GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**
**UNSTARRED QUESTION NO. 1222**
TO BE ANSWERED ON FEBRUARY 10, 2020

**GROWTH FORECASTS BY INTERNATIONAL BODIES**

1222. SHRI VASANTHAKUMAR H.:
SHRI A. RAJA:
SHRI PRADYUT BORDOLOI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that 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, the details thereof and the reasons therefor;
(c) whether there is a sharper-than-expected slowdown in local demand and stress in the non-bank financial sector and if so, the details thereof;
(d) whether the Government anticipates a decline in investor sentiment as a result of this and if so, the details thereof; and
(e) the measures taken by the Government to raise India's economic growth and address its adverse impact in all spheres?

**ANSWER**

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

(a) & (b): World Economic Outlook Update (January 2020) published by International Monetary Fund (IMF) has estimated India's Gross Domestic Product (GDP) growth rate at 4.8 per cent in 2019. The World Bank in its Global Economic Prospects published in January 2020 has estimated India's GDP growth rate at 5 per cent in 2019. The moderation in the growth rate of GDP coincides with a deceleration in growth of global output from 3.6 percent in 2018 to 2.9 percent in 2019 as estimated by IMF. As per IMF and World Bank, India's GDP growth is projected to pick up to 5.8 per cent in 2020-21.
(c): As per the first revised estimates published by National Statistical Office (NSO), the growth of private consumption expenditure was estimated at 7.2 per cent in 2018-19. The growth of private consumption expenditure is projected at 5.8 percent in 2019-20 as per the first advance estimates of GDP. The Financial Stability Report December 2019 by Reserve Bank of India (RBI) estimates that the gross Non Performing Asset (NPA) ratio of the Non-Bank Financial Companies (NBFC) sector increased slightly from 6.1 per cent as at end March 2019 to 6.3 per cent as at end September 2019. The NBFCs are however well capitalised with a Capital to Risk Weighted Assets Ratio (CRAR) of 19.5 per cent in September 2019, well above the prescribed norm of 15 per cent. The Government and the RBI have taken several measures to strengthen the sector.
(d) & (e): The Government anticipates an improvement in investor sentiment as a result of several measures taken 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.

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