

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION No. 1020
ANSWERED ON 12 DECEMBER 2023

IMPACT OF ISREAL CONFLICT ON ECONOMY

1020. SHRI VAIKO:
SHRI M.SHANMUGAM:

Will the Minister of FINANCE be pleased to state:

- (a): whether the Ministry has made any study about the impact of Israel-Hamas conflict on the international economy, particularly Indian economy;
- (b): if so, the response of Government;
- (c): whether any contingency plan has been worked out to face the consequences of economic imbalance; and
- (d): if so, the details thereof?

ANSWER

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a)-(b): The outbreak of the Israel-Hamas conflict contributed to a temporary increase in international crude oil prices before it declined to below pre-conflict level. The Indian basket of crude oil also increased from USD 85.7/ barrel on 6th October 2023, one day before the outbreak of the conflict, to a peak of USD 93.9/ barrel on 20th October 2023. It fell to below pre-conflict level on 7th November 2023, and has further declined to USD 78.4/barrel as on 5th December 2023. There is no impact of the conflict on the Indian economy through the crude oil prices.

(c)-(d): Over the last three-four years, the government has been successfully implementing measures to mitigate global shocks on the Indian economy. Some of the important measures include diversification of the sources of critical imports, increasing the supply of domestic output to restrain inflation, and strengthening domestic growth drivers. Presently, high public capital expenditure, robust private consumption and expanded digital public infrastructure are some of the strong domestic growth drivers, which have made India the fastest growing economy in 2022 and 2023 as per the estimates of IMF.
