

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. 5
TO BE ANSWERED ON NOVEMBER 18, 2019

INCREASE IN INVESTMENT

*5. SHRI K. NAVASKANI:
SHRI BALUBHAU *ALIAS* SURESH NARAYAN DHANORKAR:

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for the slump in the Gross Domestic Product (GDP) to an all time low of 5 per cent in the April-June quarter; and
- (b) the steps taken by the Government to ensure an increase in investment in India?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (b) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 5
BY SHRI K. NAVASKANI AND SHRI BALUBHAU *ALIAS* SURESH NARAYAN DHANORKAR
DUE FOR ANSWER ON NOVEMBER 18, 2019**

(a) As per the National Statistical Office (NSO), GDP growth on average was 7.5 percent in 2014-19, which is the highest amongst G-20 countries. The World Economic Outlook (WEO) of October 2019, projects a significant slowdown in world output and trade in 2019. Yet India, despite some recent deceleration of GDP growth, is still projected by WEO to grow at the fastest rate in 2019-20 among G-20 countries. Government has been taking several measures to address moderate levels of fixed investment rate in the economy, plateauing of private consumption rate and a modest export performance, with a view to increasing the GDP growth of the country.

(b) During the last five years, government has implemented major reforms to build the investment climate in the country for becoming a US 5 trillion-dollar economy. Introduction of Insolvency and Bankruptcy Code (IBC) in 2016 is a significant step towards cleaning and strengthening of the financial system of the country. Implementation of Goods and Services Tax in 2017 stands out as the most important measure for improving ease of doing business in the country. Make-in-India programme is a major initiative towards increasing the indigenous capacity of the country to produce world class goods and services. Continuous liberalization has resulted in record and unprecedented inflows of foreign direct investment into the country. And all along government has kept inflation low, fiscal spending disciplined and current account deficit manageable to ensure macroeconomic stability so necessary to sustaining a healthy investment climate in the country. More recently government has cut corporate tax rate from 30 percent to 22 percent to boost investment activity in the country. In particular, the corporate tax rate has been cut to 15 percent for new domestic manufacturing companies which is amongst the lowest in the world. This

complements a cut in the repo rate by 135 basis points during 2019 by the Reserve Bank of India and mandating of banks to link their lending rates with external benchmarks for reducing the cost of capital for investors.
