The NCAER 2020–21 Mid-Year Review of the Indian Economy

Webinar, Monday, December 21, 2020, 6:00 p.m. IST
NCAER Mid-Year Review Team

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Outline

I. Introduction

II. Real & External Sector Trends
   A. Domestic Real Sector
   B. External Sector

III. Inflation

IV. GDP forecast, hysteresis and reforms

V. Challenging Fiscal Policy Outlook

VI. Monetary Policy & Financial Sector Reforms
Economic activity still constrained by continuing pandemic, but some positive developments

- Covid-19 deaths started declining after peaking on 19th September
- Still around 300-400 deaths every day
- About 75% of total Covid-19 deaths concentrated in Maharashtra (35%) & 6 other States: Karnataka, Tamil Nadu, Delhi, West Bengal, Uttar Pradesh & Andhra Pradesh
- Of these, Delhi has experienced a third wave till mid-November, incidence is now declining in all these States
- A vaccine is now expected in India in the first quarter of 2021.

Source: Ministry of Health & Family Welfare
Economy recovering despite pandemic, but its mark will persist for years: Key takeaways

• With gradual unlocking, economic activity started recovering sharply from May 2020, more sharply than most expected

• Fiscal and monetary stimulus have supported this recovery

• The recovery has been broad based across sectors, but with large sectoral & sub-sectoral variations

• The observed pattern is similar in most sectors: steep decline in April followed by V-shaped recovery, which became shallow after June

• This is also the expected path of GDP. We forecast that annual GDP will contract by (−) 7.3% in 2020-21

• Our projections indicate that hysteresis, the pandemic’s long-term effects, will last for years.

• Macroeconomic stimulus measures alone will not be enough. Strong, broad-based structural reforms will be necessary to take India back to a high growth path
**Agriculture: Robust agricultural performance expected thanks to good monsoon in 2020-21**

First advance estimates indicate same or higher output for most Kharif crops in 2020-21 compared to last year.

**Source:** Ministry of Agriculture.

**Note:** Unit is million bales for cotton & million tonnes for other crops.

**Source:** Indian Meteorological Department.
Industry: Steep decline in 2020-21:Q1 followed by sharp recovery in Q2

- Industrial growth was already declining since 2017-18:Q4

- Sharp contraction of industrial output (−38%) in 2020-21:Q1 following end-March lockdown.
  - Among sub-sectors construction was the worst affected (−50%).
  - Electricity, Gas & Water Supply (EGW) was the least affected (−7%). These are mostly essential services which were exempted from lockdown.

- Sharp V-shaped recovery in Q2, led by EGW (4.4%). Manufacturing also recorded positive growth (0.6%).

**Source:** Ministry of Statistics & Programme Implementation.
Monthly IIP data shows sharp, V-shaped recovery after April, but shallower since June

- Growth of the general Index of Industrial Production (IIP) declined from 5% in February 2020 to (–) 57% in April (y-o-y).
- The contraction then moderated, sharply till June (–17%), more gradually thereafter. It was eliminated by September.
- The same pattern is seen in the IIP for manufacturing.
  - The use-based classification of manufacturing IIP indicates that the recovery has been broad-based.
- The Core IIP also shows sharp V-shaped recovery after April which became shallower after June.
- All three IIP indices indicate a sharp V-shaped recovery till June which has become shallower thereafter.

Sources: MoSPI and Office of Economic Advisor.
Note: Core IIP includes coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity.
Some indicators suggest shallow industrial recovery has plateaued during Q3

Sources: Power System Operation Corporation Ltd. and Goods & Services Tax Network.

Sources: IHS Markit.
Services: Sharp decline in 2020-21:Q1, contraction moderated in Q2

- Services growth had already slowed after 2018-19:Q4 though it was still positive.
- After lockdown, services contracted by a massive 21% in 2020-21:Q1.
- Large sub-sector variations within services
  - (−) 47% contraction in Trade, hotels, restaurants & communication (THRC)
  - (−)5.3% contraction in Financial, real state & professional services (FRP)
- Services sector contraction has moderated in Q2, mainly on account of THRC (−15.6%).
- Contraction has worsened in FRP (−8.1%) and Public administration, defence and other services (−12.2%).

