

(c) No, Sir. There is no proposal to remove the PSU tag for such undertakings.

(d) Yes, Sir. Such companies shall continue to be covered under the existing provisions of Section 8(2) of the CVC Act, 2003 and Section 139(5) and (7) of the Comptroller General's (Duties, Powers and Conditions of Service) Act, 1971.

### **Sovereign rating of the country**

2437. SHRI R. VAITHILINGAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that India's macroeconomic parameters were among the best globally;

(b) whether it is also a fact that the rating agencies have raised concerns over the level of public debt and refrained from upgrading the sovereign rating of the country; and

(c) if so, the details thereof and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) Indian economy has grown at an average rate of 7.5 per cent in the last five years (2014-15 to 2018-19), which is the highest amongst the G-20 and 34 Organisation for Economic Co-operation and Development (OECD) countries. Inflation has moderated significantly in last five years (2014-15 to 2018-19) and Consumer Price Inflation (CPI) stood at 3.4 per cent during 2018-19, which is significantly lower than the CPI inflation of 4.8 per cent for the group of emerging and developing economies. The balance of payments situation in the country remains stable with robust foreign exchange reserves, which were recorded at US\$ 451.1 billion as on 29th November, 2019. Fiscal deficit of the Central Government as percent of Gross Domestic Product (GDP) reduced to 3.3 percent in 2018-19 from 4.5 per cent in 2013-14.

(b) and (c) Moody's Investor Services in its Annual Credit Report has mentioned that India's Government general debt is materially larger than its peer group. It is stated that the factor of public debt is not the sole criteria for the sovereign rating of the country. Rather, sovereign rating depends upon various

factors *i.e.* GDP growth, fiscal position, institutional strength, susceptibility to event risk etc. Government has taken various measures to boost the overall growth of the economy along with maintaining fiscal discipline to maintain comfortable levels of public debt.

Central government's debt to GDP has been declining consistently particularly after the enactment of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. FRBM Act, 2003 envisages achieving a debt to GDP target of 40 per cent of GDP for the Central Government by the end of 2024-25. In 2019-20, Central Government Debt as a percentage of GDP has been targeted at 48 per cent as per the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement, 2019. Government's focus on expenditure rationalization by plugging loopholes in public expenditure and innovative revenue raising efforts have helped to reduce the debt to GDP ratio.

Government takes various measures on a continuous basis to boost the economic growth of the country. 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.