(a) whether International Rating agencies have indicated higher economic growth rate for the Indian economy;
(b) if so, the details thereof; and
(c) the various economic measures initiated by the Government to stabilize inflation, improve the regulatory environment, increase infrastructure investment, lower fiscal deficit and kickstart export growth and investment along with the outcome thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a & b): Credit rating agencies like Dominion Bond Rating Services (DBRS), Fitch and Moody's are optimistic about the growth prospects for the Indian economy. As per the DBRS report of 5.11.2015, in the near term, growth is set to gradually accelerate in an environment characterized by low inflation and sound external account. As per the Fitch ratings report of 4.12.2015, India's positive GDP growth outlook stands out globally. Fitch forecasts India's real GDP growth to increase to 7.5 per cent in 2015-16 and 8.0 per cent in 2016-17, supported by the government's capital spending and gradual implementation of broad-based structural reforms.

(c): The Government of India has taken various initiatives to accelerate investment in general, and infrastructure investment in particular, which include; fillip through higher public investment and fiscal incentives; reforms and liberalization of foreign direct investment in important sectors; Skill India and Digital India initiatives; measures to de-bottleneck the supply of key raw-materials like coal; "Make in India" initiative along with the attendant facilitatory measures for a more conducive environment for investment; launching of Micro Units Development and Refinance Agency Ltd. (MUDRA); and, measures to improve clarity and transparency in economic policy-making. Government has been following a policy of progressive reduction in fiscal deficit with focus on expenditure reforms including plugging of leakages in public delivery and direct benefit transfer and rationalization of tax structure. The Government's measures to curb inflation, particularly food inflation, *inter alia,* include: measures to increase the domestic availability of pulses; ban on export of selected pulses; suspension of the future trading in urad and tur; freedom to import pulses without quantitative restrictions and reduction in the import duty on pulses; operationalizing Price Stabilisation Fund (PSF) Scheme and, buffer stocking of pulses. To promote exports, the five-year Foreign Trade Policy (FTP) 2015-20 was announced on April 1, 2015 which complements the initiatives like 'Make in India', 'Digital India' and 'Skills India' through a framework that harmonizes incentive structure for exports, promotes domestic value addition and trade facilitation with enhanced ease of business as the key focus areas.

These measures have resulted in an increase in the growth rate of GDP at constant market prices from 7.0 per cent in the first quarter (Q1) of 2015-16 to 7.4 per cent in the second quarter (Q2) of 2015-16. Similarly, the growth rate of fixed investment increased from 4.9 per cent in Q1 of 2015-16 to 6.8 per cent in Q2 of 2015-16. The headline WPI inflation declined from 6 per cent in 2013-14 to 2 per cent in 2014-15 and further to (-) 3.5 per cent in 2015-16 (April-October). Inflation measured in terms of Consumer Price Index (New series) also declined to 5.9 per cent in 2014-15 from around 9-10 per cent in the previous two years. It declined further to 4.6 per cent in 2015-16 (April-October). Fiscal deficit during April-October 2015 has been Rs. 411246 crore, which is lower than the level of Rs.475751 crore recorded during the corresponding period of the previous year. During 2015-16 (April-October), trade deficit decreased to US$ 77.8 billion as against US$ 86.3 billion in the corresponding period of previous year. The initiatives of the Government to improve the regulatory framework and strengthen regulatory bodies are contributing to improvement in the financial and economic outcomes.

*****