Key Highlights of Economic Survey 2020-21

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman presented the Economic Survey 2020-21 in the Parliament today. The key highlights of Economic Survey 2020-21, which is **dedicated to the COVID Warriors**, are as follows:

Saving Lives and Livelihoods amidst a Once-in-a-Century Crisis

- India focused on saving lives and livelihoods by its willingness to take **short-term pain for long-term gain,** at the onset of the COVID-19 pandemic
- Response stemmed from the **humane principle** that: **Human lives lost cannot be brought back**. GDP growth will recover from the temporary shock caused by the pandemic
- An **early, intense lockdown provided a win-win strategy** to save lives, and preserve livelihoods via economic recovery in the medium to long-term
- Strategy also motivated by the Nobel-Prize winning research by Hansen & Sargent (2001): a policy focused on **minimizing losses in a worst-case scenario** when uncertainty is very high
- India’s strategy **flattened the curve**, pushed the peak to September, 2020
- After the September peak, India has been unique in experiencing **declining daily cases despite increasing mobility**
- **V-shaped recovery**, as seen in 7.5% decline in GDP in Q2 and recovery across all key economic indicators vis-à-vis the 23.9% GDP contraction in quarter one.
- COVID pandemic affected both demand and supply:
    - India was the only country to announce **structural reforms to expand supply** in the medium-long term and avoid long-term damage to productive capacities
    - **Calibrated demand side policies** to ensure that the accelerator is slowly pushed down only when the brakes on economic activities are being removed. A public investment programme centered around the **National**

Infrastructure Pipeline to accelerate the demand push and further the recover.
- **Upturn in the economy, avoiding a second wave of infections** - a sui generis case in strategic policymaking amidst a once-in-a-century pandemic

State of the Economy in 2020-21: A Macro View

- COVID-19 pandemic ensued **global economic downturn**, the most severe one since the Global Financial Crisis
- The lockdowns and social distancing norms brought the already slowing **global economy to a standstill**
- Global economic output estimated to fall by 3.5% in 2020 (IMF January 2021 estimates)
- Governments and central banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, etc.
- India adopted a **four-pillar strategy** of containment, fiscal, financial, and long-term structural reforms:
    - **Calibrated fiscal and monetary support** was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking
    - A **favourable monetary policy** ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission
- As per the advance estimates by NSO, India's GDP is estimated to grow by (-) 7.7% in FY21 - a **robust sequential growth of 23.9%** in H2: FY21 over H1: FY21
- India's **real GDP** to record a **11.0% growth in FY2021-22** and **nominal GDP** to grow by **15.4%** – the **highest since independence**: Rebound to be led by low base and continued normalization in economic activities as the rollout of COVID-19 vaccines gathers traction
- **Government consumption** and **net exports** cushioned the growth from diving further down, whereas investment and private consumption pulled it down
- The recovery in second half of FY2020-21 is expected to be powered by **government consumption**, estimated to grow at **17% YoY**
- Exports expected to decline by 5.8% and imports by 11.3% in the second half of FY21
- India expected to have a **Current Account Surplus of 2% of GDP** in FY21, a **historic high after 17 years**

