GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1778
TO BE ANSWERED ON 02.03.2020

FALLING GDP

†1778. SHRI RAJAN VICHARE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is true that India's falling GDP is responsible for the world recession and if so, the details thereof;
(b) whether the Government has taken any significant steps to overcome the economic slowdown and if so, the details thereof;
(c) whether any steps have been taken by the Government to stop the rising inflation and if so, the details thereof;
(d) whether the Government is going to take more money from the Reserve Bank of India again and if so, the details thereof;
(e) the details of money paid by India in the last one year as the World Bank loan;
(f) the amount of loan which India has taken from a foreign country or institution in the last one year along with the rate of interest; and
(g) whether the Government has taken any step to stop the increasing NPA of LIC and if so, the details thereof?

ANSWER

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

(a): 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, significantly higher than that of any comparable peer, both among advanced and emerging market economies. As in other major economies, India's Gross Domestic Product (GDP) growth also correlates with the growth of global output. As per World Economic Outlook Update of January 2020 published by IMF, world output growth is estimated to grow at its slowest pace of 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. The recent moderation in India's growth coincides with a deceleration in growth of global output. World Economic Outlook Update of January 2020 has projected the growth of Indian economy to increase to 5.8 per cent in 2020 expecting India to contribute significantly to an eventual pickup in the growth of world output.

(b): 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 Rs.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 economy.

(c): The recent spike in CPI-C inflation is mainly on account of temporary increase in food price inflation. Government has taken various measures from time to time to stabilize prices of essential food items which, *inter-alia*, include appropriately utilizing trade and fiscal policy instruments like import duty and export management through instruments like Minimum Export Price, export restrictions, etc. to regulate domestic availability and moderate prices; imposition of stock limits and advising States for effective action against hoarders & black marketers. Government is implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities and has taken several measures recently to control prices of onions and pulses.

(d): An aggregated amount of Rs. 1,75,987.72 crore as surplus funds has been transferred from RBI to the Government. While accounted for Non-tax revenue receipts, Rs. 28000 crore was taken in 2018-19 as interim dividend and the balance of Rs. 1,47,987.72 crore in 2019-20. The transfer of surplus in 2019-20 was as per the recommendations of the Bimal Jalan Committee. In the BE 2020-21, an amount of Rs. 72000 crore has been included. The final surplus transfer is subject to approval of the Central Board of Directors of RBI.

(e): Repayment of loans to World Bank (International Bank for Reconstruction & Development, and International Development Association) during 2018-19 and 2019-20 is given below.

Repayment of Government Loans from 2018-19 (Rs. crore)

	2018-19	2019-20
Total	19120.17	18071.38

Note: Data for 2019-20 is upto 24/02/2020 and for 2018-19 is provisional

Interest Payment of Government Loans from 2018-19 (Rs. crore)

	2018-19	2019-20
Total	0.35	0.37

Note: Data for 2019-20 is upto 25/02/2020 and for 2018-19 is provisional

(f): Utilization of loan (drawdown) from foreign countries/institution during 2018-19 and 2019-20 is given in Annexure I. Details of interest rates are given in Annexure II.

(g): Non-Performing Assets (NPAs) are under close observation of LIC and necessary efforts are being taken towards identification of stress in debt, management of stress and resolution of NPAs under the Stressed Assets Cell set up at LIC Central Office in FY 2018-19. As per RBI's recent circular dated 7th June 2019 on "Resolution of Stressed Assets", LIC is part of the Inter-Creditor Agreement for Resolution of Stressed Assets in line with Banks and other Financial Institutions.

