(a) whether the Government is aware of the observation made by the Moody's Investors Service that India's GDP growth over the next two years will be challenged by lacklustre global demand and high leverage levels in some corporate sectors;
(b) if so, the details thereof and the reaction of the Government thereto; and
(c) the corrective steps the Government is taking to deal with situation?

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b): Moody's Investors Service has observed that India's GDP growth over the next two years would be challenged by lacklustre global demand and high leverage in some corporate sectors. However, the Moody's report has also observed that India's medium-term potential would be supported by the gradual implementation of further targeted policy reforms, improving the business environment, state of infrastructure and productivity growth. They have also mentioned that the effect of the United Kingdom's majority vote to leave the European Union on India's financial markets would be limited and that India is not significantly exposed to a potential sharp fall in capital flows to emerging markets.

From time to time, research organizations and international organizations and rating agencies do bring out their analysis of India's growth prospects which Government of India takes note of, and, useful recommendations, if any, are used as policy inputs. Despite the unfavorable global demand conditions that led to a sharp decline in India's exports, and, the presence of stressed corporate debt in certain sectors, growth of the Indian economy accelerated from 7.2 per cent in 2014-15 to 7.6 per cent in 2015-16 on the strength of India's domestic demand. The focus of the Government on growth-promoting economic reforms and its commitment to improve the ease of doing business and investment is likely to combat the adverse spillovers from global slowdown and other domestic constraints. The fact that the Gross Foreign Direct Investment inflows were the highest at US Dollar 55.5 billion in 2015-16 indicates positive global investor sentiments towards the Indian economy. In 2016-17, the data available for April-May indicates a continuance of robust inflows.

(c): The Government of India has taken various initiatives to boost the growth of the economy which, *inter alia*, include; fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; substantive reforms and liberalization of foreign direct investment in major sectors; measures to debottleneck the supply of key raw materials; Skill India and Digital India initiatives; “Make in India” initiative along with the attendant facilitatory measures for a more conducive environment for investment; and, the new insolvency and bankruptcy related legislation. Measures like the Start-up India Initiative to boost entrepreneurship and creation of jobs; “Stand Up India Scheme” to promote entrepreneurship among SC/ST and women entrepreneurs; boost to agricultural sector with focus on micro irrigation, watershed development, soil conservation and credit; and, various measures to improve clarity and transparency in economic policy-making; are also likely to promote growth.

In order to deal with the problem of stressed corporate debt, the Government has taken specific measures to address issues in sectors such as power, roads, steel and textiles. The Government has also approved the establishment of six new Debt Recovery Tribunals to speed up the recovery of bad loans of the banking sector. RBI has also undertaken steps which include: formation of Joint Lenders' Forum for revitalizing stressed assets in the system; Flexible Structuring for long term project loans to infrastructure and core industries; and, Strategic Debt Restructuring scheme. The Government has recently issued advisory to banks to take action against guarantors in the event of default by borrowers, under sections of relevant Acts.

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