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Situating the COVID-19 Pandemic in the Context of the Indian Economy

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Abstract

The COVID-19 pandemic has caused a major global health crisis, the onset of which, and containment policies for, have also led to a global economic crisis. The effects of the pandemic on the economies of various countries depended on their position in the international economic hierarchy, and critically, the fiscal and monetary policy tools they employed to manage the economy. In India, we find that the pandemic and ensuing lockdown policy led to various supply chain disruptions and standstills of economic activity in most sectors such that output, employment, wages, and demand suffered a huge decline. Furthermore, our analysis shows that monetary and fiscal policy tools were largely inadequate in dealing with these big challenges to the economy. Fiscal stimulus amounted to a small percentage of the GDP and did not undertake sufficient social provisioning; and monetary policy's thrust was toward the injection of liquidity through credit provision when demand for loans was low. The policy package of the pandemic has led to an overall contraction of the Indian economy and widening income inequality. Estimations for India's economic revival are bleak and worsening with recent developments in the global economy.

Keywords: COVID-19; fiscal policy; growth; inequality; monetary policy

JEL codes: E61, F62, I18

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Introduction

As is well known, since 2020, the COVID-19 pandemic has emerged as the worst global health crisis in almost a century. Its spread, as well as the so-called "containment policies" across a large number of countries, has also created a global economic crisis. By early 2022, the COVID-19 pandemic had caused hundreds of thousands of deaths in India over the span of three waves of infections. An extremely inadequate health infrastructure further aggravated the challenges associated with the pandemic. As we discuss later, one of the most unfortunate responses by public authorities was to seriously underestimate the incidence of infections and casualties. Coupled with an utterly ill-conceived lockdown policy, especially during the first phase, this led to a drastic reduction in the volume and pace of economic activity; there were serious supply and demand shocks, both internal and external, and foreign capital flows became more volatile and speculative in nature.

The overall measures to deal with the pandemic led to huge declines in income, making even bare survival extremely difficult for a large number of citizens. Economic policy responses of the Union and State governments to the emerging crisis were composed of ad-hoc, short-term measures, which were clearly inadequate in addressing the large-scale economic difficulties and deprivations triggered by the pandemic; on the contrary, these were seriously aggravated. Moreover, despite the 'wake-up call' provided by the pandemic, the ensuing policy measures did not course-correct certain pressing and important macroeconomic issues such as decelerating consumption demand, worsening investment ratios, growing difficulties on the external front, challenges in the banking sector, rising inequality and several other issues which had been ailing the Indian economy for a while. Instead, the economic policy responses in the context of the pandemic, as hinted above, exacerbated most of these difficulties. Furthermore, there was very little done during the first year of the pandemic to improve the capacity and resilience of the overall health infrastructure, which was exposed brutally during the terrible second wave in April and May of 2021.

In this article, we provide a very brief overview, on the eve of the pandemic and thereafter, of some of the salient features of the Indian economy. This provides an analytical sketch of the macroeconomic framework with which to assess current challenges due to the pandemic and the relevant policies. First, we provide an immediate backdrop of the economic context and the policy framework in the country just before the onset of the pandemic. In section 2, we briefly describe the spread of the pandemic in the country and the nature and timing of accelerating infections during the three major waves of COVID infections. In section 3, we briefly examine the major monetary policy interventions by the government and in section 4 we assess the fiscal policy responses. We close the paper with a few concluding remarks and reflections on the way forward for the economy.

Section 1: The state of the economy at the onset of the pandemic

At the outset, it is important to highlight that the gross domestic product (GDP) growth rate in India had been falling prior to the pandemic, reaching just about 3 percent in the last quarter of 2019-2020 compared to around 7 percent two years prior (Table 2 in the appendix). This decline was in spite of changes in methodology for calculating GDP, introduced in 2014, which had an upward bias (Jha & Kumar, 2020); this is of course an important issue, but we avoid further discussion of the subject here. Going by the official estimates, the average annual growth rate of the gross value added (GVA) between 2012-13 and 2019-20 remained at 6.6 percent, lower than the 7.6 percent average rate of growth for the decade between 2001-02 and 2011-12. Further, much of the growth in GDP since the 1990s, and especially during the National Democratic Alliance (NDA) regimes headed by the current Prime Minister, Mr. Modi, since 2014, accrued through the services sector; in particular, the trade, finance and real estate segments (Ghosh, 2020). These sectors have a relatively low elasticity of employment, implying that lower growth is effectively creating smaller positive effects on the employment situation of the country. Effectively, agriculture continues to account for a disproportionately large share of employment, i.e., 42.5 percent of the workforce.

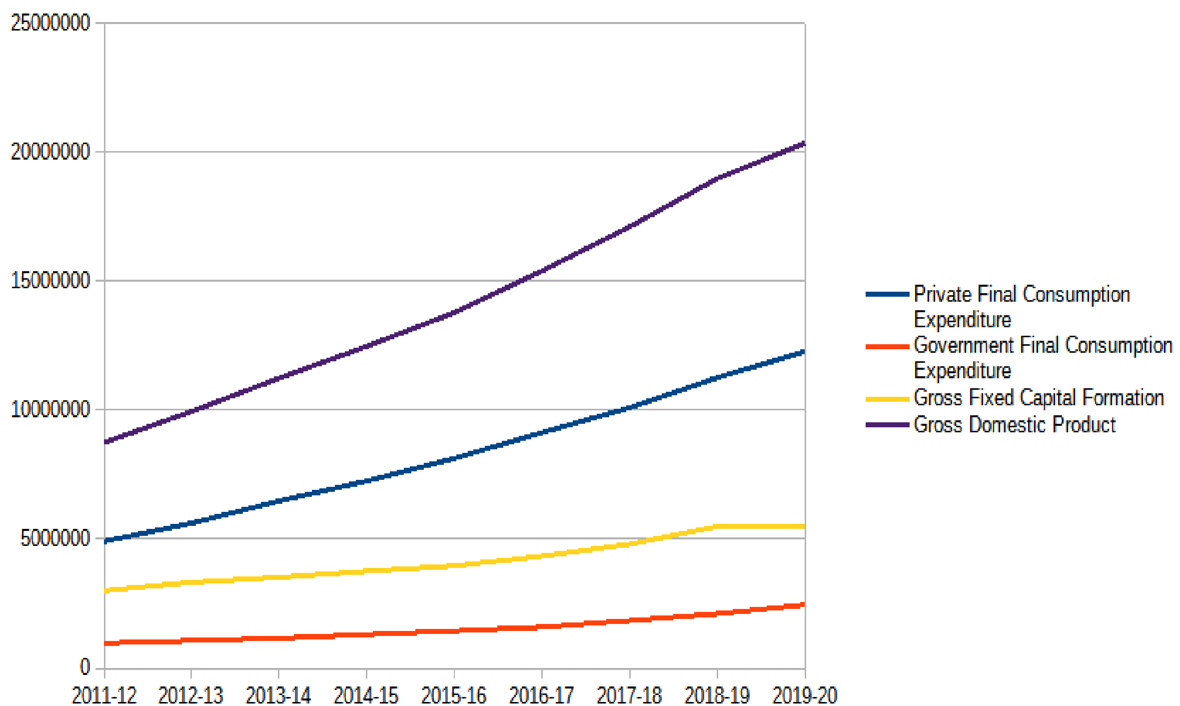
This decline in the growth rate was anticipated, largely on account of long-term structural features of the economy. A long-term deceleration of private consumption demand arose essentially from growing income and asset inequality (Chandrasekhar, 2021). The higher rates of growth since the neoliberal reform of the early 1990s was based on increasing asset concentration and income redistribution toward the rich (Chandrasekhar, 2021). According to Chancel & Piketty (2019), the share of growth occurring between 1970 and 2015, cumulatively captured by the top 10 percent of income earners in India (68.4 percent), is even higher than that in the US (64 percent) and in China (43.3 percent). In fact, over the same period, the top 0.1 percent of income earners captured a larger proportion of growth in India (11 percent) than the bottom 50 percent of the earning population (to whom only 10 percent of the growth accrued). Underemployment, unemployment, stagnating wages and poor forms of work were salient elements of this growth.

