GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION No. 224
ANSWERED ON 19 JULY 2022

IMPACT OF INFLATION AND PRICE RISE ON THE INDIAN ECONOMY

224. SMT PHULO DEVI NETAM:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government anticipates that Gross Domestic Product (GDP) growth rate for financial year 2022-23 will fall below 8% due to rising price of crude oil and growing concern about inflation;
(b) if so, the details of Government's response plan;
(c) the Government's anticipated percentage decrease or increase in GDP for financial year 2022-23;
(d) whether the Government will renegotiate its macroeconomic forecasts for the country in view of the impact of rising commodity prices on the economy; and
(e) if so, the details thereof, and if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): The Economic Survey tabled in the Parliament on 31st January, 2022 projected the real GDP during FY 2022-23 to grow at 8.0-8.5 per cent. Since then, sustained growth momentum has been observed in several High Frequency Indicators (HFIs) indicating that the projected growth path is on course in the first quarter of FY 2022-23. IMF in its April, 2022 update of World Economic Outlook has also projected India's real GDP to grow by 8.2 per cent in FY 2022-23. To ensure continued growth momentum, government has taken several steps to address high inflation imported from abroad. These include cut in excise duty on petrol and diesel and special excise duty/cess on the export of petrol, diesel and aviation turbine fuel that are likely to alleviate inflationary pressures. Further, to rein in inflation, RBI in its June Monetary Policy Committee meeting hiked the repo rate by 50 basis points, on top of the earlier hike of 40 basis points in May 2022.

(c) to (e): The geopolitical tension between Russia and Ukraine has led to global supply disruptions resulting in steep increase in global commodity prices including prices of crude oil, gas, edible oils and fertilizers, among others. Government of India is closely monitoring the global price movements and their impact on India's economy through trade. Recently prices of various commodities including edible oils, metals and crude oil have stabilised. Many central banks including Fed have also tightened their monetary policy to tackle inflation. RBI and Government is closely monitoring the situation and stands ready to take appropriate action.

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