

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4736
ANSWERED ON JULY 22, 2019

CONSUMPTION SLOWDOWN

4736. SHRI SRINIVAS KESINENI:

Will the Minister of FINANCE be pleased to state:

- (a) whether India is facing a consumption slowdown as reported by eminent economists of the country;
- (b) if so, whether the Government has analysed the reasons therefor; and
- (c) the steps taken by the Government to revive the domestic demand/ consumption so as to revive the economy?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) As per the provisional estimates released by National Statistical Office on 31st May 2019, the real growth of private final consumption expenditure has increased from 7.4 percent in 2017-18 to 8.1 percent in 2018-19; however, the growth in private final consumption expenditure was lower in second half of 2018-19.

(b) Economic Survey 2018-19 indicated that the moderation in growth of private final consumption expenditure in last two quarters of 2018-19 could have been on account of low farm incomes in rural areas arising from low food prices and stress in non-banking financial companies (NBFCs).

(c) Government has announced various conducive measures in Budget 2019-20 to boost domestic demand and consumption of the economy, *inter alia*, including, additional income tax deduction of Rs.1.5 lakh on the interest paid on loans taken to purchase electric vehicles, push to infrastructure, increasing the annual turnover limit from Rs 250 crore to Rs 400 crore for a lower corporate tax rate of 25 percent. During 2019-20 to 2021-22, 1.95 crore houses are proposed to be provided to the eligible beneficiaries, in the second phase of Pradhan Mantri Awas Yojana – Gramin (PMAY-G). Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities. Customs duty on certain raw materials and capital goods reduced to promote domestic manufacturing. Government has increased the scope of voluntary pension scheme for retail traders and shopkeepers to everyone with an annual turnover of less than Rs. 1.5 crore. To sustain consumption demand as well as capital formation in the economy, Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10 percent for purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs. 1 lakh crore during the current financial year. Government had expanded the cash transfer scheme “PM-Kisan” providing an income support of Rs. 6000 per year to all farmers, which was earlier limited to farmers with a land holding of less than 2 hectares.