The combination of rising inequality and poor employment did not create conducive conditions for maintaining the demand necessary for sustained high rates of growth. The assault on incomes and the material well-being of a majority of Indian citizens was reflected in the 9 percent reduction in per capita real consumption expenditure in rural India between 2011-12 and 2017-18. Such reduction occurred for earners in all income deciles and poverty for the bottom of the pyramid has become a major concern in recent years (Jha & Kumar, 2020).

During the so-called reform era since the early 1990s, in particular phases, for instance from 2003 onward for almost a decade, spending was boosted by a prolonged credit boom, owing to higher liquidity created by large capital inflows (Chandrasekhar, 2021). These flows were directed toward personal loans for housing, durables and automobiles as well as toward capital-intensive industries and corporates (Chandrasekhar & Ghosh, 2018). Financial liberalization and inadequate regulation of the banking sector fuelled debt-financed consumption in this period before non-performing assets (NPAs) spiked and even the debt-led growth seemed to reach its limit (Chandrasekhar, 2021; RBI

2022). As is clear from figure 1, the share of consumption spending in GDP has, correspondingly, been falling rapidly, while the share of gross fixed capital formation (GFCF) has risen substantially (RBI 2022). GFCF growth is itself largely accounted for by growth from private corporate sources, instead of public infrastructure or household capital formation (RBI 2022). However, through the last five years, even the ratio of gross capital formation to GDP has fallen from 32.1 percent to 30.7 percent.

Figure 1: Components of Gross Domestic Product



Notes: Figures on the y-axis are at current market prices and in Rs. crores[1].

Source: Reports of the National Statistical Office (NSO) of various years, as compiled in the Handbook of Statistics on the Indian Economy, RBI.

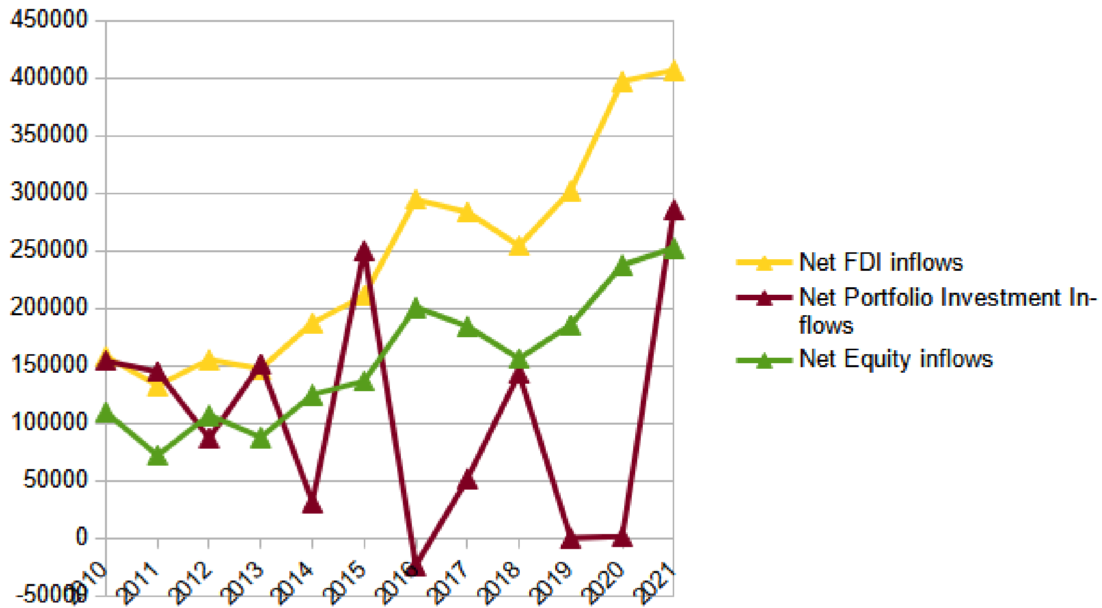
The situation of the Indian economy *vis-à-vis* the external sector has also shown intensifying deterioration as the trade balance (merchandise in figure 3) has pulled down the current account balance, especially during the last quinquennium; rising and positive net transfers (composed of remittances) have prevented the current account balance

[1] We use the Indian numeric system in our discussion henceforth. For convenience, readers may note that one lakh is the equivalent of one hundred thousand, and one crore is ten million. On June 5, 2022, one rupee exchanges for approximately 78 rupees. We may roughly assume the exchange rate during the period relevant to our discussion to equal Rs 75.

from reaching very low negative values. India has been among the largest developing country recipients of remittances from abroad for almost four decades (Chandrasekhar & Ghosh, 2018; Rath et al., 2016). In 2015, India received over 70 billion dollars in remittances, the next highest recipient being Pakistan (20 billion dollars remittance inflows) (Rath et al., 2016). As the quantity of imports increased exponentially, especially during the last two decades, import-competing industries and employment have tended to suffer (Chandrasekhar & Ghosh, 2012; Chandrasekhar, 2017).

India relies on capital inflows to buoy its overall balance of payments; capital inflows owe largely to portfolio inflows in debt and equity markets. However, stagnating domestic investment levels imply that much of the capital inflows are "saved" as foreign exchange reserves in low-yield foreign assets, which result in an imputed loss of income compared to potential returns from gainful domestic investment (Chandrasekhar & Ghosh, 2021; Akyüz, 2021). This has therefore led to falls in net primary income accruing from ownership of foreign assets over payments due for foreign liabilities. In addition, the volatility of portfolio inflows (figure 2) in particular point to the instability of India's overall balance of payments situation and ability to meet its foreign commitments.

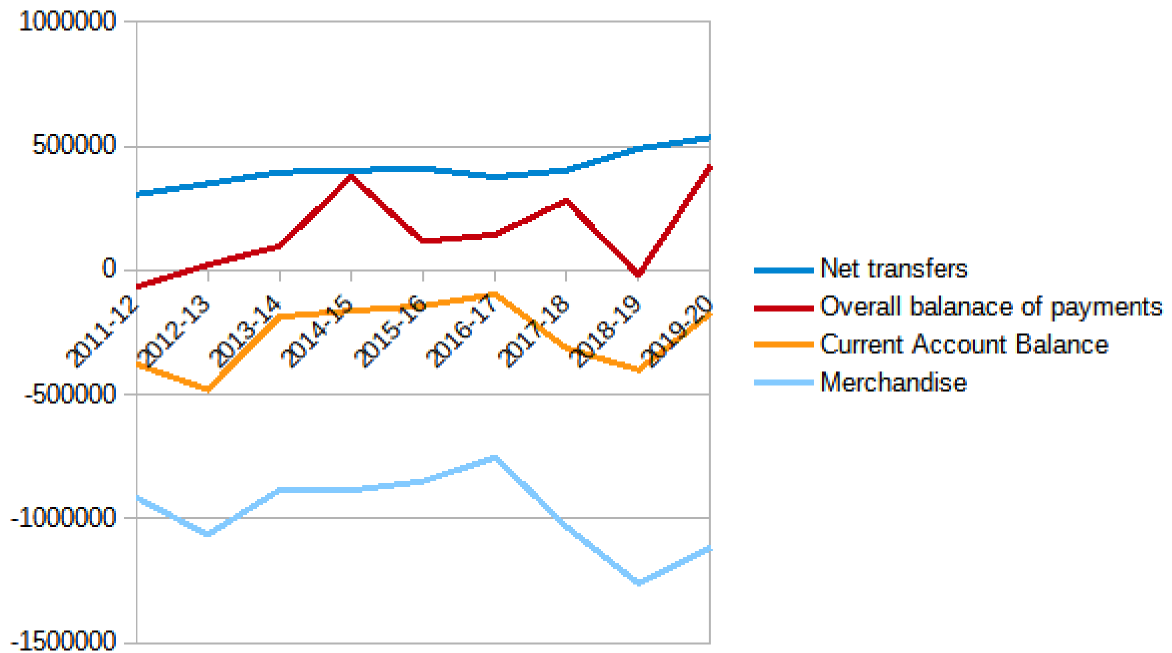
Figure 2: Capital Inflows



Notes: Values on the y-axis are given in Rs. crores.

Source: Compiled from the RBI's Handbook of Statistics on Indian Economy.