- On supply side, Gross Value Added (GVA) growth pegged at -7.2% in FY21 as against 3.9% in FY20: **Agriculture set to cushion the shock of the COVID-19 pandemic on the Indian economy in FY21 with a growth of 3.4%**. **Industry and services estimated to contract by 9.6% and 8.8% respectively during FY21**
- Agriculture remained the silver lining while **contact-based services, manufacturing, construction were hit hardest**, and recovering steadily.
- India remained a **preferred investment destination** in FY 2020-21 with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies:
    - Net **FPI inflows** recorded an **all-time monthly high of US$ 9.8 billion** in November 2020, as investors' risk appetite returned
    - **India was the only country among emerging markets to receive equity FII inflows in 2020**
- Buoyant SENSEX and NIFTY resulted in India's **market-cap to GDP ratio crossing 100% for the first time since October 2010**
- **Softening of CPI inflation** recently reflects easing of supply side constraints that affected food inflation
- Mild contraction of 0.8% in investment (as measured by Gross Fixed Capital Formation) in 2nd half of FY21, as against 29% drop in 1st half of FY21
- Reignited **inter and intra state movement** and record-high monthly **GST collections** have marked the unlocking of industrial and commercial activity
- The **external sector** provided an effective cushion to growth with India recording a **Current Account Surplus of 3.1% of GDP** in the first half of FY21:
    - **Strong services exports** and weak demand leading to a sharper contraction in imports (merchandise imports contracted by 39.7%) than exports (merchandise exports contracted by 21.2%)
    - **Forex reserves** increased to a level so as to cover 18 months worth of imports in December 2020
    - **External debt** as a ratio to GDP increased to 21.6% at end-September 2020 from 20.6% at end-March 2020
    - Ratio of forex reserves to total and short-term debt improved because of the sizable accretion in reserves
- **V-shaped recovery** is underway, as demonstrated by a sustained resurgence in high frequency indicators such as power demand, e-way bills, GST collection, steel consumption, etc.

- India became the **fastest country to roll-out 10 lakh vaccines** in 6 days and also emerged as a **leading supplier of the vaccine** to neighbouring countries and Brazil
- **Economy's homecoming to normalcy** brought closer by the initiation of a mega vaccination drive:
    - **Hopes of a robust recovery** in services sector, consumption, and investment have been rekindled
    - Reforms must go on to enable India realize its potential growth and erase the adverse impact of the pandemic
- India's **mature policy response** to the 'once-in-a-century' crisis provides important lessons for democracies to avoid myopic policy-making and demonstrates benefits of focusing on **long-term gains**

Does Growth lead to Debt Sustainability? Yes, But Not Vice-Versa!

- **Growth leads to debt sustainability** in the Indian context but not necessarily vice-versa. Debt sustainability depends on the 'Interest Rate Growth Rate Differential' (IRGD), i.e., the difference between the interest rate and the growth rate. In India, **interest rate on debt is less than growth rate** - by norm, not by exception
- **Negative IRGD in India** – not due to lower interest rates but much higher growth rates – prompts a debate on fiscal policy, especially during growth slowdowns and economic crises
- Growth causes debt to become sustainable in countries with higher growth rates; such clarity about the causal direction is not witnessed in countries with lower growth rates
- Fiscal multipliers are disproportionately higher during economic crises than during economic booms
- **Active fiscal policy** can ensure that the full benefit of reforms is reaped by limiting potential damage to productive capacity
- Fiscal policy that provides an impetus to growth will lead to **lower debt-to-GDP ratio**
- Given India's growth potential, **debt sustainability is unlikely to be a problem** even in the worst scenarios
- **Desirable to use counter-cyclical fiscal policy** to enable growth during economic downturns

- Active, counter-cyclical fiscal policy - not a call for fiscal irresponsibility, but to break the intellectual anchoring that has created an **asymmetric bias against fiscal policy**

Does India's Sovereign Credit Rating Reflect Its Fundamentals? No!

- The **fifth largest economy in the world** has never been rated as the lowest rung of the investment grade (BBB-/Baa3) in sovereign credit ratings
- India's **willingness to pay** is unquestionably demonstrated through its **zero sovereign default history**. India's **ability to pay** can be gauged by low foreign currency denominated debt and **forex reserves**
- Sovereign credit rating changes for India have **no or weak correlation with macroeconomic indicators**
- India's fiscal policy should reflect Gurudev Rabindranath Tagore's sentiment of ***'a mind without fear'***
- Sovereign credit ratings methodology should be made **more transparent, less subjective** and better attuned to reflect economies' fundamentals

Inequality and Growth: Conflict or Convergence?

- The relationship between inequality and socio-economic outcomes vis-à-vis economic growth and socio-economic outcomes, is different in India from that in advanced economies.
- Both inequality and per-capita income (growth) have similar relationships with socio-economic indicators in India, unlike in advanced economies
- **Economic growth has a greater impact on poverty alleviation than inequality**
- India must continue to focus on **economic growth to lift the poor out of poverty**
- ***Expanding the overall pie*** - redistribution in a developing economy is feasible only if the size of the economic pie grows

Healthcare takes centre stage, finally!