Source: Ministry of Statistics and Programme Implementation.
Recovery pace has varied a lot within sectors
In transport sector cargo recovery much faster than passenger traffic

Sources: Ministry of Railways, Indian Ports Association and Airports Authority of India.
High-frequency indicators also show V-shaped recovery which shallowed after June and has plateaued in Q3

Sources: Goods & Services Tax Network & Google Inc.
Sharp decline in exports & imports since January 2020, followed by V-shaped recovery after April

- V-shaped recovery of exports, shallow and volatile since June.
- Service exports have remained flat while there has been a volatile recovery of goods exports.
- Recovery of imports also V-shaped but volatile.
- Import contraction exceeded export contraction yielding a trade surplus in H1. A deficit re-emerged in October.
- In y-o-y comparisons exports contracted by 26% in Q1 and the contraction moderated to 6% in Q2 while imports contracted by 45% in Q1 & 23% in Q2.

**Sources:** Ministry of Commerce and RBI.
**Notes:** 1. Services data for November are estimated.
Outlook uncertain with supply chains embedded in RTAs that exclude India: Trade policy reforms very urgent

• The global growth impetus of gradual rollout of Covid-19 vaccines & incoming new US administration with a more cooperative global approach likely to boost exports.

• On the other hand, fresh lockdowns in Europe & US following a second wave of Coronavirus cases may dampen export recovery.

• Recent RCEP agreement could also adversely affect exports.
  
  – India has lost more than it has gained from participation in RTA arrangements in the past.
  – However, the recent RCEP agreement, which excludes India could have a significant negative impact on India’s exports.
  – The RCEP member countries are major export destinations for India, accounting for 28% of total goods exports (April-September 2020). They could potentially shift their imports from India to RCEP member countries.

• The door is still open for India to join RCEP if the issues it has raised are adequately addressed.

• If the incoming US administration revives the Trans-Pacific Partnership, that may be another option for India.

• Staying out of both these mega RTAs could be very damaging for India as global supply chains are increasingly embedded within such RTAs.

• Resisting autarkic pressures & introducing reforms to significantly strengthen competitiveness is essential to benefit from such RTAs or even a revamped WTO.
Capital account: foreign investment inflows volatile in 2020-21:H1, portfolio inflows surge in H2

- Foreign investment inflows grew by 7.5% in 2020-21:H1 compared to 2019-20:H1.

- However, both its components, i.e., foreign direct investment (FDI) and portfolio inflows were quite volatile.
  - Portfolio inflows dipped sharply following the March lockdown
  - FDI inflows spiked in August probably due to direct equity sales by large corporates.

- Portfolio inflows have surged during Oct-Dec (USD19 billion).

Source: Reserve Bank of India.
Exchange rate appreciation driven by rising foreign exchange reserves

- Foreign exchange reserves have been rising since July last year, especially after April 2020, reflecting a growing balance of payments surplus.

- Increase in reserves mainly reflected a current account surplus, driven by import contraction, not so much capital inflows in H1.

- However portfolio investments have surged in Q3, the net portfolio investment inflow in Q3 amounts to USD 19 billion.

- Rising foreign exchange reserves have led to appreciation of the nominal exchange rate.

- Adjusting for India’s high inflation rate relative to its trade partners, the real effective exchange rate (REER) has appreciated even more.

- Exchange rate appreciation will adversely affect exports and the trade balance.

- Increase in reserves a positive development but it will drive up money supply & further raise inflationary pressures.

