

Steep decline in economic growth rate

2432. SHRI RAVI PRAKASH VERMA: Will the Minister of FINANCE be pleased to state:

- (a) whether as per the recent estimate by State Bank of India, country's GDP is likely to be 4.2% during second quarter of 2019-20;
- (b) if so, the details thereof;
- (c) the reasons for steep decline in growth rate;
- (d) whether rating agency Moody's has forecasted 5.2% growth rate for the year and have downgraded country's economic outlooks to negative; and
- (e) if so, the response of Government thereto and the details of steps Government would take in this regard to ameliorate the declining trend in GDP?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) and (b) The official estimates released by the National Statistical Office on 29th November 2019, estimate the growth rate of GDP at constant (2011-12) market prices for Q2 of 2019-20 at 4.5 per cent.

(c) The deceleration in the growth rate of GDP coincides with a deceleration in growth of global output from 3.6 per cent in 2018 to 3.0 per cent in 2019 as estimated in the World Economic Outlook (WEO), October 2019 published by International Monetary Fund (IMF). Declining investment rate in India arising out of twin balance sheet problem of banks and corporates, which emerged in 2013-14, is mainly responsible for deceleration in GDP growth rates.

(d) Moody's Investor Service has forecasted India's GDP growth at 5.6 per cent for 2019 with the expectation that economic activity will pick up in 2020 and 2021 to 6.6 per cent and 6.7 per cent, respectively. Moody's Investors Service has changed the outlook on India's ratings to negative from stable while keeping the foreign-currency and local-currency long-term issuer ratings unchanged at Baa2.

(e) Government has noted the observations made in WEO October 2019 highlighting that India's potential growth rate remains unchanged. Government has further noted the assessment by IMF and other multilateral organizations which continue to underline a positive outlook on India.

Government is committed to boosting the economic growth and welfare of the people. To this end various measures are announced on a continuous basis. Introduction of Insolvency and Bankruptcy Code (IBC) in 2016 is a significant step towards cleaning and strengthening 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 per cent to 22 per cent to boost investment activity in the country. In particular, the corporate tax rate has been cut to 15 per cent 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. Government has also extended PM Kisan scheme to include all farmers, which will boost rural consumption.

Privatization of BPCL and NRL

2433. SHRI RIPUN BORA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government proposes to privatise Bharat Petroleum Corporation Limited (BPCL);
- (b) if so, the details thereof and the reasons therefor;
- (c) the time-frame by which this proposal would be implemented;
- (d) whether Numaligarh Refinery Limited (NRL) would also be privatised accordingly since BPCL has 61.65 per cent stake in the refinery; and
- (e) the measure taken by Government to protect the interest of NRL which is also called "Assam Accord Refinery"?