- COVID-19 pandemic emphasized the importance of healthcare sector and its inter-linkages with other sectors - showcased how a health crisis transformed into an economic and social crisis
- India's **health infrastructure must be agile** so as to respond to pandemics - healthcare policy must not become beholden to 'saliency bias'

- **National Health Mission** (NHM) played a critical role in mitigating inequity as the access of the poorest to pre-natal/post-natal care and institutional deliveries increased significantly
- Emphasis on NHM in conjunction with **Ayushman Bharat** should continue
- An **increase in public healthcare spending from 1% to 2.5-3% of GDP** can decrease the **out-of-pocket expenditure from 65% to 35%** of overall healthcare spending
- A **regulator for the healthcare sector** must be considered given the market failures stemming from information asymmetry
    - Mitigation of information asymmetry will help **lower insurance premiums**, enable the offering of better products and **increase insurance penetration**.
    - Information utilities that help mitigate the information asymmetry in healthcare sector will be useful in **enhancing overall welfare**
- **Telemedicine** needs to be harnessed to the fullest by investing in **internet connectivity** and **health infrastructure**

Process Reforms

- India over-regulates the economy resulting in regulations being ineffective even with relatively good compliance with process
- The root cause of the problem of overregulation is an approach that attempts to account for every possible outcome
- Increase in complexity of regulations, intended to reduce discretion, results in even more non-transparent discretion
- The solution is to **simplify regulations** and **invest in greater supervision** which, by definition, implies greater discretion
- Discretion, however, needs to be balanced with **transparency**, systems of ex-ante accountability and ex-post resolution mechanisms
- The above intellectual framework has already informed reforms ranging from labour codes to removal of onerous regulations on the BPO sector

Regulatory Forbearance an emergency medicine, not staple diet!

- During the Global Financial Crisis, regulatory **forbearance** helped borrowers tide over temporary hardship
- Forbearance continued long after the economic recovery, resulting in unintended consequences for the economy

- Banks exploited the forbearance window for window-dressing their books and misallocated credit, thereby damaging the quality of investment in the economy
- Forbearance represents emergency medicine that should be discontinued at the first opportunity when the economy exhibits recovery, not a staple diet that gets continued for years
- To promote judgement amidst uncertainty, **ex-post inquests must recognize the role of hindsight bias** and not equate unfavourable outcomes to bad judgement or malafide intent
- An **Asset Quality Review** exercise must be conducted immediately after the forbearance is withdrawn
- The **legal infrastructure** for the recovery of loans needs to be strengthened de facto

Innovation: Trending Up but Needs Thrust, Especially from the Private Sector

- **India entered the top-50 innovating countries for the first time in 2020** since the inception of the Global Innovation Index in 2007, ranking **first in Central and South Asia**, and third amongst lower middle-income group economies
- India's gross domestic expenditure on R&D (GERD) is lowest amongst top ten economies
- **India's aspiration must be to compete on innovation with the top ten economies**
- The **government sector contributes a disproportionately large share in total GERD** at three times the average of top ten economies
- The business sector's contribution to GERD, total R&D personnel and researchers is amongst the lowest when compared to top ten economies
- This situation has prevailed despite higher tax incentives for innovation and access to equity capital
- **India's business sector needs to significantly ramp up investments in R&D**
- Indian resident's share in total patents filed in the country must rise from the current 36% which is much below the average of 62% in top ten economies

- For achieving higher improvement in innovation output, India must focus on **improving its performance on institutions and business sophistication innovation inputs**