Source: Reserve Bank of India.
Note: Foreign exchange reserves data is as on Dec 11, 2020. The exchange rate data is the average of 1 Dec-18 Dec 2020.
Inflation is high, driven by food prices

- Headline CPI inflation has remained above RBI target band of 2%-6% since April 2020.
- This is mainly due to food price inflation, which rose to 11% in October and was still elevated at over 9% in November.
- Food price inflation, in turn, is being mainly driven by potato, onion & tomato (POT) prices. Non-POT food price inflation was 8% in October and 6.6% in November.
- CPI Core inflation (excluding food & fuel) is also close to 6%.
- WPI inflation was negative till August. It is now positive but very muted at 2%.
- WPI inflation is also being driven by food prices.
- CPI & WPI inflation rates were diverging earlier possibly because
  - Food prices which is driving inflation have a higher weight in the CPI
  - Logistic disruptions impacted retail sales more during lockdown
  - Trade margins have risen between wholesale & retail trade.

Sources: Ministry of Statistics & Programme Implementation and Office of Economic Advisor.
Inflation is forecast to remain above the RBI target band through 2020-21:H2

<table>
<thead>
<tr>
<th>Period</th>
<th>Actual (%)</th>
<th>Forecast (%)</th>
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<tbody>
<tr>
<td>2020-21:H1</td>
<td>6.7</td>
<td></td>
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<tr>
<td>Oct-20</td>
<td>7.6</td>
<td></td>
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<tr>
<td>Nov-20</td>
<td>6.9</td>
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<tr>
<td>Dec-20</td>
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<td>6.6</td>
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<tr>
<td>Jan-21</td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>Feb-21</td>
<td></td>
<td>6.3</td>
</tr>
<tr>
<td>Mar-21</td>
<td></td>
<td>6.2</td>
</tr>
<tr>
<td>2020-21:H2</td>
<td></td>
<td><strong>6.7</strong></td>
</tr>
<tr>
<td>2020-21 Annual</td>
<td></td>
<td><strong>6.7</strong></td>
</tr>
</tbody>
</table>

• The headline CPI inflation rate is forecast to remain at 6.7% during H2.
• Headline inflation is being driven by elevated food prices while low fuel prices have had a moderating affect.
• Apart from POT prices, discussed earlier, high retail food price inflation is also attributable to rising agricultural wages, high WPI food inflation and high liquidity.
GDP: Following strong recovery in Q2, our forecast suggests contraction will be eliminated by Q3; 2% growth in Q4 & contraction of (−) 7.3% in FY2020-21

- GDP growth which had been falling since 2017-18:Q3 & declined to only 3.1% in 2019-20:Q4 had contracted by a massive (−) 23.9% in 2020-21:Q1 but then recovered sharply in Q2.

- Recovery of economic activity in Q2 was much stronger than expected. The contraction moderated to (−) 7.5%.

- Contraction likely to be eliminated by Q3 (0.1% y-o-y growth).

- Growth forecast at 2% in Q4.

- This implies an annual contraction of (−) 7.3% for FY 2020-21 i.e. Real GDP decline from Rs 146 lakh crore in 2019-20 to Rs 135 lakh crore in 2020-21

- The recovery has been driven by the easing of supply-side constraints combined with stimulation policies, which are discussed later.
GDP has to grow well above recent trend rate for India to catch up with its pre-pandemic growth path: how to do it?

• **Path 1**: Counterfactual trend growth path (5.8%) with no shock

• **Path 2**: Highly optimistic path: Assumes rapid catch-up with 2019-20 output level by 2021-22 (14%), followed by sustained 7% growth thereafter.
  - Unrealistic, but even this path catches up with the no-shock growth path only by 2026-27.

• **Path 3**: Pessimistic Path: Catch-up with 2019-20 output level only by 2022-23 (7%), followed by 4.5% long-term growth thereafter.
  - Cannot catch up with Path 1.
  - Possible scenario if pandemic containment, e.g., vaccine rollout, & economy are mismanaged.

• **Path 4**: Realistic Path: Catch-up with 2019-20 output by 2021-22 followed thereafter by 5.8% trend growth.
  - Cannot catch up with Path 1.
  - Path 4 will require wide ranging reforms comparable to 1991.

- Reform priorities should focus on financial sector, power & foreign trade.
- Centre-state cooperation is also urgent for reforms in State subjects like education, health, labour & land.
Fiscal Policy: Marksmanship had severely deteriorated before pandemic shock

- Centre’s actual tax revenue exceeded the Budget Estimate (BE) by 3% in 2015-16 but by 2019-20 it had fallen short by 18%.

