

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 2137

TO BE ANSWERED ON MONDAY, DECEMBER 2, 2019/ AGRAHAYANA 11, 1941

(SAKA)

'WORLD BANK'S CLASSIFICATION OF COUNTRIES BY INCOME LEVELS'

2137. SHRI JAYADEV GALLA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the World Bank's classification of countries by income levels released in July this year has placed India in the category of 'Lower Middle Income Countries' along with Pakistan, Bangladesh, Guatemala, Zambia, etc., based on the Gross National Income per capita calculation used by Atlas Method;
- (b) if so, the reasons therefor and the reaction of the Government in this regard;
- (c) whether it is true that among BRICS, India is the only country which is in the lower middle income group and if so, the details thereof;
- (d) the details of its likely impact on the lending rates and terms by World Bank and other international financial institutions which lend money to India; and
- (e) the steps taken/proposed to be taken to better India's ranking?

ANSWER

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

(a) to (e): Yes, India has been classified as a 'Lower Middle Income Country' based on World Bank's income classification of countries released in July 2019 based on GNI per capita along with Pakistan, Bangladesh, Zambia and such other countries but Guatemala is classified as an 'Upper Middle Income Country'. The World Bank classifies the world's economies into four income groups: high, upper-middle, lower-middle, and low. For the current 2020 fiscal year, low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of USD

1,025 or less in 2018; lower middle-income economies are those with a GNI per capita between USD 1,026 and USD 3,995; upper middle-income economies are those with a GNI per capita between USD 3,996 and USD 12,375; high-income economies are those with a GNI per capita of USD 12,376 or more. Because of consistent efforts of the Government, the GNI per capita has been increasing over the years from USD 1120 in 2009 to USD 2020 in 2018. The Gross National Income per capita as per World Bank Atlas method for Brazil, China, Russia and South Africa for Financial Year 2018 are USD 9,140, USD 9,470, USD 10,230 and USD 5,750 respectively. India is currently eligible for IBRD lending and falls in the lowest pricing group (Group A) of countries and thus there is currently no impact on lending rates from the World Bank and other institutions based on this income classification. The government has been taking all necessary measures to increase GNI per capita. These include introduction of Insolvency and Bankruptcy Code (IBC), implementation of Goods and Services Tax, Make-in-India programme, and continuous liberalization to boost inflows of FDI, reduction in corporate tax rates and a boost to infrastructure development.