JAY Ho! PM'JAY' Adoption and Health outcomes

- **Pradhan Mantri Jan Arogya Yojana (PM-JAY)** – the ambitious program launched by Government of India in 2018 to provide healthcare access to the most vulnerable sections demonstrates **strong positive effects on healthcare outcomes in a short time**
- PM-JAY is being used significantly for high frequency, low cost care such as dialysis and continued during the Covid pandemic and the lockdown.
- Causal impact of PM-JAY on health outcomes by undertaking a Difference-in-Difference analysis based on National Family Health Survey (NFHS)-4 (2015-16) and NFHS-5 (2019-20) is following:
  - Enhanced health insurance coverage: The proportion of households that had health insurance increased in Bihar, Assam and Sikkim from 2015-16 to 2019-20 by 89% while it decreased by 12% over the same period in West Bengal
  - Decline in Infant Mortality rate: from 2015-16 to 2019-20, infant mortality rates declined by 20% for West Bengal and by 28% for the three neighbouring states
  - Decline in under-5 mortality rate: Bengal saw a fall of 20% while, the neighbours witnessed a 27% reduction
  - Modern methods of contraception, female sterilization and pill usage went up by 36%, 22% and 28% respectively in the three neighbouring states while the respective changes for West Bengal were negligible
  - While West Bengal did not witness any significant decline in unmet need for spacing between consecutive kids, the neighbouring three states recorded a 37% fall
  - Various metrics for mother and child care improved more in the three neighbouring states than in West Bengal.
- Each of these health effects manifested similarly when we compare all states that implemented PM-JAY versus the states that did not
- Overall, the comparison reflects **significant improvements in several health outcomes in states that implemented PM-JAY versus those that did not**

Bare Necessities

- **Access to the 'bare necessities' has improved across all States in the country in 2018 as compared to 2012**
  - It is highest in States such as Kerala, Punjab, Haryana and Gujarat while lowest in Odisha, Jharkhand, West Bengal and Tripura
  - **Improvement in each of the five dimensions** viz., access to water, housing, sanitation, micro-environment and other facilities
  - Inter-State disparities declined across rural and urban areas as the laggard states have gained relatively more between 2012 and 2018
  - Improved disproportionately more for the poorest households when compared to the richest households across rural and urban areas
- Improved access to the 'bare necessities' has led to **improvements in health indicators** such as infant mortality and under-5 mortality rate and also **correlates with future improvements in education indicators**
- Thrust should be given to reduce variation in the access to bare necessities across states, between rural and urban and between income groups
- The schemes such as **Jal Jeevan Mission, SBM-G, PMAY-G**, etc. may design appropriate strategy to reduce these gaps
- A Bare Necessities Index (BNI) based on the large annual household survey data can be constructed using suitable indicators and methodology at district level for all/targeted districts to assess the progress on access to bare necessities.

Fiscal Developments

- India adopted a **calibrated approach** best suited for a resilient recovery of its economy from COVID-19 pandemic impact, in contrast with a front-loaded large stimulus package adopted by many countries
- **Expenditure policy** in 2020-21 initially aimed at supporting the vulnerable sections but was re-oriented to boost overall demand and capital spending, once the lockdown was unwound
- **Monthly GST collections** have crossed the **Rs. 1 lakh crore** mark consecutively for the last 3 months, reaching its **highest levels in December 2020 ever since the introduction of GST**
- **Reforms in tax administration** have begun a process of transparency and accountability and have incentivized tax compliance by enhancing honest tax-payers' experience

- Central Government has also taken consistent steps to impart support to the States in the challenging times of the pandemic