Figure 3 : Components of India's Balance of Payments

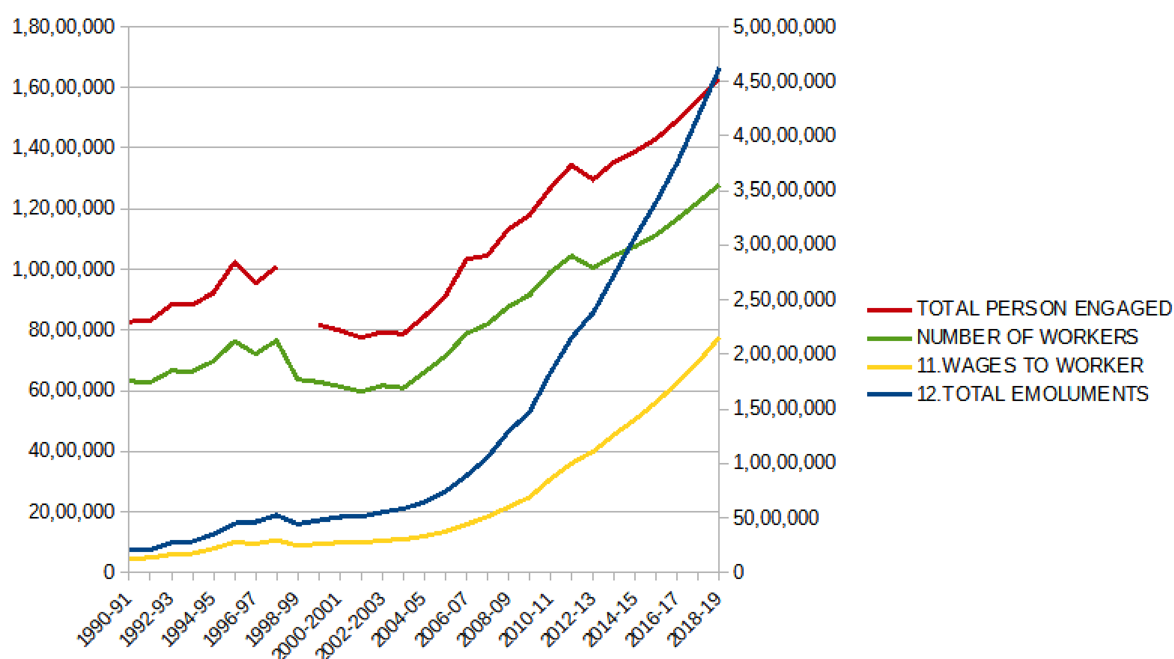


Notes: Figures on the y-axis are in Rs. crores.

Source: Compiled from the RBI's Handbook of Statistics on Indian Economy

The organized manufacturing sector has been creating employment at a flattening rate, where wages have grown even more slowly. Principal characteristics of the organized sector, captured by the Annual Survey of Industries (and shown in figure 4) additionally show that wages constitute a shrinking proportion of total emoluments paid out. Micro, small and medium enterprises (MSMEs) have, therefore, emerged as a sector of importance, in both its contribution to GDP (30 percent) and labour absorption, as approximately 110 million people are employed by MSMEs (Buteau, 2021).

Figure 4: Select Indicators of the Organized Manufacturing Sector



Source: Compiled from the Annual Survey of Industries, various years.

Persisting difficulties in the employment situation of the country are clearly manifested in decreasing work participation rates, increasing open unemployment, and greater and more precarious informality of work arrangements. Work participation rates fell by 15.8 percent between 2005 and 2018. Youth worker participation rates fell from 41.9 percent in 2012 to 31.4 percent in 2018. Open unemployment also increased by almost 3 times since 2012 to 6.1 percent in 2018 — the highest in 45 years prior (Jha, 2019). The burden of the rise in unemployment was disproportionately borne by women across

rural and urban areas. In 2018, unemployment rates were also high for graduates (17.2 percent) and post-graduate degree holders (14.6 percent).

The weak link between growth and employment is stark in the composition of the labour force in India. Close to 93 percent of the workforce in India comprises those working in informal work arrangements or marginal forms of self-employment. There is significant precariousness in both the availability of work and stability of income. In 2018-19, according to data from the Periodic Labour Force Survey (PLFS), 52 percent of all workers (and 56 percent of rural workers) did not have a job contract, social security or paid leaves. Even among the regular or salaried workers, the proportion that did not have a written contract increased from 60 percent to 70 percent between 2004-05 and 2018-19 (Jha & Kumar, 2020).

The structural slowdown in the economy and employment described above have been exacerbated in recent years through several acts of commission and omission, including now infamous 'shock-and-awe' measures; namely, the 'demonetisation' of 2016 and the launch of the Goods and Services Tax (GST) in 2017, attributes of the NDA II regime (Kumar & Jha, 2020). At 8 PM on November 8, 2016, Prime Minister Mr. Modi took the country by surprise by announcing demonetisation, through which Rs 500 and Rs 1000 currency notes were pulled out of circulation overnight, ostensibly in order to destroy black money and counterfeit currency. However, both the transition to digital payments and the printing of new currency notes to replace those pulled out of circulation were slow (Ramakumar, 2018; Lahiri, 2018). Since over 95 percent of all transactions were estimated to be carried out using cash before the demonetisation exercise, the overall volume of transactions, and even purchasing power, took a dramatic hit. This move effectively led to a battering of exchange, wages, consumption and subsequently demand and production in the informal economy immediately, extending inevitably to the formal economy (Ghosh et al., 2017).

The introduction of the GST – a tedious and complex taxation system – with little preparation for establishments or authorities, created considerable chaos particularly in

the domestic economy, disrupting long established channels of transactions and increasing compliance costs. Considered together with significant corporate tax concessions announced in September 2019, the Indian tax policy had already become more regressive before the spread of COVID-19 in the country. Both demonetisation and GST disproportionately hit India's informal economy; in particular, MSMEs were among their worst victims.

Evidence on the impact of the extant structural concerns and the shock-and-awe measures of more recent years on employment varies widely depending on methodology. Overall, estimates of changes in employment range from an absolute increase of 23 million to a decline of 15.5 million jobs between 2011 and 2017 (Nath & Basole, 2021). Informality of work persistently accounted for over 90 percent of all workers. In addition, according to All India Manufacturers Organisation’s (AIMO) estimates, the immediate impact of demonetisation and GST on MSMEs was a decline in employment from 38 to 23 percent; this translates to an absolute job loss of 3.5 million jobs between 2014 and 2018 (Business Standard, 2018). These difficulties meant that at the cusp of the outbreak of COVID-19, living standards for the majority in India were worsening and becoming ever more precarious.

Section 2: The spread of COVID-19 and socio-economic effects for India

By early 2022, the country had suffered three major waves of COVID infections. Overall, over 40 million infections and approximately half a million COVID deaths have been recorded officially[2]. India’s first lockdown in March 2020 was one of the most stringent in the world; yet, arguably, it failed to be effective on the double counts of controlling the spread of infection and the preparation of public health services to deal with the worsening pandemic (Mazumdar, 2021; Ghosh, 2020). The second (and massive) wave of COVID infections dominated by the Delta variant struck the country beginning in March 2021, completely overwhelming the health infrastructure. ICU and

[2] These figures are as reported to the WHO, accessed on February 15, 2022.

hospital beds were full, oxygen cylinders and ventilators were in short supply and even crematoriums and burial grounds were overrun.

All reasonable estimates suggest that official records understate the extent of COVID deaths in India — and especially those that occurred through the disastrous second wave — by a factor of up to 10 (The Economist, 2022; Jha, 2021; Anand et al., 2021). In 2021, the underestimation of COVID deaths by official sources during the second wave were highlighted by independent research through various channels. For instance, the government's Health Management Information System (HIMS), which itself has been noted as underreporting death, reported over 400,000 excess deaths in April-May 2021 — during which the second wave of COVID infections occurred — compared to the same period in the last three years (Jha, 2021).

The WHO's recent estimates suggest that the global amount of deaths by the end of 2021 owing to COVID infections was at least nine million higher than the total of that reported by individual countries. 15 million COVID deaths have been estimated to have occurred globally by the WHO, whereas official reporting puts the figure at 6 million. Of these, India alone accounted for at least three million, or a third, of the global underestimate. The release of these detailed estimates by the WHO were stalled for a while by the Indian government over complaints of incorrect methodology since January, 2022 (Nolen & Singh, 2022). After the official release of the said WHO report, the Indian government has continued to contest these claims.

