

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 2166
TO BE ANSWERED ON DECEMBER 2, 2019

GROWTH FORECAST

2166. SHRI ANTO ANTONY:
SHRI T.N. PRATHAPAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the international bodies like the International Monetary Fund and the World Bank, among others, have reduced their growth forecasts for India for the current fiscal;
- (b) if so, whether the Government anticipates a decline in investor sentiment as a result of this; and
- (c) if so, the steps being taken by the Government to address this?

ANSWER

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

(a): As per the World Economic Outlook (WEO), October 2019 published by IMF, India's growth forecast for 2019-20 has been revised to 6.1 percent from 7 percent forecasted in WEO update July, 2019. India remains one of the fastest growing economies amongst the G20 countries and 34 OECD countries.

(b) & (c): IMF in its report World Economic Outlook, October 2019 mentioned that the growth rate of India will pick up to 7.0 percent in 2020. During the last five years, government has implemented major reforms to build the investment climate in the country for becoming a US 5 trillion-dollar economy. Introduction of Insolvency and Bankruptcy Code (IBC) in 2016 is a significant step towards cleaning and strengthening the financial system of the country. Implementation of Goods and Services Tax in 2017 stands out as the most important measure for improving ease of doing business in the country. Make-in-India programme is a major initiative towards increasing the indigenous capacity of the country to produce world class goods and services. Continuous liberalization has resulted in record and unprecedented inflows of foreign direct investment into the country. And all along government has kept inflation low, fiscal spending disciplined and current account deficit manageable to ensure macroeconomic stability so necessary to sustaining a healthy investment climate in the country. More recently government has cut corporate tax rate from 30 percent to 22 percent to boost investment activity in the country. This complements a cut in the repo rate by 135 basis points during 2019 by the Reserve Bank of India and mandating of banks to link their lending rates with external benchmarks for reducing the cost of capital for investors. These measures would lead to a positive outlook on India and would attract capital flows and stimulate investments. India continues to offer strong prospects of growth in near and medium term for the investors.
