

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. 87
TO BE ANSWERED ON 26.07.2021

ECONOMIC GROWTH

*87. SHRI T.R. BAALU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the country's GDP growth is likely to be below the expected 10 per cent during 2021-22;
- (b) if so, the steps taken/being taken by the Government to address this issue;
- (c) whether the Government is aware that ignoring inflation risk for long could increase longer-term economic costs; and
- (d) if so, the action taken or proposed to be taken by the Government in this regard?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 87
BY SHRI T.R. BAALU DUE FOR ANSWER ON JULY 26, 2021**

(a) Union Budget 2021-22 estimated India's nominal GDP growth at 14.4 percent in FY 2021-22. The impact of the second wave is expected to be muted given localised containment measures and rapid upscaling of the vaccination drive. RBI, in its latest Monetary Policy Committee (MPC) resolution of June 4, 2021, has projected India's real GDP to grow at 9.5 per cent in FY 2021-22 after accounting for the impact of the second wave as compared to its earlier projection of 10.5 percent.

(b) In FY 2020-21, Government had announced a special economic and comprehensive package of Rs. 29.87 lakh crore under AtmaNirbhar Bharat (ANB) to combat the impact of the COVID-19 pandemic, to revive economic growth and to bolster employment. Union Budget 2021-22 has announced number of measures to support broad-based and inclusive economic development including a 34.5 percent increase in capital expenditure and 137 percent increase in health expenditure. Government announced a relief package of Rs. 6.29 lakh crore in June 2021 to strengthen public health and provide impetus for growth and employment measures.

(c) & (d) Government of India has undertaken a judicious mix of both supply side and demand side measures in a calibrated manner to balance growth-inflation dynamics and support long lasting growth. As per RBI's Monetary Policy Committee's (MPC) June 4, 2021 resolution, the inflationary pressures are expected to be mitigated by a normal south-west monsoon, comfortable buffer stocks, recent supply side interventions in pulses and oilseeds market, declining caseload of COVID-19 and gradual easing of movement restriction across states.