In India, the first country-wide lockdown came under severe criticism for a number of reasons. These included: (1) the number of distress deaths that could be attributed directly or indirectly to its poor conception and implementation; (2) its inadequacy in preventing the spread of infection; and (3) its huge failure to strengthen the public provisioning of the health infrastructure of the country (Ghosh, 2020; Rawal, 2021). The March 2020 lockdown was undertaken at a time when only a few hundred cases had been officially recorded. Despite an extended period of lockdown, however, India quickly emerged as the third most COVID-affected country by June of that year (Ghosh,

2020). The national lockdown was introduced at a very short notice, barely four hours, aimed at near total stoppage of movement and widespread closure of economic activities, both formal and informal, barring a few ‘essential services’.

In the early course of this lockdown, it was clear that deaths caused by COVID-19 infections were exceeded by deaths caused by distress — economic and social — in the lockdown (Rawal et al., 2020; coronapolicyimpact.org). Of these distress deaths, those of migrant workers from starvation or exhaustion on their journey back to their homes — mostly on foot — over thousands of kilometres accounted for a large share. Such distress deaths were completely avoidable and disturbing; these were essentially caused by an ill-conceived, if not hostile, policy regime and an utterly insensitive policing system in the country for the working people in general. The lack of access to medical facilities, partly a consequence of the lockdown itself, led to hundreds of deaths in the immediate aftermath.

In addition to their poor performance in dealing with the pandemic crisis, the lockdowns resulted in an immediate and near total stoppage of economic activity across the country, resulting in massive layoffs and the widespread elimination of the ‘ad-hoc’ or informal arrangements by which Indian workers engage in self-employment (Jha & Kumar, 2021; Rawal, 2021). The subsequent contraction of the economy was catastrophic and standard macroeconomic indicators, such as income, employment, wages, consumption expenditures etc. have not yet recovered to pre-pandemic levels (Basole, 2022; Basole *et al.,* 2021). A study conducted among four hundred firms estimates that capacity utilisation fell from 75 percent before the pandemic to 11 percent in the early phase of the lockdown (State of Working India Report 2021). At the same time, consolidation of corporate power and income inequality have accelerated dramatically during this period (Patnaik, 2022).

The decline in GDP caused by the first lockdown during the first quarter of the financial year 2020-21 alone was close to 24 percent (RBI 2022); for the financial year 2020-21, national GDP contracted by almost 8 percent from the previous year. Due to the second

wave of COVID infections in the country, GDP in the first quarter of the 2021-22 year was 8.3 percent below the pre-pandemic level (RBI, 2022). Over the financial year 2021-22, GDP growth was reported to be just enough to catch up with the pre-pandemic level (table 1).

Table 1: Sector-wise Gross Value-Added Growth Rate of the Indian Economy

Sectors	2019-20 (1st RE)	2020-21 (PE)	2021-22 (1st AE)	Recovery over 2019-20
Agriculture and Allied Sectors	**4.3**	**3.6**	**3.9**	**107.7**
Industry	**-1.2**	-7	**11.8**	**104.1**
Mining and quarrying	-2.5	-8.5	14.3	104.6
Manufacturing	-2.4	-7.2	12.5	104.4
Electricity, gas, water supply & other utility services	2.1	1.9	8.5	110.5
Construction	1	-8.6	10.7	101.2
Services	**7.2**	**-8.4**	**8.2**	**99.2**
Trade, hotels, transport, communication and services related to broadcasting	6.4	-18.2	11.9	91.5
Financial, real estate and proffesional services	7.3	-1.5	4	102.5
Public administration, defence and other services	8.3	-4.6	10.7	105.6
GVA (basic prices)	**4.1**	**-6.2**	**8.6**	**101.9**

Notes: GVA – Gross Value Added. The GVA measures national income through data on production rather than expenditure used for the GDP. With net taxes added, the GVA will amount to the GDP.
Source: Economic Survey, 2022.

It is widely accepted that the immediate decline in GDP was needlessly massive on account of the poorly conceived lockdown and the associated economic policy architecture. Further, the prolonged contraction of GDP and the subsequent slow recovery is explained by the composition of this decline. First, in the absence of clearly delineated policies and lockdown regulations, there were significant disruptions along various nodes in value systems (or supply chains); transportation of even essential commodities to markets was impeded during the lockdown. An important illustration of this may be highlighted here with reference to the agricultural sector. Due to the lockdown, the harvesting season was disrupted massively and procurement for urban markets was also halted. Since trade in these perishable commodities is contingent on strict timelines, delays inevitably lead to income losses for farmers (especially small farmers with no access to affordable storage) and intermediaries (Rawal *et al.,* 2020; Rawal & Verma, 2020). Several studies based on extensive interviews of intermediaries, agricultural markets and others confirm that these disruptions were experienced throughout the country, were prolonged and resulted in losses of incomes

and harvests (Rawal et al., 2020; Rawal & Sen, 2021; Ramakumar, 2020)[3]. Ramakumar (2020) finds that market arrivals were significantly less for all 16 crops studied in April 2020 than the same period in the previous year, and were over 75 percent of previous market arrivals for only four crops.

Second, given the arbitrary disruptions in both production along value systems and supply to markets, job losses were especially acute. Urban unemployment increased dramatically in the wake of the first lockdown, as over 25 percent of young men and 33 percent of young women were reported to be openly unemployed (Ghosh, 2021). In addition, the wages of casual workers in the April-June quarter of 2020 and the number of days in which they were employed fell considerably. It is important to highlight here the substantial contribution of the informal economy to the country's GDP and, in particular, livelihoods, which puts into focus the dependence on daily wages for food and other basic needs (Kumar & Jha, 2020). Earnings of the urban self-employed fell by over 20 percent for men and 10 percent for women. According to the Periodic Labour Force Survey, of those comprising the casual labour category between January and March of 2020, 50 percent were pushed to unemployment and another 10 out of the labour force during April to June of the same year (RBI, 2022).

Temporary employment provided in public works through the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) also fell in the immediate aftermath of the lockdown announcement in April by 83 percent from their levels in 2019 (Ghosh, 2020). This resulted in a large gap between the projected employment creation for the month under the scheme and actual employment; for most states, actual employment was lower than 33 percent of the projected employment during the month (Kumar, 2020). MGNREGA is seriously constrained by the availability of funds to States under the schemes. Kumar (2020) estimated a shortfall of Rs. 7418 crores between funds that were available and funds that were required to run the scheme in the period between April and June, 2020. This inevitably lead to inadequate and slow

[3] Case studies and some reports can be found here:
https://coronapolicyimpact.org/2020/04/07/indias-villages-during-the-covid-19-pandemic/

generation of employment. Even subsequent increases in allocations made in the scheme only compensated for the losses made in April in MGNREGA employment but not for the excessive unemployment caused by the lockdown itself. In the following year, the budgeted expenditure for MGNREGA fell in absolute terms to Rs. 73,000 crores, which even after being revised upward to Rs. 98,000 crores was short of the already deficient expenditure (as per revised estimates) in the year 2020-21, of Rs. 1,11,500; subsequently, the budgeted expenditure in 2022-23 remains at Rs. 78,000 crores.

The lockdown policy did not allow any room to provide relief to migrants, along with other informal workers, with no proper housing, no social security, and volatile daily earnings in India. Migrant workers who travel within or outside their state of permanent residence, seasonally or a few times in the year, and who form a substantial portion of the workforce in India, were left stranded. There are significant data challenges pertaining to the extent and trends of migration for work in India. The extent of internal migration for work, both intra- and inter-state, is unknown, and estimates range widely from 15 to 100 million (ILO 2020) and even 120 million (Ghosh, 2020). Similarly, the State of Working India Report estimates the size of the vulnerable migrant workforce at 111 million (State of Working India Report 2021). A complete lack of registration of migrant workers under the Inter-State Migrant Workmen Act (ISMWA) 1979, or the adoption of the National Commission for Enterprises in the Unorganised Sector's (NCEUS) recommendations has created this data gap, and continues to present challenges for social security provision to migrant workers. There was no provision of shelter and no transportation back to their homes, which aggravated the sudden lack of daily earnings; the acute distress was not offset by any noticeable government transfers and was only very meagrely ameliorated through the limited distribution of food grains for those with proper and full documentation through the Pradhan Mantri Garib Kalyan Yojana (PMGKY) (Stranded Workers Action Network 2021).

