

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 3225
TO BE ANSWERED ON 09.12.2019

ECONOMIC GROWTH FORECAST

3225. PROF. SAUGATA RAY:

Will the Minister of FINANCE be pleased to state:

- (a) whether Moody's Investors Service slashed India's Economic Growth Forecast to 5.6 per cent for 2019;
- (b) if so, the details thereof;
- (c) the reasons for slashing the growth rate by Moody's;
- (d) whether the Government's actions are not proper to address the widespread weakness in consumption demand; and
- (e) if so, the details of steps being taken to address the issue?

ANSWER

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

(a) & (b) Moody's Investor Service has forecasted India's GDP growth at 5.6 per cent for 2019 with the expectation that economic activity will pick up in 2020 and 2021 to 6.6 percent and 6.7 percent, respectively. India's potential growth rate remains unchanged and assessment by IMF and other multilateral organizations continue to underline a positive outlook on India.

(c) As per Moody's report the reasons are slowdown in consumption demand and investment activity.

(d) & (e) Government has announced various measures on a continuous basis to boost overall growth and consumption in the economy. These inter-alia include deduction of additional income tax of Rs. 1.5 lakh on the interest paid on loans taken to purchase electric vehicles; Greater focus of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on the distressed districts of the country; More support for retail lending by strengthening of Non-banking Financial Companies and Housing Finance Companies through partial credit guarantee scheme; Infusion of Rs. 70,000 crores into public sector banks to improve liquidity in the market and approval of a realty fund worth Rs. 25,000 crore for stalled housing projects. 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. To boost rural consumption, Government had expanded the cash transfer scheme Pradhan Mantri Kisan Samman Nidhi (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. In addition, introduction of voluntary pension scheme for small and marginal farmers along with retail traders and shopkeepers is expected to increase their income security and consumption.
