INDIA: A MACRO-FISCAL SNAPSHOT
## Indian Growth Story Has Remained Robust Despite a Global Downturn

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<thead>
<tr>
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<th>Estimates</th>
<th>Projections</th>
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<tbody>
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<td></td>
<td>2015</td>
<td>2016</td>
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<td>World output</td>
<td>3.1</td>
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<td>Advanced economies</td>
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<td>1.8</td>
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<td>Emerging markets and developing economies</td>
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<td>India</td>
<td>7.6</td>
<td>7.4</td>
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Source: IMF World Economic Outlook Update, July 2016
GDP growth robust, IIP growth remains tepid.

Divergence between WPI and CPI inflation, external condition remains benign with modest export and import growth.
RECENT REFORM INITIATIVES

- Tax Reform: GST Constitutional Amendment Bill was passed by both Houses of Parliament recently
- Statutory backing to Aadhar platform (Unique Identification Number for every individual)
- Financial Sector:
  - Passage of Insolvency and Bankruptcy Code aimed at speedy resolution
  - Adoption of Inflation Targeting framework
  - Constitution of a Monetary Policy Committee
- Constitution of the FRBM Committee
- Abolition of Plan Non-Plan distinction
- Adoption of Medium Term Expenditure Framework (MTEF)
REFORMS...(CONT'D)

- Merging of the Railway budget with the Union Budget
- Commitment to reduce corporate tax rate to 25 per cent
- No pass through in oil price reductions
- Decline in food price subsidies both through cuts and better targeting
- Every government spending program to be accompanied by a sunset clause
Core Enablers Facilitating GDP Growth

- 7th Pay Commission award to spur demand for consumer durables sector
- Auto, consumer durables and FMCG sector register a demand boost
- Passage of GST to reduce cascading effect of taxes
- Monsoon led pick up in rural demand
- Rising foreign direct investment
- Uptick in corporate earnings
FACTORS THAT AIDED THE SUB-NATIONAL FISCAL CONSOLIDATION

- High economic growth that helped overall tax collections of the Centre and State
- Implementation of VAT by most states in 2005-06
- Increase in devolution because of recommendations of the Twelfth Finance Commission
- Debt Consolidation and Relief Facility (DCRF) that permitted debt write-offs and restructuring.
Thank You