The failure of policy for social provisioning depressed demand for even essential commodities. This means that material standards of living for the vast majority of the

Indian population were severely compromised. Unpaid salaries and wages, open unemployment and food insecurity had all risen substantially and continue to be worryingly high (Basole *et al.,* 202; Lahoti *et al.,* 2020). In the early days of the lockdown in March and April 2020, a survey conducted by Stranded Workers Action Network — an organized team of aid volunteers — of 16,863 workers showed that over 70 percent did not have food rations to last more than two days. In 2020, the Global Hunger Index ranked India 94th according to the level of hunger and in 2021, India had slid further to the 101st rank (Global Hunger Index). There are several estimates relating to increases in the incidence of poverty in the country during the period of the pandemic. For instance, according to the Oxford Poverty and Human Development Initiative's Multidimensional Poverty Index, the progress made in reducing poverty, by close to 260 million people, in the decade between 2006 and 2016, was at risk of being entirely reversed during the course of the early phase of the pandemic itself (Inani, 2020). A couple of other well-known sources estimate the number of 'newly poor' in the country due to the pandemic around 75 million people[4]. As it happens, projections by the International Labour Organization (ILO) are significantly higher. In 2020, the ILO estimated that 400 million informal workers in India would be plunged deeper into poverty during the pandemic (ILO, 2020).

This extreme aggravation of deprivation is also connected with the distribution of GDP in the aftermath of pandemic policy, which has been even more skewed than before the pandemic, leading to an increasingly divergent or so-called 'K-shaped' recovery. Over the period of the first lockdown, and between April and June of 2020, the wealth of Indian billionaires jumped 35 percent amidst growing hunger and poverty. The 2020 World Inequality Report shows that the income share of the bottom 50% of the global population decreased during the pandemic, owing largely to incomes of countries in South and Southeast Asia, especially India; if India is removed from the analysis, the share of the bottom 50% increased. The bottom half of India's population only earned 13% of the national income while the top 1% earned 22% (Chancel et al., 2022). The

[4] The Pew Research Centre estimated that 75 million people had become newly poor in India over the course of 2020 and Brookings Institution's estimate was close to 85 million.

lack of social provisioning or protection of informal establishments and informal workers during the lockdown distributes the 'costs' of the lockdown unequally (Kregel, 2020). This unequal distribution of costs has resulted in rising overall inequality in incomes and asset positions within the economy. Widening income inequality is demonstrated clearly in a government survey of over 1000 enterprises conducted by the Small Industries Development Bank of India (SIDBI). Two-thirds of all MSMEs surveyed were at least temporarily shut in 2021 and about 25 percent reported a significant decline in profitability (SIDBI, 2022). Even within MSMEs, Buteau's (2021) four-wave rapid surveys over the course of 2020 and early 2021 find that the share of single-person enterprises in microenterprises grew significantly at the expense of larger enterprises that employ 5-6 people.

Shutting down education, health and care services has also led to disproportionate job losses for women as well as an increase in the unpaid care work they performed within the domestic sphere. As such, the gendered division of labour has also worsened during the course of the pandemic (Ghosh, 2021). Marked changes in the income and wealth distribution of the economy are important because the potential for sustained economic growth is severely limited by accelerating inequality (Azad & Chakraborty, 2022; Basole et al., 2021).

It is important to emphasize again that the above-noted lockdown and pandemic policy thrusts were within a context of falling consumption expenditure and contracting rates of GDP growth for almost a quinquennium due to several acts of commission and omission, including the demonetisation of 2016 and the imposition of the GST of 2017. The overall macroeconomic policy regime during the recent years has been directly responsible for not only aggravating divergent income distribution but also diminishing the capacity for future action using public infrastructure and public resources. The latter has been on account of increasing sales of public assets and enterprises, as well as the introduction of the public-private partnership (PPP) model in the management of several key public services including even banking services to the poor. In addition, the 'monetisation pipeline' of the government – which proposes to 'hand over' the

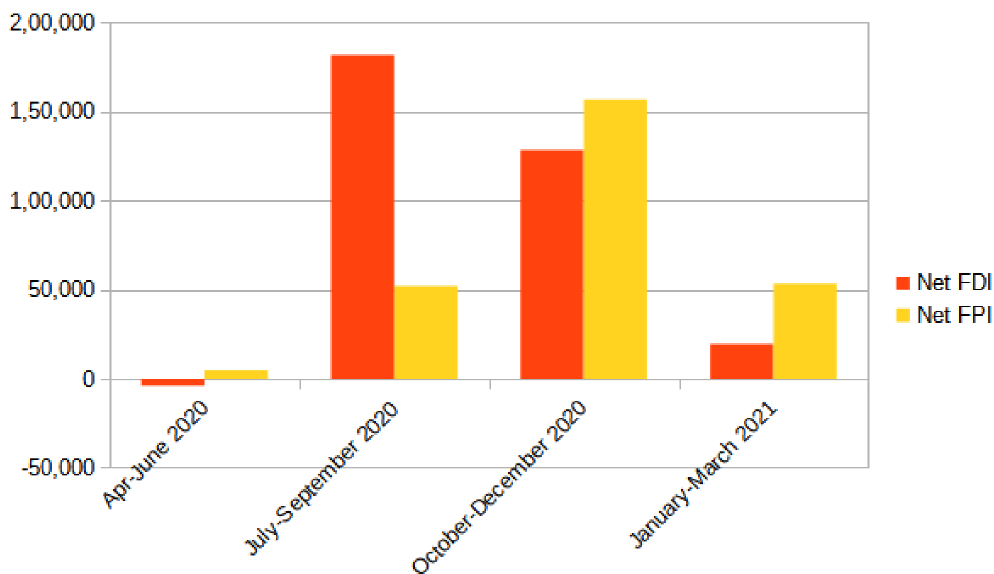
management of key public enterprises or infrastructure including roads, airports and railway stations – gives up important streams of revenue for the government budget (Chandrasekhar, 2021), setting lower constraints on fiscal expenditure.

The External Sector

In 2020, the onset of the pandemic led to an improvement in India's current account balance. This occurred despite a decline in the absolute level of exports between April-September 2019 and April-September 2020, to the tune of 34 billion dollars (Chandrasekhar, 2021). Concurrently, during the same period, there were absolute declines in transfer payments in the form of remittances from abroad (Chandrasekhar, 2021). The current account improvement thus arose from large relative declines in expenditures on both oil and non-oil imports. In the period between April and September of 2019, the import bill was 258 billion dollars which fell to 150 billion dollars in the same period in 2020. This reduction in the import bill is worrisome as it is indicative of recessionary reductions in expenditure owing to the spread of the pandemic and associated policy responses (Chandrasekhar, 2021).

On the other hand, the capital account faced a sudden, sharp downturn at the onset of the pandemic and with the announcement of the national lockdown. This trend was, however, reversed soon; capital inflows were highly volatile due to great uncertainty during the period of the pandemic and other emergent global crises. An uptick in speculative capital inflows was observed across the emerging economies of Asia, but to a much larger extent in India, pulling up its stock market index disproportionately higher than in the Philippines, Thailand and Indonesia (Chandrasekhar & Ghosh, 2021). These speculative inflows are directed toward equity rather than debt markets, as debt markets are seen as more risky during recessionary times (Chandrasekhar & Ghosh, 2021).

Figure 5: Capital Inflows in Year One of the Pandemic



Source: Compiled from the RBI's Handbook of Statistics on the Indian Economy

In the following sections, we discuss the specific monetary and fiscal measures that were undertaken by the Indian Union government during the course of the pandemic.

