

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. *342
TO BE ANSWERED ON 18.08.2025/ *Sravana 27, 1947 (Saka)***

ECONOMIC VOLATILITY

***342. Shri Zia Ur Rehman:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the rising fiscal deficit, increasing inflation and the economic impact of global uncertainties such as geopolitical tensions and supply chain disruptions on the Indian economy;
- (b) if so, the details of the steps taken/being taken by the Government to protect vulnerable sections of society from the adverse effects of economic volatility; and
- (c) if not, the reasons therefor?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. *342, RAISED BY SHRI ZIA UR REHMAN FOR 18th AUGUST, 2025 ON ECONOMIC VOLATILITY

(a): Despite an environment of unprecedented geopolitical uncertainty, supply chain disruptions, and a weak global growth outlook, the Indian economy has exhibited resilience, underpinned by prudent macroeconomic management, credible fiscal consolidation, a resilient external sector performance and sustained structural reforms. India remains the fastest-growing major economy, registering a real GDP growth of 6.5 per cent in 2024-25. The fiscal deficit of the Union Government has reduced from 9.2 per cent of GDP in 2020-21 to 4.8 per cent of GDP in 2024-25, and is budgeted to further reduce to 4.4 per cent of GDP in 2025-26. The average retail inflation rate, measured by the Consumer Price Index, stood at 4.6 per cent in 2024-25, the lowest in the last six years, and has eased further to 2.4 per cent in April–July 2025. Despite the weakened global trade, India's export performance has demonstrated resilience, with the country's overall exports reaching an all-time high of USD 824.96 billion in 2024-25. This positive trend has continued into the current fiscal year, with overall exports registering an increase of 5.46 per cent during the first quarter. Furthermore, India's foreign exchange reserves provide a cover for more than 11 months of goods imports. This consistent macroeconomic performance underscores the Indian economy's ability to navigate global and economic uncertainties effectively.

(b) & (c): The Government has undertaken concerted measures aimed at protecting vulnerable sections of society from the adverse effects of economic volatility while sustaining the momentum of broad-based and inclusive economic growth. Flagship schemes such as the Pradhan Mantri Garib Kalyan Anna Yojana, Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awas Yojana (PMAY), Deen Dayal Upadhyaya Grameen Kaushalya Yojana, Stand Up India Scheme, and the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission are being implemented to ensure access to the basic essentials, enhance livelihood opportunities, and improve the quality of life for the vulnerable sections. Additionally, initiatives in skilling, entrepreneurship promotion, and social security further reinforce these efforts. In parallel, the Government has undertaken wide-ranging measures to stimulate economic growth, including enhanced capital expenditure, infrastructure development, financial sector reforms, and initiatives to improve the ease of doing business.