External Sector

- COVID-19 pandemic led to a sharp decline in global trade, lower commodity prices and tighter external financing conditions with implications for current account balances and currencies of different countries
- India's **forex reserves at an all-time high of US$ 586.1 billion as on January 08, 2021**, covering about 18 months worth of imports
- India experiencing a Current Account Surplus along with robust capital inflows leading to a **BoP surplus since Q4 of FY2019-20**
- Balance on the capital account is buttressed by **robust FDI and FPI inflows**:
  - Net FDI inflows of US$ 27.5 billion during April-October, 2020: 14.8% higher as compared to first seven months of FY2019-20
  - Net FPI inflows of US$ 28.5 billion during April-December, 2020 as against US$ 12.3 billion in corresponding period of last year
- In H1: FY21, steep contraction in merchandise imports and lower outgo for travel services led to:
  - Sharper fall in current payments (by 30.8%) than current receipts (15.1%)
  - Current Account Surplus of US$ 34.7 billion (3.1% of GDP)
- **India to end with an Annual Current Account Surplus after a period of 17 years**
- India's **merchandise trade deficit was lower** at US$ 57.5 billion in April-December, 2020 as compared to US$ 125.9 billion in the corresponding period last year
- In April-December, 2020, **merchandise exports** contracted by 15.7% to US$ 200.8 billion from US$ 238.3 billion in April-December, 2019:
  - Petroleum, Oil and Lubricants (POL) exports have contributed negatively to export performance during the period under review
  - Non-POL exports turned positive and helped in improving export performance in Q3 of 2020-21
  - Within Non-POL exports, agriculture & allied products, drugs & pharmaceutical and ores & minerals recorded expansion
- Total **merchandise imports** declined by (-) 29.1% to US$ 258.3 billion during April-December, 2020 from US$ 364.2 billion during the same period last year:
  - Sharp decline in POL imports pulled down the overall import growth

  - Imports contracted sharply in Q1 of 2020-21; the pace of contraction eased in subsequent quarters, due to the accelerated positive growth in Gold and Silver imports and narrowing contraction in non-POL, non-Gold & non-Silver imports
  - Fertilizers, vegetable oil, drugs & pharmaceuticals and computer hardware & peripherals have contributed positively to the growth of non-POL, non-Gold & non-Silver imports
- **Trade balance with China and the US improved as imports slowed**
- **Net services receipts** amounting to US$ 41.7 billion remained stable in April-September 2020 as compared with US$ 40.5 billion in corresponding period a year ago.
- **Resilience of the services sector** was primarily driven by software services, which accounted for 49% of total services exports
- **Net private transfer receipts**, mainly representing remittances by Indians employed overseas, totaling US$ 35.8 billion in H1: FY21 declined by 6.7% over the corresponding period of previous year
- At end-September 2020, India's **external debt** placed at US$ 556.2 billion - a decrease of US$ 2.0 billion (0.4%) as compared to end-March 2020.
- Improvement in **debt vulnerability indicators**:
  - Ratio of forex reserves to total and short-term debt (original and residual)
  - Ratio of short-term debt (original maturity) to the total stock of external debt.
  - Debt service ratio (principal repayment plus interest payment) increased to 9.7% as at end-September 2020, compared to 6.5% as at end-March 2020
- **Rupee appreciation/depreciation:**
  - In terms of 6-currency nominal effective exchange rate (NEER) (trade-based weights), Rupee depreciated by 4.1% in December 2020 over March 2020; appreciated by 2.9% in terms of real effective exchange rate (REER)
  - In terms of 36-currency NEER (trade-based weights), Rupee depreciated by 2.9% in December 2020 over March 2020; appreciated by 2.2% in terms of REER
- **RBI's interventions in forex markets** ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the Rupee
- **Initiatives undertaken to promote exports:**

- Production Linked Incentive **(PLI) Scheme**
- Remission of Duties and Taxes on Exported Products (**RoDTEP**)
- Improvement in logistics infrastructure and digital initiatives

Money Management and Financial Intermediation

- **Accommodative monetary policy** during 2020: repo rate cut by 115 bps since March 2020
- **Systemic liquidity** in FY2020-21 has remained in surplus so far. RBI undertook various conventional and unconventional measures like:
    - Open Market Operations
    - Long Term Repo Operations
    - Targeted Long Term Repo Operations
- **Gross Non-Performing Assets** ratio of Scheduled Commercial Banks decreased from 8.21% at end-March, 2020 to 7.49% at end-September, 2020
- The monetary transmission of lower policy rates to deposit and lending rates improved during FY2020-21
- NIFTY-50 and BSE SENSEX reached **record high closing** of 14,644.7 and 49,792.12 respectively on January 20, 2021
- The recovery rate for the Scheduled Commercial Banks through IBC (since its inception) has been over 45%

