

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 192
TO BE ANSWERED ON NOVEMBER 18, 2019

IMPACT OF ECONOMIC SLOWDOWN

192. SHRI RAHUL RAMESH SHEWALE:
SHRI BHARTRUHARI MAHTAB:

Will the Minister of FINANCE be pleased to state:

- (a) whether the International Monetary Fund (IMF) is of the opinion that the effect of global economic slowdown will be more pronounced in some of the emerging market economies like India;
- (b) if so, the details thereof along with the reaction of the Government thereto;
- (c) whether the Government has conducted any study to ascertain the impact of such economic slowdown on growth rate and the livelihood of common man in the country;
- (d) if so, the details and outcome thereof and if not, the reasons therefor; and
- (e) the steps taken/being taken by the Government to mitigate the effects of economic slowdown, to boost the growth rate and to protect the livelihood of common man in the country?

ANSWER

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

(a) & (b): The World Economic Outlook – October 2019, released by International Monetary Fund mentions that over the past year global growth has fallen sharply. It states “The slowdown in activity has been even more pronounced across emerging market and developing economies, including Brazil, China, India, Mexico, and Russia, as well as a few economies suffering macroeconomic and financial stress.” India’s GDP growth rate in 2018-19 was one of the highest among the major economies in the world. Detailed growth rates of various countries as published by IMF can be seen at Annexure.

(c) & (d): No specific study has been done in this regard. Government however is aware that global economic slowdown impacts a country’s economy through lowering of its export growth and reduced inflow of foreign direct investment. Over the last two years, India’s export growth has been moderate and accordingly government has implemented various measures to promote exports. On the other hand, inflow of FDI in India has been increasing through continuous liberalization of FDI Policy.

(e): Government is committed to boosting the economic growth and welfare of the people. To this end various measures are announced on a continuous basis. Recent measures *inter alia*, include, further liberalization of Foreign Direct Investment policy, reduction of the base corporate tax from 30 percent to 22 percent, merger of 10 public sector banks into four entities, infusion of Rs. 70 thousand crores into public sector banks to improve liquidity in the market, deduction of additional income tax of Rs. 1.5 lakh on the interest paid on loans taken to purchase electric vehicles, reduction of GST rate on electric vehicles from 12 percent to 5 percent and relaxation of ECB guidelines for affordable housing. Measures announced to boost exports include, extending the scheme of reimbursement of taxes and duties for export promotion replacing MEIS to incentivize exporters, fully automated electronic refund for Input Tax Credits (ITC) in GST, expanding the scope of Export Credit Insurance Scheme (ECIS) by Export Credit Guarantee Corporation (ECGC), revised priority sector lending norms for exports credit. The Union budget 2019-20 further aims to provide a push to infrastructure development with the intention to invest Rs. 100 lakh crore in infrastructure over the next five years and by restructuring of National Highway Programme. Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster

based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities. Government has expanded the cash transfer scheme “PM-Kisan” to provide an income support of Rs. 6000 per year to all farmers, which was earlier limited to farmers with a land holding of less than 2 hectares.

Annexure

Table 1.1. Overview of the <i>World Economic Outlook</i> Projections			
<i>(Percent change, unless noted otherwise)</i>			
	Projections		
	2018	2019	2020
World Output	3.6	3.0	3.4
United States	2.9	2.4	2.1
Germany	1.5	0.5	1.2
France	1.7	1.2	1.3
Italy	0.9	0.0	0.5
Spain	2.6	2.2	1.8
Japan	0.8	0.9	0.5
United Kingdom	1.4	1.2	1.4
Canada	1.9	1.5	1.8
China	6.6	6.1	5.8
India	6.8	6.1	7.0
Russia	2.3	1.1	1.9
Brazil	1.1	0.9	2.0
Mexico	2.0	0.4	1.3
Saudi Arabia	2.4	0.2	2.2
Nigeria	1.9	2.3	2.5
South Africa	0.8	0.7	1.1
