

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 10**  
TO BE ANSWERED ON NOVEMBER 18, 2019

ECONOMIC SLOWDOWN

10. SHRI ANTO ANTONY:  
SHRI SANJAY JADHAV:  
SHRI PRASUN BANERJEE:

Will the Minister of Finance be pleased to state:

- (a) the details of the assessment made by the Government regarding the value of Indian currency during the last three years and the current year along with the findings thereof;
- (b) whether the value of Indian currency has gone down to its lowest level during the said period and if so, the reasons therefor;
- (c) whether the country is facing an economic slowdown and if so, the details thereof and the reasons therefor along with its impact on the industries and job market and the remedial steps taken and achievement made in this regard;
- (d) whether the Government has pumped money into the economy and if so, the details thereof including the total amount pumped into the economy during the last six months;
- (e) whether this intervention has helped the economy to improve and if so, the details thereof;
- (f) whether the Government has given any direction / requested information from the public and private sector banks to improve economic growth and if so, the details thereof; and
- (g) the details of inputs that were considered before announcing the cut in corporate tax?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) & (b) The average exchange rate of Indian Rupee vis-à-vis US Dollar during the last three years and the current year is given in Table 1.

2016-17	2017-18	2018-19	2019-20 (April to October)
67.1	64.5	69.9	70.2

The exchange rate of Indian Rupee vis-à-vis US Dollar stood at 74.38 as per Financial Benchmark India Private Ltd. (FBIL) reference rate on October 11, 2018, which was the lowest level during the period. The exchange rate of Indian Rupee vis-à-vis other foreign currencies is market determined and, therefore, it depends on the demand and supply of foreign currencies in the foreign exchange market. The rupee witnessed a general depreciating trend in 2019 due to rising crude oil prices and poor sentiment towards emerging market economies on account of international trade concerns and global slowdown.

(c) As per the data available from National Statistical Office (NSO), growth of real GDP at constant (2011-12) prices was 5 percent in the first quarter (April-June) of 2019-20 as compared to 6.8 percent in 2018-19. Among several reasons, the recent deceleration in GDP growth may be attributed to moderate levels of fixed investment rates, plateauing of private consumption rate, modest export performance and lower growth in manufacturing sector.

Government has taken several steps to boost the economic growth. The key measures, *inter-alia* include reduction of corporate tax rate from 30 percent to 22 percent to encourage investment in the economy; extension of PM Kisan scheme to all farmers for boosting rural consumption; merger of 10 public sector banks into four entities; setting up of a Realty fund worth Rs. 25,000 crore for financing stalled housing projects; and introducing the scheme for Remission of Duties or Taxes on Export Product for promoting exports. Besides, the Reserve Bank of India (RBI) has cut the repo rate by 135 basis points between February and October, 2019 for reducing the lending rates of banks with a view to encouraging investment in the economy. RBI has further mandated banks to link their lending rates to external benchmark including the repo rate for lowering the lending rates.

Employment generation coupled with improving employability of the youth is the priority concern of the Government. Government has taken various steps for generating employment in the country, including encouraging private sector of the economy, increasing public expenditure on flagship schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) scheme, Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM), Pradhan Mantri Rojgar Protsahan Yojana (PMRPY). Government has also taken a number of legislative initiatives to reform the labour laws during the last four years. These include amendments to the Payment of Bonus Act 1965, Payment of Wages (Amendment) Act 2017, Child Labour (Prohibition and Regulation) Amendment Act 2016, Maternity Benefit Amendment Act 2017, the Employee Compensation (Amendment) Act and notification of Fixed Term Employment under Industrial Employment (Standing Orders) Act, 1946.

(d) & (e) As per the monthly accounts available from Controller General of Accounts, the total expenditure of Central Government was Rs. 14,88,619 crore during April-September 2019. The economic growth of a country depends on a number of factors including structural, external, fiscal, monetary, other domestic factors including spending by government.

(f) Following the recent announcement made by Hon'ble FM on 23.08.2019 regarding credit expansion through Public Sector Banks (PSBs), capital worth Rs. 60,314 crore has been infused into PSBs. To further aid credit expansion, Government has announced merger of 10 public sector banks into four entities through strengthening of their balance sheets.

(g) Among several considerations before announcing the cut in corporate tax, the key understanding was that many countries, the world over, had reduced corporate income tax to attract investment and create employment opportunities, thus, necessitating implementation of similar measures in the form of reduction of corporate income tax payable by domestic companies in order to make Indian industry more competitive.

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