanjay Singh:

Will the Minister of FINANCE be pleased to state:

- (a) whether the country is expected to experience a GDP contraction of over 7.7 per cent in the current fiscal year as per National Statistical Office (NSO's) latest figures;
- (b) whether it is a fact that the private consumption expenditure is expected to contract 9.5 per cent, and gross fixed capital formation is expected to contract 14.5 per cent in financial year 2021; and
- (c) if so, the details thereof and the steps taken by Government to revive the economy?

ANSWER

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

(a) & (b): As per First Advance Estimates of Gross Domestic Product (GDP) released by National Statistical Office (NSO), M/o Statistics and Program Implementation (MoSPI) on 7th January, 2021, India's real GDP growth is estimated to grow at (-) 7.7 per cent in the current fiscal year 2020-21. On the demand side, private consumption and gross fixed capital formation are estimated to contract by 9.5 per cent and 14.5 per cent respectively in the current fiscal year 2020-21. Details of growth estimates for demand side components of GDP are given in the table below.

Table: Annual Real Growth in GDP and Demand side Components (in per cent)	
Demand side Components of GDP	2020-21 (1 st AE)
Total Consumption	-6.9
Government Consumption	5.8
Private Consumption	-9.5
Gross Fixed Capital Formation	-14.5
Exports	-8.3
Imports	-20.5
GDP at market prices	-7.7

Source: National Statistical Office (NSO), MoSPI Notes: 1st AE: First Advance Estimates

(c): In Financial Year 2020-21, Government announced a special economic and comprehensive package under AatmaNirbhar Bharat including measures taken by RBI amounting to about Rs. 27.1 lakh crores – 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 AatmaNirbhar 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.

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 15000 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. 3768 crores for India's first digital census, Rs.1000 crores for the welfare of tea workers especially women and their children in Assam and West Bengal, etc.