Annexure I

Utilisation of Government Loans From 2018-2019 To 2019-2020

(in thousands)

Donor	Loan Currency	2018-2019	2019-2020
Asian Development Bank			
	USD	14,57,587.64	16,18,526.58
	INR	1023,29,173.56	1165,86,241.54
Asian Infrastructure Investment Bank			
	USD	1,75,698.37	1,11,963.70
	INR	122,00,513.50	79,10,842.49
European Investment Bank			
	EUR	1,00,000.00	1,50,000.00
	INR	79,85,480.00	118,99,965.00
Germany			
	EUR	2,18,226.95	1,44,632.24
	INR	176,06,202.20	113,35,985.68
France			
	EUR	1,21,056.12	1,69,293.00
	INR	97,76,619.74	132,56,403.79
Japan			
	JPY	2229,44,876.47	1537,01,827.95
	INR	1405,44,685.85	1097,30,249.20
Russian Federation			
	USD	5,05,186.54	2,39,102.25
	INR	356,13,454.36	168,79,122.87
International Bank for Reconstruction and Development			
	USD	11,40,071.91	20,56,994.06
	INR	790,81,306.58	1456,88,620.89
International Development Association			
	USD	3,62,321.32	3,46,593.60
	INR	252,22,199.14	252,53,660.61
International Development Association			
	XDR	3,58,869.70	3,87,982.51
	INR	348,24,211.85	378,69,054.03
I F A D			
	USD	9,131.47	13,743.84
	INR	6,20,809.26	9,70,129.59
I F A D			
	XDR	22,644.47	32,338.73
	INR	22,02,829.66	32,32,052.97
New Development Bank			
	USD	1,40,017.37	2,31,508.71
	INR	98,07,474.27	168,48,682.03
Grand Total (INR)		**4778,14,959.95**	**5174,61,010.67**
Note : Data for current financial year (2019-2020) upto 24/02/2020 . Provisional 2018-2019,2017-2018			
(i) Loan Currencies can not be summarized as they are in different currencies. However the summary in loan currencies is as under :			
Grand Total (USD)		37,90,014.62	46,18,432.74
Grand Total (EUR)		4,39,283.07	4,63,925.25
Grand Total (JPY)		2229,44,876.47	1537,01,827.95
Grand Total (XDR)		3,81,514.17	4,20,321.24

Source: Aid Accounts and Audit Division of Department of Economic Affairs, Ministry of Finance

Annexure II

Summary of Terms and Conditions of external Agencies (Loans/Credits)

S. No.	Donor	Currency	Type of Loan/Credit	Rate of Interest
1	Asian Development Bank (ADB)	USD	Variable	6 Month USD LIBOR + Fixed Spread (0.40 to 0.60)+ maturity premium
2	International Development Association (IDA)	SDR	Fixed	Service Charges - 0.75% p.a. (Loans signed upto June, 2011)
			Fixed	Service Charges - 0.75% p.a. plus Interest-1.25% p.a. (Credits signed from July 2011 to June 2015)
			Fixed	Hard Terms IBRD Lending rate less 200 basis points plus Service Charges - 0.75% p.a.
		USD	Variable	6 Month USD LIBOR + Fixed Spread (Credits signed after June 2015)
3	International Bank for Reconstruction and Development (IBRD)	USD	Variable	6 Month USD LIBOR + Variable Spread+ maturity premium
4	Japan (JICA)	JPY	Fixed	General Terms - 1.40% p.a. (Standard Rate). Preferential Terms - 0.65% p.a. Consultancy Services - 0.01% p.a.
5	Germany (KFW)	Euro	Fixed	Treasury 0.75%
			Fixed	Bank 1.81% p.a. to 2.49% p.a.
			Variable	6 Month EURO EURIBOR + Fixed Margin
6	France	Euro	Variable	6 Month EURO EURIBOR + Fixed Margin
7	International Fund for Agricultural Development (IFAD)	SDR	Fixed	Interest rate:1.25% plus a Service Charges - 0.75 % p.a.
8	Russian Federation	USD	Fixed	4% p.a.
9	Asian Infrastructure Investment Bank (AIIB)	USD	Variable	6 Month USD LIBOR + Fixed Spread
10	New Development Bank (NDB)	USD	Variable	6 Month USD LIBOR + Fixed Spread
11	European Investment Bank (EIB)	Euro	Variable	6 Month Euro EURIBOR + Fixed Spread

Note: Commitment Charges are charged on undisbursed balances of committed loans amount.
SDR - Special Drawing Rights

Source: Aid Accounts and Audit Division of Department of Economic Affairs, Ministry of Finance

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