

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 911
TO BE ANSWERED ON FEBRUARY 7, 2022

INDIAN ECONOMY

911. DR. T.R.PAARIVENDHAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is true that India is likely to be ranked Asia's second largest economy by the year 2020 when its GDP is also projected to surpass that of Germany and UK as per the recent report of IHS Markit which is a US based global leader in information and analytics of major industries and markets worldwide report;
- (b) if so the details thereof;
- (c) whether it is also true that India is currently the sixth largest economy in the world; and
- (d) if so, the steps taken or to be taken by the Government to achieve the IHS Markit's expectations?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a)& (b): As per the IHS Markit report published on 7th January 2022, "India's nominal GDP measured in USD terms is forecast to rise from USD 2.7 trillion in 2021 to USD 8.4 trillion by 2030. This rapid pace of economic expansion would result in the size of the Indian GDP exceeding Japanese GDP by 2030, making India the second largest economy in the Asia-Pacific region. By 2030, the Indian economy would also be larger in size than the largest Western European economies, notably Germany, France and the United Kingdom".

(c): As per the IMF's World Economic Outlook Database (October 2021), India is 6th largest economy in the world, in terms of GDP at current prices (in USD).

(d): Government has implemented several major reforms in recent years to boost investment and GDP growth. These include Insolvency and Bankruptcy Code (IBC); recapitalization of banks; roll out of Goods and Services Tax (GST); Make-in-India programme; liberalization of Foreign Direct Investment (FDI); cut in the corporate tax rate; and making of National Infrastructure pipeline of projects worth more than Rs.100 lakh crore. Enhancing of support under Direct Benefit Transfers (DBT) mission protected the poor.

In FY 2020-21, as a major part of its policy response to the pandemic, Government, while providing a safety net to the vulnerable sections of the society, implemented several structural reforms to strengthen private sector investment. These include change in definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in defence and space sector, development of Land Bank and Industrial Information System, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivizing States to undertake sector reforms among others. Emergency Credit Line Guarantee Scheme

(ECLGS) was launched to provide collateral free guaranteed loans for business enterprises in various sectors affected by COVID-19.

Following the announcements in the Union Budget 2021-22 further, capital expenditure of the government was significantly enhanced along with more than doubling of health budget. To enhance India's manufacturing capabilities and exports, an outlay of about Rs. 2 lakh crore was announced for Production Linked Incentive (PLI) schemes covering 14 key sectors of manufacturing. Government also announced a relief package of Rs 6.29 lakh crore in June 2021 to strengthen public health and provide impetus for growth and employment measures.

Continuing with the growth supportive measures, Union Budget 2022-23 has announced a 35.4 per cent increase in outlay of capital expenditure, PM GatiShakti National Master Plan for seamless multimodal connectivity and logistics efficiency, expansion of guarantee cover for MSME, infusion of funds in Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme, programme for Raising and Accelerating MSME Performance (RAMP), human capital formation through universalization of quality education and establishment of Digital University, Ease of Doing Business 2.0 reforms, Urban Development, Export Promotion, Clean & Sustainable Mobility, Extension of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore to total cover of Rs 5 lakh crore, among others.