Section 3: Monetary interventions

In large measure, India's union government relied on monetary policy, which aimed at increasing liquidity in the economy. The primary means to do so involved repo rate cuts and open market operations by the Reserve Bank of India (RBI), as well as providing credit guarantees to encourage both productive investment and consumption expenditure (Ghosh, 2020). The lending capacity of commercial banks was enhanced by reducing the cash reserve ratio (CRR) by 100 basis points; the repo rate was cut by 75 bps initially, and later cut by another 40 bps (Chandrasekhar, 2020; Chakraborty & Harikrishnan, 2022; RBI, 2021). In 2020, to increase investments, the RBI carried out targeted long-term repo operations (TLTRO) for corporate bonds, commercial papers, papers sold by non-bank finance companies (NBFCs) with half reserved for small NBFCs and micro-finance institutions, and even established a special liquidity function for mutual funds (Chakraborty & Harikrishnan, 2022). In addition to this, credit guarantee schemes were introduced for both NBFCs (through a partial credit guarantee

scheme) and MSMEs (through an emergency credit line guarantee scheme) that provided guarantee against purchases of pooled assets of the former by public banks and provided 100 percent guarantee for additional loans without collateral taken by the latter (Chakraborty & Harikrishnan, 2022; Chandrasekhar, 2020).

In 2021, a further push for credit provision to those MSMEs which had never taken loans previously was made by excluding these from the calculation of limits determined by the CRR. Credit guarantees and lower rates of interest to commercial banks and NBFCs were perceived to inject liquidity in the economy, but given fiscal stringency (which we elaborate in the subsequent section), the general lack of demand and purchasing power in the economy did not lead to an increase in productive investments, and therefore did not result in the demand for loans. In fact, "subdued demand, inventory overhang and excess capacity" have been recognized in a recent report of the RBI to cause reductions in private investments (RBI, 2022); these factors do not respond significantly to reductions in rates of interest and credit guarantees. The risk of default on loan borrowings amid job losses also made increases in borrowing unlikely.

The failure of a near complete reliance on the above noted measures was evident in 2020 itself. Between April and August 2020, outstanding credit had actually fallen by 1.5 percent (Chandrasekhar, 2020). Only 50 percent of the provisioning under the credit line guarantee scheme for MSMEs was used for loans provided to that sector even by August. Similarly, funds parked by commercial banks in the RBI's reverse repo account had increased substantially - from 3 lakh crore rupees at the end of March 2020 to 8.4 lakh crore rupees by the end of April - despite the rate cut, on account of falling demand for loans (Harikrishnan, 2020). Moreover, the additional credit offered to the MSME sector resulted in distress borrowing by units; in the absence of fiscal aid or transfer to the sector, these loans have resulted in an increase in the share of the priority sector in total bank non-performing assets (NPAs) from 32.8 percent in March 2020 to 40.5 percent in March 2021 (Chandrasekhar, 2022).

Moreover, the RBI purchased and accumulated large volumes of foreign currency assets since the start of the pandemic on account of significant capital inflows and a buoyant stock market despite worsening 'real economy' indicators. Between April and August of 2020, foreign currency assets rose by 28 percent. An increase in foreign currency assets is indicative of the RBI's attempts at shoring up against potential capital flights; part of this large capital inflow is explained by the spurring on of speculative investments worldwide by liquidity injections in the US and other advanced economies. But this does not explain the whole story - the persistent sluggish growth in foreign institutional investments and stock markets in other developing and emerging economies such as Malaysia and Thailand during this period indicates that domestic economy characteristics mattered in Indian inflows. Specifically, the Indian government's promises of corporate concessions have been understood as a major cause behind the inflows (Chandrasekhar & Ghosh, 2021).

The increasing relative weight of equity inflows and reduced confidence in debt instruments in the economy further goes to show that the nature of capital inflows was short-term and speculative during the period of the pandemic combined with global liquidity injections. In fact, the reduced confidence in debt instruments is indicative of perceived poor 'real economy' indicators by global finance (figure 4). Recent changes in monetary policy in the Global North due to inflationary tendencies as well as other uncertainties may spell trouble for capital flows to India; in fact, there have been quite a few bursts of capital outflows, accompanied by increased volatility, in recent months which are already emerging as significant concerns.

Section 4: Fiscal responses

Plummeting demand during the pandemic was expected as economic activity had shut down during the lockdown periods, with long-term impacts for employment and output in the economy. This decrease in demand was not countered adequately by an increase in government expenditure. In fact, it has been noted that part of the immediate contraction in GDP is explained by a 10 percent fall (or 9,000 crore rupees) in absolute

government expenditure itself on public services, defence and administration compared to the previous year. Among a host of public schemes and measures, government transfers of food (although public stocks were adequate) and the MGNREGA were grossly under-provided — stimulus expenditure estimated to be 1 percent of GDP — despite official announcements of the stimulus package through three phases of the *Atmanirbhar Abhiyan*[5] amounting to 10 percent of the GDP (Ghosh, 2020; Jha & Kumar, 2020; Misra 2020).

The pandemic response of the national government was geared toward fostering and leveraging a reliance on large private (foreign or domestic) capital to stimulate economic growth. It is demonstrated starkly through the refusal to facilitate demand via government transfers and strengthen the provision of social security measures while pushing many budgetary and extra-budgetary concessions to corporates; to flag only one of these measures, it may be noted corporate taxes were slashed from 30 percent to 22 percent even before the first pandemic lockdown. Although the pandemic fiscal stimulus was pegged at 20 trillion rupees (or 10 percent of the GDP), there is near consensus that this figure was a gross overstatement, and actually amounted to less than or around 1 percent of GDP (Jha & Kumar, 2021). Expenditure under the PMGKY was announced at Rs. 1.7 lakh crores, but was largely composed of 12 existing schemes (State of Working India Report 2021). The State of Working India Report, 2021, estimates that additional actual expenditures in the year 2020-21 were Rs. 4.5 lakh crores over expenditures in the 2019-20 financial year; adding expenditures under the various public schemes, the fiscal stimulus is estimated to be approximately Rs. 3 lakh crores (or 1.5-1.7 percent of GDP).

In addition to the inadequacy of the fiscal stimulus, various roadblocks in the provision of social security and aid transfers to Indian citizens were already extant in the design and implementation programs of the schemes under which the fiscal stimulus was spent. For instance, owing to problems with access and availability to ration cards, a

[5] Aatmanirbhar Abhiyan was geared toward promoting ‘self-reliance’.

prerequisite for the disbursal under the public distribution scheme (PDS) and the PMGKY, leakages are expected to have reduced the quantity of grain received by beneficiaries below the allotted amount (Drèze & Somanchi, 2021). Similarly, various surveys show that cash transfers of Rs. 500 to women Jan Dhan Yojana (JDY) account holders were unable to reach at least a third of eligible women; additionally, 40 percent of poor households were left out entirely because they did not include an adult woman with a JDY account (Drèze & Somanchi, 2021).

The monetary policy tools described in the preceding section were not used as complements to fiscal expansion. Fiscal policy itself was extremely stringent. First, it is important to note that tax revenues were compromised by (1) corporate tax concessions provided in the early phase of the pandemic response and (2) GST collections during the period falling short of expectation, leaving less room for fiscal expenditures. Total government revenues fell by 30 percent in 2020. Some of these losses were made up by increases in the levies on petrol and diesel from 2020 and an increase in direct tax receipts from 2021 because of rising income inequality. In fact, the government's resource mobilization has relied, in large measure, on increased taxes on petroleum-products. One ostensible reason provided for the government's plan of 'asset monetization' i.e., sale of public companies and assets to finance expenditures on infrastructure development, is the bolstering of government revenues in order to finance expenditure on investment. However, given the level of investor confidence in the economy, it has been noted that the plan may in fact work against the stated objectives, transferring existing government revenue streams to large private investors (Chandrasekhar, 2021). This is clear from the poor outcome of the 'disinvestment' plan in the 2020-21 financial year that aimed at generating over 2 lakh crore rupees (or 2 trillion rupees). Much needed expected increases in public spending did not materialize; in fact, public expenditure was 90 billion rupees lower in the March-July 2020 quarter than the same period in 2019 (Ghosh, 2020). The lockdown period was marked by stagnating expenditures on public health, agriculture, and maternal and child nutrition; and diminishing expenditure on education indicated that no measures were taken to make up for school closures around the country.