- Centre’s total receipts (non-debt) also exceeded BE by 3% in 2015-16 but had fallen short by as much as 16% in 2019-20.

- In contrast, actual expenditure was close to BE till 2017-18 & fell short of BE by only 4% in 2019-20.

- Consequently, the actual fiscal deficit which was 4 per cent less than BE in 2015-16 had exceeded BE by as much as 33 per cent in 2019-20.
Pandemic has completely disrupted revenue projections: Deficit ballooned by 32% y-o-y during Apr-Oct 2020-21

- In the post-lockdown period (Apr-Oct) Central Govt. receipts have contracted by 24% y-o-y.
  - This is despite recent improvement in tax revenues.

- In contrast, expenditure has remained about the same.

- Hence the fiscal deficit for Apr-Oct 2020 has ballooned by 32% compared to the same period last year.

- Post-budget borrowing has been substantially increased to maintain expenditure levels.
Spending has been compressed in some departments, increased in others - especially for income support

- Total Central expenditure during April-October 2020 almost the same y-o-y.
- However large inter-departmental variations.
- Significant expenditure increase mainly in income support & other departments:
  - Rural Development & Agriculture
  - Health & Family Welfare
  - Telecommunications and Transport
- Expenditure compression in other departments:
  - Power, Human Resource Development (i.e. education)
  - Food department (much of food subsidy has been shifted off-budget).
Widely believed that government provided little fiscal stimulus, but fiscal deficit has increased to over 14% of GDP

<table>
<thead>
<tr>
<th></th>
<th>2019-20 (RE)</th>
<th>2020-21 BE</th>
<th>2020-21 (Estimated)</th>
<th>% of GDP 2019-20</th>
<th>Budget 2020-21</th>
<th>% of GDP 2020-21</th>
<th>RBI GDP Forecast</th>
<th>NCAER GDP Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Deficit (Centre)</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>3.8</td>
<td>3.5</td>
<td>4.0</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Post budget additional borrowing (Centre)</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>–</td>
<td>0.0</td>
<td>2.3</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Atma Nirbhar Bharat fiscal component (Centre)</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>–</td>
<td>0.0</td>
<td>2.4</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>Fiscal Deficit (State)</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>3.2</td>
<td>2.8</td>
<td>3.1</td>
<td>3.1</td>
<td></td>
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<tr>
<td>Additional borrowing headroom for States</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>–</td>
<td>0.0</td>
<td>2.2</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Combined Deficit</td>
<td>15</td>
<td>14</td>
<td>29</td>
<td>7.0</td>
<td>6.3</td>
<td>14.3</td>
<td>14.2</td>
<td></td>
</tr>
</tbody>
</table>

- Widely believed that government provided little fiscal stimulus because fiscal component of original Atmanirbhar Bharat (AB) program amounted to only 1% of GDP.
  - The AB Programme has since been expanded, the fiscal component now amounts to 2.4% of GDP.

- However, the 2020-21 combined fiscal deficit is estimated at Rs 29 trillion, over 14% of GDP as per RBI & NCAER GDP forecasts.
An assessment of fiscal policy in 2020-21

• The 14% estimated fiscal deficit for 2020-21 may be considered inadequate as total government expenditure declined by (-) 22.2% in Q2.
  - Centre decided to maintain expenditure through large extra borrowing in H1.
  - However, State governments’ expenditure has been squeezed in H1 due to sharp revenue decline & FRBM borrowing limits.
  - This accounts for the compression of combined government expenditure in Q2. [A5.4]
  - Government expenditure is expected to increase significantly in H2 due to 2% additional borrowing headroom now available for states.

• Further, the fiscal impulse - the change in the y-o-y fiscal deficit - may be considered the correct stimulus measures, not the total fiscal deficit.

