GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. 106
TO BE ANSWERED ON FEBRUARY 10, 2020

ECONOMIC GROWTH FORECAST

*106. SHRI ABDUL KHALEQUE:
PROF. SAUGATA RAY:

Will the Minister of FINANCE be pleased to state:

(a) the sectors which have taken the hit of the sliding growth rate;

(b) whether the Government proposes to share its plan to arrest the slide of growth rate;

(c) whether the International Monetary Fund (IMF) has recently slashed India's growth forecast to 4.8 per cent and if so, the reaction of the Government thereto;

(d) whether the projection of IMF is likely to cause stress in the non-bank financial sector and weak rural income growth and if so, the details thereof; and

(e) the manner in which the Government proposes to steer the economy on a growth path?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

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

STATEMENT REFERRED TO IN REPLY TO THE
LOK SABHA STARRED QUESTION NO. 106
BY SHRI ABDUL KHALEQUE AND PROF. SAUGATA RAY
DUE FOR ANSWER ON FEBRUARY 10, 2020

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(a) to (e): India's growth trajectory over the period 2014-15 to 2018-19 is characterized by macroeconomic stability with real GDP growth averaging 7.4 per cent. As per National Statistical Office's First Advance Estimates of National Income, 2019-20, India's real GDP is estimated to grow at 5.0 percent in 2019-20. World Economic Outlook Update (January 2020) published by the International Monetary Fund (IMF) has revised India's GDP growth rate to 4.8 per cent in 2019. This revision in growth may not cause any stress in the Non-Banking Financial Companies (NBFCs) sector as NBFCs are well capitalized.

The moderation in India's growth coincides with a deceleration in growth of global output, as estimated by IMF, in recent years. IMF has projected India's GDP growth to pick up to 5.8 per cent in 2020. Economic Survey 2019-20 has also projected a pick-up in India's growth in the range of 6.0 per cent to 6.5 per cent in 2020-21. RBI's Sixth Bi-Monthly Monetary Policy Statement, 2019-20 has also projected GDP growth of 6.0 per cent for 2020-21.

Government has implemented several major structural reforms in recent years to bolster investment and growth. These, *inter-alia*, include Insolvency and Bankruptcy Code (IBC) to strengthen the financial system, Goods and Services Tax (GST) to simplify the indirect taxation regime, Make-in-India programme to boost domestic manufacturing capacity, liberalization of Foreign Direct Investment (FDI) and Jan Dhan-Aadhaar-Mobile (JAM) Trinity towards greater transparency, efficiency and financial inclusion. Recently, the corporate tax rate has been cut to 15 per cent for new domestic manufacturing companies, which is amongst the lowest in the world. In December 2019, the government has announced the ₹103 lakh crore National Infrastructure Pipeline which would significantly boost infrastructure and spur growth impulses in the economy. Union Budget 2020-21 has also announced a number of measures to support broad-based and inclusive economic development. These, *inter-alia*, include rationalization of personal income tax rates to support domestic demand, a 16-point action plan for holistic development of the agriculture sector and critical measures to boost infrastructure and rural spending. The improvement in growth and the measures announced in the Union Budget 2020-21 are expected to further strengthen the non-bank financial sector and promote rural income growth.

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