Prices and Inflation

- **Headline CPI inflation:**
    - Averaged 6.6% during April-December, 2020 and stood at 4.6% in December, 2020, mainly driven by rise in food inflation (from 6.7% in 2019-20 to 9.1% during April-December, 2020, owing to build up in vegetable prices)
    - CPI headline and its sub groups witnessed inflation during April-October 2020, driven by substantial increase in price momentum - due to the **initial disruptions caused by COVID-19 lockdown**
    - Moderated price momentum by November 2020 for most sub groups, coupled with positive base effect helped ease inflation
- **Rural-urban difference in CPI inflation** saw a decline in 2020:
    - Since November 2019, CPI-Urban inflation has closed the gap with CPI-Rural inflation
    - Food inflation has almost converged now

- Divergence in rural-urban inflation observed in other components of CPI like fuel and light, clothing and footwear, miscellaneous etc.

- During April-December, 2019 as well as April-December, 2020-21, the major driver of CPI-C inflation was the **food and beverages** group: Contribution increased to 59% during April-December, 2020, compared to 53.7% during April-December, 2019
- **Thali cost increased** between June 2020 and November 2020, however a sharp fall in the month of December reflecting the fall in the prices of many essential food commodities
- **State-wise trend:**
  - CPI-C inflation increased in most of the states in the current year
  - Regional variation persists
  - Inflation ranged from 3.2% to 11% across States/UTs during June-December 2020 compared to (-) 0.3% to 7.6% during the same period last year.
- **Food inflation** driving overall CPI-C inflation due to the relatively more weight of food items in the index.
- Steps taken to stabilize prices of food items:
  - Banning of export of onions
  - Imposition of stock limit on onions
  - Easing of restriction on imports of pulses
- **Gold prices:** Sharp spike as investors turned to **gold as a safe haven investment amid COVID-19** induced economic uncertainties. Compared to other assets, gold had considerably higher returns during FY2020-21
- Consistency in import policy warrants attention:
  - Increased dependence on imports of edible oils poses risk of fluctuations in import prices
  - Imports impacting production and prices of domestic edible oil market, coupled with frequent changes in import policy of pulses and edible oils, add to confusion among farmers/producers and delay imports

Sustainable Development and Climate Change

- India has taken several proactive steps to **mainstream the SDGs** into the policies, schemes and programmes
- **Voluntary National Review** (VNR) presented to the United Nations High-Level Political Forum (HLPF) on Sustainable Development
- **Localisation of SDGs** is crucial to any strategy aimed at achieving the goals under the 2030 Agenda

- Several States/UTs have created institutional structures for implementation of SDGs and also nodal mechanisms within every department and at the district levels for better coordination and convergence
- Sustainable development remains core to the development strategy despite the unprecedented COVID-19 pandemic crisis
- Eight National Missions under **National Action Plan on Climate Change (NAPCC)** focussed on the objectives of adaptation, mitigation and preparedness on climate risks
- **India's Nationally Determined Contributions** (NDC) states that finance is a critical enabler of climate change action
- The financing considerations will therefore remain critical especially as the country steps up the targets substantially
- The goal of jointly mobilizing US$ 100 billion a year by 2020 for climate financing by the developed countries has remained elusive
- The postponement of COP26 to 2021 also gives less time for negotiations and other evidence-based work to inform the post-2025 goal
- Despite overall growth in the global bond markets, green bond issuance in the first half of 2020 slowed down from 2019, possibly as a result of the on-going COVID-19 pandemic
- **International Solar Alliance (ISA)** launched two new initiatives – **'World Solar Bank'** and **'One Sun One World One Grid Initiative'** - poised to bring about solar energy revolution globally

Agriculture and Food Management

- India's **Agricultural (and Allied Activities) sector** has shown its resilience amid the adversities of COVID-19 induced lockdowns with a **growth of 3.4% at constant prices during 2020-21 (first advance estimate)**
- The share of Agriculture and Allied Sectors in Gross Value Added (GVA) of the country at current prices is **17.8%** for the year 2019-20 (CSO-Provisional Estimates of National Income, 29th May, 2020)
- **Gross Capital Formation (GCF)** relative to GVA showing a fluctuating trend from 17.7 % in 2013-14 to 16.4 % in 2018-19, with a dip to 14.7 % in 2015-16