• However, even the fiscal impulse in 2020-21 amounts to 7% of GDP. Combined with RBI liquidity infusion of 6.4% of GDP, this adds up to a significant stimulus
  - It compares favourably with most emerging market economies.
  - The large deficit has also built up inflationary pressures & is exerting considerable pressures on financial markets.

• Nevertheless, the fiscal stimulus could have been more effective on a number of other counts:
  - Timing: extra spending could have been better front-loaded
  - Needed earlier provision of extra borrowing headroom for states, which account for 2/3rd government spending and deliver all services
  - Composition of expenditure: could have provided more income support to poor households which lost their livelihoods
A possible fiscal strategy for accelerating recovery along with fiscal consolidation

• The correct fiscal stance in the 2021–22 budget is a tough call
  
  — Adverse long term effects of the 2020-21 contraction points to the importance of an expansionary fiscal stance to return urgently to a high growth path.
  — On the other hand, elevated inflation, high yields on government securities that are crowding out credit flow to the private sector & the sharp increase in public debt & debt servicing costs, that are further crowding out productive public expenditure, all point to the need for fiscal restraint.

• Given the expected high growth of GDP & hence revenues, in FY2021-22, if the expenditure growth target is set high in real terms but lower than GDP growth in nominal terms, this would help accelerate the recovery yet gradually bring down the deficit.
  
  — For example, assuming real GDP growth of 10% in 2021-22 & 5% inflation, GDP nominal growth will be 15%.
  — Given revenue buoyancy of 1, revenue will also grow at 15%.
  — Setting public expenditure growth (total government) at 12% would therefore gradually reduce the deficit while supporting growth recovery.

• Would such a strategy really accelerate economic recovery, since gradual reduction of the deficit entails compression of the fiscal impulse? Important to remember that there are several powerful growth drivers other than government spending:
  
  — Continuing liquidity infusion to enable fiscal consolidation
  — Positive developments on the pandemic front, declining cases & daily deaths and expected roll-out of Covid vaccines in India, could boost growth
  — The uptick in investment and exports noted in Q2 could continue
  — Most importantly, game changing structural reforms could restore a high growth path; financial sector, power, foreign trade
  — Additional reforms, in cooperation with states, in state subjects like health, education, land and labour.
Yields on government borrowing remain elevated due to massive increases in government borrowing

- Massive increases in Government borrowings, mainly Central, in April-October 2020 y-o-y.
- Despite this large increase in government borrowing, yields have remained elevated but range bound due to RBI interventions.
- The average cut-off yield of 10-year State Development Loans (SDL) moderated following announcement of RBI’s first ever OMO purchases of SDL on October 9, 2020. As of 22nd October this amounted to Rs. 10,000 crore.
- RBI has also introduced several measures to contain the yield on benchmark 10-year G-sec. These are discussed next.
Yield on short-term Government securities closely tracking Repo rate but benchmark 10-year G-sec yield remains elevated

- The 91-day and 180-day Treasury bills (T-bill) are closely tracking the policy rates.
- But the yield on the 10-year benchmark government securities (G-sec) remains elevated.
- This is despite various measures the RBI has introduced to bring down the 10-year G-sec yield such as Targeted Long Term Repo Operations (TLRTO), Twist Open Market Operations, relaxation in mark-to-market rules & raising the limit on Held-To-Maturity (HTM) bonds under the Statutory Liquidity Ratio (SLR).
Lower Repo rate is also now being better transmitted to bank borrowing & lending rates

- Repo rate reduction is now better reflected in lower bank lending & borrowing rates, which were sticky earlier.
- Transmission to lower weighted average lending rate (WALR) on new loans is the strongest for foreign banks.
- Transmission is the least for public sector banks, but their WALR was already lower earlier compared to private banks.
- Public sector WALR is still lower than that of private banks.
However, growth of total bank credit to commercial sector and to most segments is still declining.

- Lending growth is highest for services and personal loans.
- Y-o-y growth of credit has increased only for services & medium industries.
- Loans to micro & small enterprises are still declining in absolute terms despite all policy attempts to grow these loans.
Outlook for Monetary Policy & Financial Sector

- A fragile, NPA-burdened financial sector may not be able to handle such massive government market borrowing
  - Partial monetisation may be required
  - In many ways, this poses the biggest threat to macroeconomic stability.
  - It is also the hardest problem to crack.