Furthermore, instead of actual expenditures, the government provided credit guarantees and reduced rates of interest for loans to companies to encourage production in an economy hurt by slumped purchasing power. This supply-side and corporate-friendly policy was pursued with the expectation of increases in corporate profits leading to significant increases in productive investments. It was assumed that such supply-side interventions would have positive consequences (or multiplier effects) for employment, wages and consumption, and the growth effects generated this way would make fiscal expenditure unnecessary beyond a few measures of social provisioning.

A particularly worrisome development in fiscal outlays during the entire pandemic phase is the decreasing autonomy and fiscal space for state governments to undertake decentralized expenditures. Transfers of sharable taxes from the Centre to the state governments were already declining; in 2020, the shortfalls in GST collections were not made up by the Centre despite original promises in the design of the GST. Instead, state governments had to make up this shortfall through borrowings in the form of back-to-back loans amounting to 1.1 lakh crore rupees in 2020-21 (Table 3). Decreases in direct tax receipts also hurt states' revenues. The centralization of government revenues is a major concern given that states are responsible for expenditures on a host of welfare schemes. The increasing pressure of welfare expenditures and increasing interest payment commitments despite falling revenues and rising borrowing has increased the states' fiscal deficit with no clear relief in sight and with no means of monetizing the deficits (Chandrasekhar & Ghosh, 2021).

The Indian experience of the pursuit of neoliberal policies during the pandemic has been quite aggressive, and as noted above, marked by several 'shock and awe' steps which have hurt the earnings of the poor (Jha & Kumar, 2021). Direct and indirect transfers to large industry players have grossly widened inequality of income and wealth. By its increased subservience to the logic of global capital, public policy has, at least in part, reduced the capacity of public infrastructure and domestic producers to provide for domestic interests and compete in the global market. The outright sales of public assets

and substantial deregulations in the sales, prices and use of natural resources has worsened India's capacity to manage the climate crisis with no concomitant guarantees that the purely pecuniary benefits of any increased extraction will accrue domestically. However, it is not possible to get into an adequate consideration of these extremely important issues here. We would only reiterate that for the overwhelming majority of Indians, the last couple of years have seen massive deepening of deficits across multiple economic and social axes; some of these relate to the most basic needs such as adequate food, elementary education, etc.

Prospects for the Indian Economy

While in a 'post-COVID' world, the Indian economy has been projected by various international organizations to grow and recover at a fast pace, recent developments in the global context, such as the Russia-Ukraine war, have led to downward revisions of projections as structural vulnerabilities of the domestic and global economy resurface. In addition, economic indicators pertaining to the average material living standards of the poor are expected to recover over a longer time frame than growth indicators and continue to present a grave challenge to the economy. As noted previously, one of these indicators relates to growing income inequality within India, which disproportionately accounts for a worsening income share of the bottom 50% of the *global* population; India is now one of the most unequal countries in the world (Chancel et al., 2022).

The slowdown in the Indian economy and the contraction of employment and incomes have been exacerbated by global concerns such as the war in Ukraine, as well as inflation. Various rating agencies have revised downward their growth expectations for India recently. For instance, Moody has revised their expectations down from 9.1 percent to 8.8 percent on account of rising prices of food, fuel and fertilizer; this reduction is on par with a reduction in global growth estimates (The Hindu, 2022). The IMF also revised their expectations downward to 8.2 percent in the 2022-23 year. The Asian Development Bank pegged their expectation even lower at 7.5 percent, whereas

the S&P Global Ratings cut India's growth rate expectations to 7.3 percent. Higher oil prices are expected to increase domestic inflation, impact disposable incomes and impact private consumption. The UN's World Economic Situation and Prospects 2022 projects India's growth rate in the year 2022-23 to be 6.7 percent, after 9 percent growth in 2021-22. The manufacturing sector, after facing declines in the 2020 and 2021 financial years, has been projected to grow by 10.5 percent in the 2022-23 year, and GFCF is expected to grow by just over 14 percent from last year (Bloomberg, 2022).

At the same time, prospects for reversal of the loss borne by a large part of the citizenry – higher poverty, inequality and unemployment – appear bleak. According to research presented in the RBI's Department of Economic and Policy Research's report, Currency and Finance, losses caused by the pandemic are expected to take more than a decade to reverse, even up to 15 years (RBI, 2022). In the same report, losses of output during the three financial years of 2020-21, 2021-22 and 2022-23 were expected to be approximately Rs. 53 lakh crores.

It is evident from our discussion that relying on economic growth to follow naturally from the waning of the COVID crisis, and for such growth to be inclusive, will be inadequate to address the structural setbacks that the Indian economy has suffered during this time. As global socio-economic difficulties and climate-related uncertainties become a growing concern, active intervention and planning is required to ensure basic and equitable living standards.

The auto sector

One of the major focus areas of our recent research, in the context of the pandemic, has been the automotive manufacturing sector in India and its relevant linkages with the overall macroeconomic backdrop. In a separate paper, we have examined in some detail the context and prospects of the automotive sector; however, it may be of some interest to flag, very briefly, a couple of issues relating to the sector.

The automobile manufacturing sector in India, to put it somewhat simply, has a dualistic structure in which a relatively small organized production sector is shored up by a multitude of unorganized establishments producing various parts and components. Following the general slowdown in the growth of GDP in the economy, there has been a contraction in the production and sales in the auto sector owing largely to persistent decreases in domestic demand and exports. MSMEs engaged in the production of auto components were severely hit and job losses ensued; close to 345 thousand workers, mostly contract workers, lost their jobs. Given this context, the losses suffered by the sector – estimated to be 23 billion rupees a day during the first COVID lockdown – have the potential to lead to risks of bankruptcy among smaller establishments and continuous job losses if no coordinated and corrective policy response is designed and implemented (Government of India, 2020).

The effect of the lockdown resulted first in the stoppage of production in the first quarter of 2020-21. Subsequently, as noted above, the wider macroeconomic effects of the fiscal and monetary policy responses of the government at various levels failed to address the generalized demand crisis in the economy, including the demand for automobiles and components. In the financial year 2020-21, automobile production and sales contracted by 14 percent and 13.6 percent, respectively, and auto components turnover contracted by 2.8 percent (SIAM Reports). The recovery of production and employment in the sector has been stalled partly owing to failures in a recovery of demand, especially rural demand for two-wheelers and tractors. In addition, the global semiconductor shortage – itself worsening during the pandemic – has created a bottleneck issue leading to production delays and low capacity-utilisation ratios. The shortage has led to smaller inventories, production delays and long delivery times. In short, the pandemic has aggravated the crisis in this important manufacturing sector and exposed multiple uncertainties associated with domestic activities in the larger context of global automotive value systems.

Global automotive value systems are going through a particularly turbulent period for several reasons. First, the pandemic has revealed the vulnerability to production

disruptions and shortages, such as the semiconductor shortage, along different nodes of the value systems due to which gross production, supply, employment, and wages have taken a hit (IMF, 2020). Second, the emergence and popularisation of electric vehicles has created dual concerns, including the reorganization of value systems and ensuing troubles for the associated world of work, as well as the reliance on heavy extraction activities in countries of the Global South for raw materials such as lithium from Bolivia and cobalt from the Democratic Republic of Congo. Intensification of mining in these regions occurs at the cost of the health of the local people and environmental safety; it also traps these economies in low-value production activities and prevents economic ‘upgrading’. The scarcity of these raw materials also presents challenges to the growth of the electric industry (UNCTAD, 2020). Third, growing automation and robotization has put jobs at risk all along the value system (World Bank, 2021).

Section 5: Concluding Remarks

The pandemic in India laid bare the implications of the precarity that the existing economic structure engenders for material standards of life including nutrition, shelter, work, education and health. Instead of responding to the stark inequality both by redistribution and building equitable economic and social infrastructure, the Indian government used policy tools at its disposal to provide a bare minimum level of social provisioning and no effective stimulus. By doing so, it conformed with the experiences of most developing countries with respect to the size of the fiscal stimulus. The future prospects for growth and recovery appear bleak in the absence of appropriate public policies, as indicated above.

It is clear that the policy package benefited those at the top of the income hierarchy enormously. Globally a new billionaire was created every 30 hours during the pandemic while the incomes of 99 percent of the world have fallen during the same time (Oxfam, 2022). The Gini index measuring global inequality in income had been decreasing since the early 2000s, but has risen in emerging and developing economies during the course of the pandemic (Oxfam, 2022). In this, the Indian experience is not an outlier among countries of the Global South: the pursuit of increasingly neoliberal policy is an

imperative of the global economic order and often even directly imposed by international institutions' conditionalities and rules, such as those of the IMF. It is worth stressing here that nearly 80 percent of the global fiscal stimulus was provided by the ten advanced economies in the G20 (Chandrasekhar & Ghosh, 2021).

