PMEAC suggests mid-year economic review

With pandemic further scuttling economy, tax collection and expenditure targets and GDP forecast need to be reset

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WITH the coronavirus situation further worsening the economic crisis, the Prime Minister’s Economic Advisory Council (PMEAC) has suggested a mid-term economic review in July to reset GDP, revenue and expenditure targets.

“There is an urgent need for mid-year review of the economy, given the fresh economic realities. The tax targets, GDP forecast, fiscal targets and expenditure all need to be readjusted. This will be a sort of mini-budget, and will help in bringing the economy back on track. Majority of members are of the same view,” said a senior PMEAC member. The official said that they have recommended announcement of this in the first week of July.

The matter was taken up during a series of virtual meetings with officials from the Prime Minister’s Office (PMO), Ministry of Finance and Ministry of Commerce and Industry last week, held under the supervision of the Prime Minister.

The finance ministry had already admitted that all the revenue, divestment and expenditure projections done in the February Budget and the expenditure target are now meaningless, given the two-month lockdown due to the pandemic situation and its devastating impact on the economy.

The Centre has announced a few measures for economic, but there is growing impatience among businesses, who have been demanding stimulus packages for the last one month.

Finance ministry officials claimed that one of the reasons for the delayed stimulus is that they are yet to assess the impact of coronavirus-induced lockdown on economy. “The assessment is still on. There have been some rejigs in portfolio and the work has been resumed. Officials are communicating with the industry and PMO on a daily basis,” a senior finance ministry official said.

Tarun Bajaj, a senior official from the Prime Minister’s Office (PMO), was recently appointed as secretary of Department of Economic Affairs under the Ministry of Finance, as the department will have a key role to play in fixing the economy. Earlier this year, TV Somanathan, who also had a stint in the PMO, was appointed as expenditure secretary.