- **Strengthening supervision to contain imprudent lending is vital**
  - Stronger supervision would have preempted the rise in NPAs & multiple scams in banks and NBFCs in the first place

- **Stronger rather than weaker implementation of the Insolvency and Bankruptcy Code (IBC) & effective functioning of the National Company Law Tribunal (NCLT), and other institutional arrangements are essential to clean up bank balance sheets.**

- **Granting banking licenses to industrial conglomerates as suggested by RBI internal working group could be very risky**
  - This could encourage imprudent lending to conglomerate group companies & create an uneven playing field for other conglomerates.

- **A better route is to sell new shares amounting to at least 51 per cent of the expanded equity of selected public sector banks.**
  - This would mobilise a large volume of additional capital for the banking sector.
  - It would simultaneously reform the governance structure of these banks, bringing them on a par with private banks.

- **New banking licenses could also be granted to NBFCs with a robust track record & sector domain knowledge that have acquired sufficient scale.**
Thank you!
A3.1: Inflation Forecast

- The model is a co-integrated Vector Auto-Regression Model


- Indicators used: Weighted average of WPI food articles & WPI manufactured food, WPI Energy, CPI food, CPI energy, CPI core, Crude Oil, RBI 3-month Household Inflation Expectations, M3, Call Money rate & Non-food credit
A4.1: Notes on the forecast & indicators

Nowcast in 2020-21:Q3

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>• Production of two wheelers</td>
<td>• Steel consumption</td>
<td>• Food credit</td>
</tr>
<tr>
<td>• NSE Turnover</td>
<td></td>
<td>• Production of crude oil</td>
</tr>
<tr>
<td>• Revenue receipts</td>
<td></td>
<td>• Exports of goods &amp; services</td>
</tr>
<tr>
<td>• Net tax revenue</td>
<td></td>
<td>• Imports of goods &amp; services</td>
</tr>
<tr>
<td>• Non-food credit of scheduled</td>
<td></td>
<td>• Revenue expenditure net</td>
</tr>
<tr>
<td>commercial banks</td>
<td></td>
<td>interest payments</td>
</tr>
<tr>
<td>• Production of coal</td>
<td></td>
<td>• Rainfall</td>
</tr>
<tr>
<td>• Aggregate Deposits</td>
<td></td>
<td>• Production of cement</td>
</tr>
<tr>
<td>• Electricity requirement</td>
<td></td>
<td>• Cargo traffic at major ports</td>
</tr>
<tr>
<td>• GST Collection</td>
<td></td>
<td>• Aviation cargo traffic</td>
</tr>
<tr>
<td>• Production of Rice</td>
<td></td>
<td>• Air Passengers</td>
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<tr>
<td>• Consumer Price Index</td>
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- Mixed movement of 22 leading indicators used for forecasting as shown in the table.

- Annual contraction is computed as weighted average of quarterly growth rates.
A5.1: Fiscal Marksmanship had severely deteriorated before pandemic shock

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<tbody>
<tr>
<td>Central tax revenue</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>(–) 11</td>
<td>(–) 18</td>
</tr>
<tr>
<td>Non-Tax Rev (Centre)</td>
<td>13</td>
<td>(–) 16</td>
<td>(–) 33</td>
<td>(–) 4</td>
<td>4</td>
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<tr>
<td>Revenue Receipts (Centre)</td>
<td>5</td>
<td>0</td>
<td>(–) 5</td>
<td>(–) 10</td>
<td>(–) 14</td>
</tr>
<tr>
<td>Central receipts (non-debt)</td>
<td>3</td>
<td>0</td>
<td>(–) 3</td>
<td>(–) 8</td>
<td>(–) 16</td>
</tr>
<tr>
<td>Total Expd. (Centre)</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>(–) 5</td>
<td>(–) 4</td>
</tr>
<tr>
<td>Fiscal Deficit (Centre)</td>
<td>(–) 4</td>
<td>0</td>
<td>8</td>
<td>4</td>
<td>33</td>
</tr>
</tbody>
</table>

