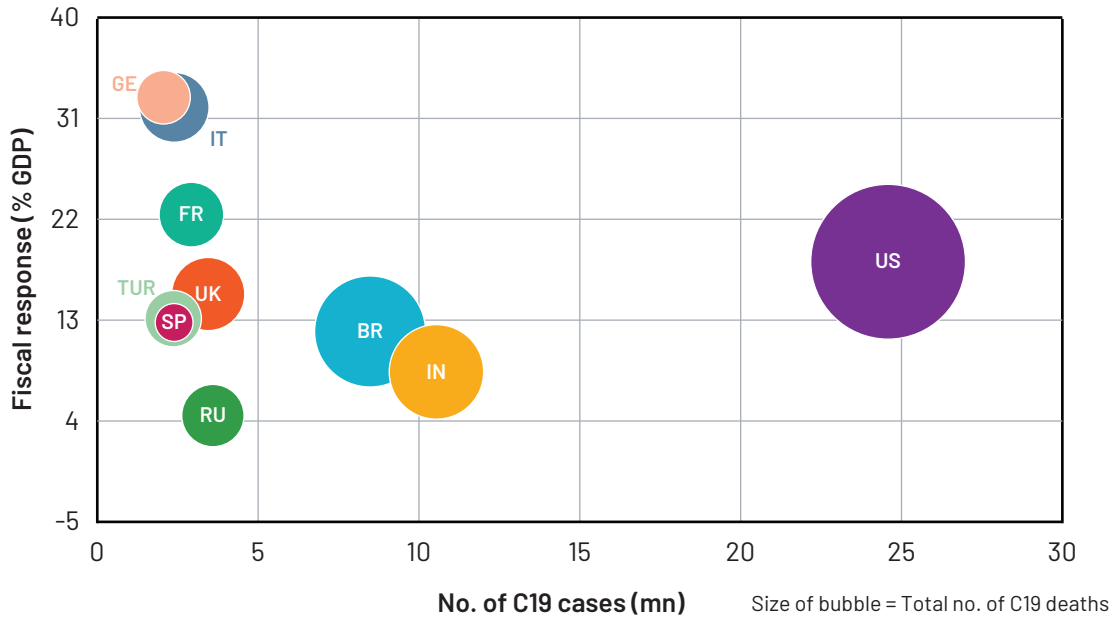


Chart 23: as the C19 outbreak affects the economy

Fiscal Response (% GDP)

Source: Worldometer (As on 09 November 2020), IMF Policy Tracker (As on 24 October 2020), Acuity Knowledge Partners

Note: Fiscal stimulus measures include tax and spending as well as loans and guarantees



- » India is in the second place (total number of C19 cases), but its fiscal stimulus has been quite limited. Direct spending amounts to 3.2% of GDP (total: 8.4%), as India lacks the fiscal space to do more
- » With fiscal measures announced until 12 November, deficit is expected to breach the government's 3.5% (of GDP) target for 2020
- » This grim fiscal situation prompted Moody's to downgrade India's rating in June 2020 and change the outlook (to Negative)
- » That said, falling C19 cases along with vaccination raises hope of post-pandemic economic recovery, thereby arresting the growth in debt and deficit