- **Total food grain production** in the country in the agriculture year 2019-20 (as per Fourth Advance Estimates), is **11.44 million tonnes** more than than during 2018-19
- The **actual agricultural credit flow** was **₹13,92,469.81** crores against the target of ₹13,50,000 crores in 2019-20. The target for 2020-21 was ₹15,00,000 crores and a sum of ₹ 9,73,517.80 crores was disbursed till 30th November, 2020:
    - **1.5 crore dairy farmers** of milk cooperatives and milk producer companies' were targeted to provide Kisan Credit Cards (KCC) as part of Prime Minister's AatmaNirbhar Bharat Package after the budget announcement of February 2020
    - As of mid January 2021, a total of **44,673 Kisan Credit Cards (KCCs)** have been issued to fishers and fish farmers and an additional 4.04 lakh applications from fishers and fish farmers are with the banks at various stages of issuance

- The **Pradhan Mantri Fasal Bima Yojana** covers over **5.5 crore farmer** applications year on year
    - Claims worth **Rs. 90,000 crore** paid, as on 12th January, 2021
    - Speedy claim settlement directly into the farmer accounts through Aadhar linkage
    - **70 lakh farmers** benefitted and claims worth Rs. 8741.30 crores were transferred during COVID-19 lock down period
- An amount of **Rs. 18000 crore** have been deposited directly in the bank accounts of **9 crore farmer families** of the country in December, 2020 in the 7th installment of financial benefit under the **PM-KISAN** scheme
- **Fish production** reached an all-time high of 14.16 million metric tons during 2019-20: GVA by the Fisheries sector to the national economy stood at ₹2,12,915 crores constituting 1.24% of the total national GVA and 7.28 % of the agricultural GVA.
- **Food Processing Industries (FPI)** sector growing at an Average Annual Growth Rate (AAGR) of around 9.99 % as compared to around 3.12 % in Agriculture and 8.25 % in Manufacturing at 2011-12 prices during the last 5 years ending 2018-19
- **Pradhan Mantri Garib Kalyan Anna Yojana:** 80.96 crore beneficiaries were provided foodgrains above NFSA mandated requirement free of cost till

November, 2020. Over 200 LMT of foodgrains were provided amounting to a fiscal outgo of over Rs. 75000 Crores.

- **AatmaNirbhar Bharat Package:** 5 kg per person per month for four months (May to August) to approximately 8 crores migrants (excluded under NFSA or state ration card) entailing subsidy of Rs. 3109 crores approximately

Industry and Infrastructure

- A strong **V-shaped recovery** of economic activity further confirmed by IIP data
- The **IIP** & **eight-core index** further inched up to pre-COVID levels
- The broad-based recovery in the IIP resulted in a growth of (-) 1.9 % in Nov-2020 as compared to a growth of 2.1 % in Nov-2019 and a nadir of (-) 57.3 % in Apr-2020
- Further improvement and firming up in industrial activities are foreseen with the Government enhancing capital expenditure, the vaccination drive and the resolute push forward on long pending reform measures
- **AatmaNirbhar Bharat Abhiyan** with a stimulus package worth **15 % of India's GDP** announced
- India's rank in the **Ease of Doing Business** (EoDB) Index for 2019 has moved upwards to the **63rd position in 2020** from 77th in 2018 as per the Doing Business Report (DBR):
  - India has improved its position in 7 out of 10 indicators
  - Acknowledges India as one of the top 10 improvers, the third time in a row, with an improvement of 67 ranks in three years
  - It is also the highest jump by any large country since 2011

- **FDI equity inflows were US$49.98 billion in FY20** as compared to US$44.37 billion during FY19:
  - It is US$30.0 billion for FY21 (up to September-2020)
  - The bulk of FDI equity flow is in the non-manufacturing sector
  - Within the manufacturing sector, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, petroleum & natural gas got the bulk of FDI
- Government has announced a **Production-Linked Incentive (PLI) Scheme** in the 10 key sectors under the aegis of **AatmaNirbhar Bharat** for enhancing India's manufacturing capabilities and exports: To be implemented by

the concerned ministries with an overall expenditure estimated at Rs.1.46 lakh crores and with sector specific financial limits