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**A5.2: Pandemic has completely disrupted revenue projections: Deficit ballooned by 32% y-o-y during Apr-Oct 2020-21**

<table>
<thead>
<tr>
<th>Relative Change for Apr-Oct 2020-21 (y-o-y %)</th>
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<tbody>
<tr>
<td>Direct tax</td>
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<tr>
<td>Indirect Tax</td>
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<tr>
<td>Central Tax Revenue</td>
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<tr>
<td>Central Non-tax Revenue</td>
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<tr>
<td>Total Central Receipts (non-debt)</td>
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<tr>
<td>Total Central Expenditure</td>
</tr>
<tr>
<td>Fiscal Deficit (Centre)</td>
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### A5.3: Atmanirbhar Bharat (AB) Package

<table>
<thead>
<tr>
<th>Items</th>
<th>Total in (₹lakh crores)</th>
<th>Additional fiscal cost (post-budget) (₹lakh crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2020 Pradhan Mantri Garib Kalyan Yojana (PMGKY) subtract PM-Kisan allocation (budgeted amount, Rs. 17380 crore)</td>
<td>2 (1)</td>
<td>2 (0.9)</td>
</tr>
<tr>
<td>Mar – Oct 2020 RBI's liquidity injection - till October 31, 2020</td>
<td>13 (6.4)</td>
<td>–</td>
</tr>
<tr>
<td>May 2020 Atmanirbhar Bharat Abhiyaan 1.0</td>
<td>11 (5.5)</td>
<td>1 (0.4)</td>
</tr>
<tr>
<td>Jul 2020 PMGKP Anna Yojana - extension of 5 months from Jul - Nov</td>
<td>1 (0.4)</td>
<td>1 (0.4)</td>
</tr>
<tr>
<td>Oct 2020 Atmanirbhar Bharat Abhiyaan 2.0</td>
<td>1 (0.4)</td>
<td>0.5 (0.2)</td>
</tr>
<tr>
<td>Nov 2020 Atmanirbhar Bharat Abhiyaan 3.0</td>
<td>3 (0.2)</td>
<td>1 (0.5)</td>
</tr>
<tr>
<td>Grand Total</td>
<td>30 (14.9)</td>
<td>5 (2.4)</td>
</tr>
</tbody>
</table>

**Source**: Ministry of Finance.

**Notes**: Figures in parentheses reflect % of GDP, assuming GDP of 200 trillion rupees. Total stimulus [Additional fiscal cost (post-budget) + Liquidity / financial support through banks] amounts to Rs.25,70,113 crores, which is 12.857% of GDP.

[Back to Fiscal]
### A5.4: Investment and Exports fuelled Indian GDP in 2020-21:Q2

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Private Final Consumption Expenditure</th>
<th>Gross Fixed Capital Formation</th>
<th>Change in Stocks</th>
<th>Valuables</th>
<th>Government Final Consumption Expenditure</th>
<th>Exports</th>
<th>Imports</th>
<th>Discrepancies</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs lakh crore</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2020-21:Q1</td>
<td>15</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>2020-21:Q2</td>
<td>18</td>
<td>10</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>% change year-on-year</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-21:Q1</td>
<td>(−) 26.7</td>
<td>(−) 47.1</td>
<td>(−) 20.5</td>
<td>(−) 91.0</td>
<td>16.4</td>
<td>(−) 19.8</td>
<td>(−) 40.4</td>
<td>(−) 193.0</td>
<td>(−) 23.9</td>
</tr>
<tr>
<td>2020-21:Q2</td>
<td>(−) 11.3</td>
<td>(−) 7.3</td>
<td>6.3</td>
<td>(−) 59.4</td>
<td>(−) 22.2</td>
<td>(−) 1.5</td>
<td>(−) 17.2</td>
<td>278.2</td>
<td>(−) 7.5</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Statistics & Programme Implementation.