

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION No. *196
TO BE ANSWERED ON 08 AUGUST 2023

GDP FORECAST

*196. SHRI RAGHAV CHADHA:

Will the Minister of FINANCE be pleased to state:

- (a) Whether the IMF slashed India's GDP growth forecast for financial year 2023-24 by 20 bps to 5.9 per cent;
- (b) if so, the reasons therefor;
- (c) the details of RBI's projection of economic growth for the same period;
- (d) the reasons due to which growth in the country is expected to slow down in financial year 2023-24 by 0.3 per cent point downward from January as per revised data; and
- (e) the details of the steps taken by Government to make India a 5 trillion-dollar economy and the progress made so far?

ANSWER

MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to the Rajya Sabha starred question no. 196 on “GDP forecast” raised by Shri Raghav Chadha due for answer on 08.08.2023

(a)-(d): The International Monetary Fund (IMF), in its latest World Economic Outlook (WEO) of July 2023, has revised India’s real GDP growth forecast for the financial year 2023-24 by 20 basis points (bps), raising it from 5.9 per cent (as per its April 2023 WEO) to 6.1 per cent. The positive revision is due to the momentum gained from stronger-than-expected growth in the fourth quarter of 2022-23, driven by robust domestic investment. The RBI has projected India’s real GDP to grow at 6.5 per cent in 2023-24.

(e): A series of measures have been undertaken by the Government in the past which will help the country become a USD 5 trillion economy and beyond. These include the introduction of Goods and Services Tax (GST), implementation of the Insolvency and Bankruptcy Code (IBC), reduction in Corporate Tax Rate, and rationalization of Labour Laws, among others, which have also improved the Ease of Doing Business. The Production Linked Incentive Scheme, which was initially announced as a major component of the Atmanirbhar Bharat Mission, has been expanded to cover 14 sectors, which, together with the National Infrastructure Pipeline of Projects, will boost investment and growth in the economy. The Government has recapitalised banks, merged them and strengthened their balance sheets so that bank lending can grow faster.

To promote growth, a series of measures have also been announced in the Union Budget 2023-24, including an increase in capital investment outlay for the third year in a row by 33 per cent to ₹10 lakh crore (3.3 per cent of GDP); the enhanced outlay for PM Awas Yojana, the launch of Aspirational Blocks Programme covering 500 blocks for saturation of essential government services; increase in agriculture credit target to ₹20 lakh crore with a focus on animal husbandry, dairy and fisheries; and setting up of Agriculture Accelerator Fund to encourage agri startups by young entrepreneurs in rural areas, among others. Direct capital investment by the Centre is also complemented by the provision made for the creation of capital assets through Grants-in-Aid to States. The ‘Effective Capital Expenditure’ of the Centre is budgeted at ₹13.7 lakh crore (4.5 per cent of GDP) for 2023-24. The newly established Infrastructure Finance Secretariat will assist all stakeholders for more private investment in infrastructure. Further, to improve logistics performance, one hundred critical transport infrastructure projects for last and first-mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and will be prioritised for development. On account of the above initiatives and strong macroeconomic fundamentals of the Indian economy, India became the 5th largest economy in the world in 2022-23, at current prices and exchange rates.