Services Sector

- India's services sector contracted by nearly 16 % during H1: FY2020-21, during the COVID-19 pandemic mandated lockdown, owing to its **contact-intensive nature**
- **Key indicators** such as Services Purchasing Managers' Index, rail freight traffic, and port traffic, are all displaying a V-shaped recovery after a sharp decline during the lockdown
- Despite the disruptions being witnessed globally, **FDI inflows** into India's services sector grew robustly by 34% Y-o-Y during April-September 2020 to reach US$ 23.6 billion
- The services sector accounts for over **54 % of India's GVA** and nearly **four-fifths of total FDI inflow into India**
- The sector's share in GVA exceeds 50% in 15 out of 33 States and UTs, and is particularly more pronounced (greater than 85%) in Delhi and Chandigarh
- Services sector accounts for **48% of total exports**, outperforming goods exports in the recent years
- The **shipping turnaround time** at ports has almost halved from 4.67 days in 2010-11 to **2.62 days** in 2019-20
- The Indian **start-up ecosystem** has been progressing well amidst the COVID-19 pandemic, being home to **38 unicorns** - adding a record number of 12 start-ups to the unicorn list last year
- India's **space sector** has grown exponentially in the past six decades:
  - Spent about US$ 1.8 billion on space programmes in 2019-20
  - Space ecosystem is undergoing several policy reforms to engage private players and attract innovation and investment

Social Infrastructure, Employment and Human Development

- The combined (Centre and States) **social sector expenditure** as % of GDP has increased in 2020-21 compared to last year.
- India's rank in HDI 2019 was recorded at 131, out of a total 189 countries: India's **GNI per capita** (2017 PPP $) has increased from US$ 6,427 in 2018 to US$ 6,681 in 2019.
- **Life expectancy at birth** improved from 69.4 years in 2018 to 69.7 years in 2019

- The access to data network, electronic devices such as computer, laptop, smart phone etc. gained importance due to **online learning** and **remote working** during the pandemic
- Major proportion of workforce engaged as regular wage/salaried in the urban sector during the period of January 2019-March 2020 (quarterly survey of PLFS)
- Government's incentive to boost employment through **AatmaNirbhar Bharat Rozgar Yojana** and rationalization and simplification of existing labour codes into 4 codes
- Low level of female LFPR in India:
  - Females spending disproportionately more time on unpaid domestic and care giving services to household members as compared to their male counterparts (Time Use Survey, 2019)
  - Need to promote non-discriminatory practices at the workplace like pay and career progression, improve work incentives, including other medical and social security benefits for female workers
- Under **PMGKP** announced in March, 2020, **cash transfers of upto Rs.1000** to existing old aged, widowed and disabled beneficiaries under the National Social Assistance Programme (NSAP)
- An amount of Rs. 500 each was transferred for three months digitally into bank accounts of the women beneficiaries under **PM Jan Dhan Yojana**, totalling about **Rs. 20.64 crores**
- **Free distribution of gas cylinders** to about **8 crore** families for three months
- Limit of collateral free lending increased from Rs. 10 lakhs to Rs. 20 lakhs for **63 lakh women SHGs** which would support 6.85 crore households
- **Wages under Mahatma Gandhi NREGA** increased by Rs.20 from Rs.182 to Rs.202 w.e.f. 1st April, 2020

India's fight against COVID-19:

- Initial measures of lockdown, social distancing, travel advisories, practicing hand wash, wearing masks reduced the spread of the disease
- Country also acquired **self-reliance in essential medicines**, hand sanitizers, protective equipment including masks, PPE Kits, ventilators, COVID-19 testing and treatment facilities
- **World's largest COVID-19 vaccination drive** commenced on 16th January, 2021 using two indigenously manufactured vaccines

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