Meanwhile, in the South, fiscal stringency is understood as a precondition for global finance to stay within the country; direct benefits to global large capital — in terms of both taxation and deregulation in the extraction and exploitation of natural resources — can ensure foreign direct investments to some degree; and any social security is treated as anathema to the attractiveness of a large destitute labour force willing to work under extremely poor conditions, to global capital. In the context of rising global inequality, there have been several other adverse developments due to supply shocks, market manipulations etc. — which we cannot examine in any detail here — that have contributed to rising global prices of essential commodities such as food and fuel, introducing an additional burden on import-dependent Southern countries.

Although the Indian government's COVID response exhibits a slew of neoliberal characteristics, it is important to note that it was not bound by any significant direct constraints in the form of IMF conditionalities or sovereign debt servicing needs to be so stringent in its deference to global or large capital (Ghosh, 2021). Thus, the government's response cannot be understood as driven only by geopolitical imperatives. Indeed, the government used the period of the crisis to introduce various kinds of 'shock therapy' typical to authoritarian and fascist regimes throughout history (Klein, 2007; Patnaik, 2020); however, in this brief article, it is not possible for us to engage with these extremely important and profound considerations.

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Annexure

Figure 6: Recorded Cases of COVID-19 Infections and Deaths in India

Source: WHO's COVID database

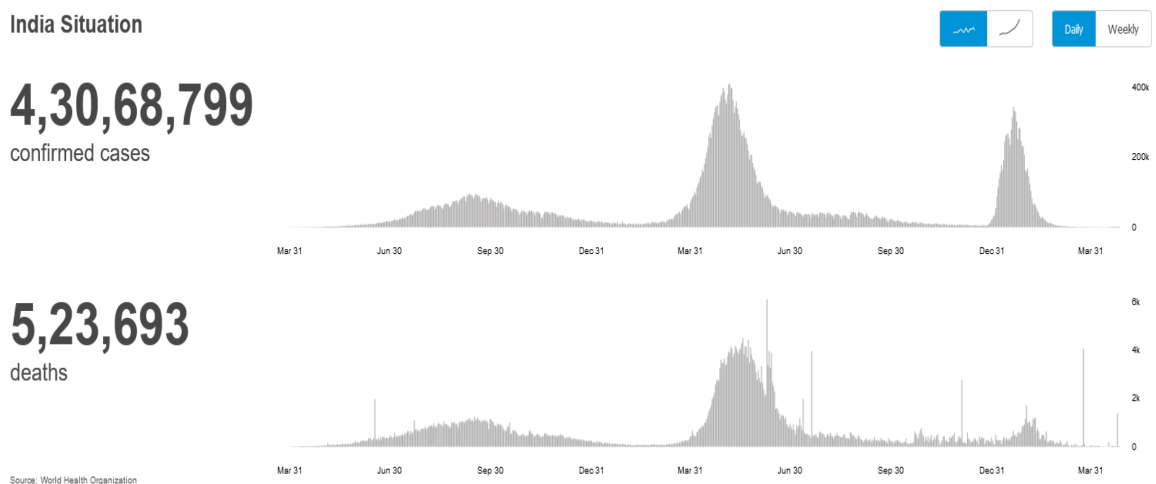

Table 2: Quarterly GDP Growth Rate (percentage)

Source: As presented in Jha & Kumar (2020) taken from Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India

Year	Quarter	Agriculture, Forestry and Fishing	Mining and Quarrying	Manufacturing	Electricity, Gas, Water Supply and Other Utility Services	Construction	Trade, Hotels, Transport, Communication and Broadcasting	Financial, Real Estate and Professional Services	Public Administration, Defence and Other Services	GVA at Basic Price	GDP
2015-2016	Q1	2.4	9.6	10.4	2.5	4.1	9.9	10.2	5.4	7.7	7.6
	Q2	2.8	9.5	11.6	5.4	0.4	8.0	13.0	6.4	8.4	8.0
	Q3	-2.2	10.5	15.5	3.7	4.8	9.9	10.2	6.7	7.3	7.2
	Q4	1.2	10.8	14.8	7.4	5.0	12.7	8.8	5.9	8.7	9.1
2016-2017	Q1	4.9	7.1	9.8	13.2	7.5	9.4	13.5	6.7	9.3	8.7
	Q2	6.2	6.3	7.6	7.8	8.3	7.7	11.2	6.6	8.3	9.7
	Q3	7.4	9.1	8.3	10.2	7.4	7.9	5.2	9.1	7.5	8.6
	Q4	8.2	15.6	6.2	8.7	0.8	6.0	3.2	14.9	6.8	6.3
2017-2018	Q1	5.6	2.4	-0.9	11.2	0.1	8.0	5.9	14.4	5.5	5.8
	Q2	6.0	11.2	7.8	11.8	1.5	8.1	2.9	8.5	6.1	6.5
	Q3	5.1	4.7	9.3	10.1	4.7	8.2	5.7	8.9	7.1	7.6
	Q4	7.1	3.3	10.1	11.8	13.7	6.3	4.4	8.3	7.6	8.2
2018-2019	Q1	3.8	-7.3	10.7	7.9	6.4	8.5	6.0	8.8	6.9	7.1
	Q2	2.5	-7.0	5.6	9.9	5.2	7.8	6.5	8.9	6.1	6.2
	Q3	2.0	-4.4	5.2	9.5	6.6	7.8	6.5	8.1	5.6	5.6
	Q4	1.6	-4.8	2.1	5.5	6.0	6.9	8.7	11.6	5.6	5.7
2019-2020	Q1	3.0	4.7	3.0	8.8	5.2	3.5	6.0	7.7	4.8	5.2
	Q2	3.5	-1.1	-0.6	3.9	2.6	4.1	6.0	10.9	4.3	4.4
	Q3	3.6	2.2	-0.8	-0.7	-0.04	4.3	3.3	10.9	3.5	4.1
	Q4	5.9	5.2	-1.4	4.5	-2.2	2.6	2.4	10.1	3.0	3.1
2020-2021	Q1	3.4	-23.3	-39.3	-7.0	-59.3	-47.0	-5.3	-10.3	-22.8	-23.9

Table 3: Fiscal Deficits and Financing (crore rupees)

Source: Handbook of Statistics on Indian Economy compiled from budget documents of the various governments.

Notes: NSSF- National Small Savings Fund

Year	Central Government's Gross Fiscal Deficit	Central Government's Net Fiscal Deficit	Gross Fiscal Deficit of the States	Financing of State's Gross Fiscal Deficit				Market Borrowings as a Proportion of the Gross Fiscal Deficit of the States
				Loans from Central Government	Market Borrowings	Securities Issued to NSSF	Others	
2004-05	125794	126252	107774	-9781	34559	64192	18804	32%
2005-06	146435	145743	90084	-44	15305	73815	1008	17%
2006-07	142573	151245	77509	-8887	13083	56023	17289	17%
2007-08	126912	120714	75455	-933	53925	5853	16610	71%
2008-09	336992	329024	134589	-761	104041	1479	29830	77%
2009-10	418482	411448	188819	-1700	112648	24158	53713	60%
2010-11	373591	361026	161461	710	88776	38626	33349	55%
2011-12	515990	514103	168353	180	135396	-8064	40842	80%
2012-13	490190	484450	195470	1730	146249	-173	47665	75%
2013-14	502858	496157	247852	601	163573	2557	81121	66%
2014-15	510725	495245	327191	963	206441	24000	95768	63%
2015-16	532791	527289	420670	1039	258367	27097	134167	61%
2016-17	535618	516438	534332	5229	351672	-31985	209416	66%
2017-18	591062	588668	410494	4634	344616	-32444	93688	84%
2018-19	649418	639249	462770	8604	373111	-33574	114630	81%
2019-20	933651	927553	652375	11123	488414	-32200	185037	75%
2020-21	1848655	1756236	626361	17688	560703	-32712	80682	90%

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