

# Impact of Coronavirus

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The sudden outbreak of COVID-19 has severely impacted some of the major economies of the world. It has affected countries across the globe including some of the major players like USA, European Union, UK, and India. Both World Bank and IMF estimate contraction in global GDP for FY 2020-21 due to the spillover effects of the lockdown to curb the spread of COVID-19 pandemic. Various sectors were affected due to the nation-wide lockdown. However, after the lockdown was relaxed, we see significant improvement in several sectors of the economy.

Government has implemented several measures for the revival of industries which, inter-alia, include:

(i) Relief measures for MSMEs such as collateral-free lending program with 100 percent credit guarantee, subordinate debt for stressed MSMEs with partial guarantee, partial credit guarantee scheme for public sector banks on borrowings of non-bank financial companies, housing finance companies (HFCs), and micro finance institutions, Fund of Funds for equity infusion in MSMEs, additional support to farmers via concessional credit, as well as a credit facility for street vendors (PM SVANidhi), amongst others.

(ii) Regulatory and compliance measures: postponing tax-filing and other compliance deadlines, reduction in penalty interest rate for overdue GST filings, change in government procurement rules, faster clearing of MSME dues, IBC related relaxations for MSMEs, amongst others.

(iii) Structural reforms announced as part of the Atmanirbhar Package which, inter alia, include 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.

(iv) Reduction in EPF contributions, employment provision for migrant workers; insurance coverage for workers in the healthcare sector; and wage increase for MGNREGA workers and support for building and construction workers, collateral free loans to self-help groups. Also, Government has launched National Infrastructure Pipeline, expanded Phase Manufacturing Programme, Production Linked Incentive Schemes and created Centralised Investment Clearance Cell for end to end support for investment.

India has responded positively to the Covid-19 challenge. Indian manufacturers have enhanced production of PPE, N-95/N-99 masks, HCQ medicine and oxygen cylinders to meet the domestic/external requirements. The Indian economy is known for its resilience and is expected to gradually return to its high growth performance in the coming months.

This information was given by the Union Minister of Commerce and Industry, Shri Piyush Goyal, in a written reply in the Lok Sabha today.

**YB/ AP**

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