

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO.5876
TO BE ANSWERED ON MONDAY, MARCH 30, 2026/ CHAITRA 09, 1948 (SAKA)

Impact of Iran-Israel War

5876. Shri Raja A:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government reviewed the economic situation in view of Iran-Israel war in the Middle East impacting oil prices, trade disruptions and other factors;
- (b) if so, the details thereof;
- (c) the details of the extent by which the GDP growth and attracting foreign investment is likely to be affected;
- (d) whether the Government has drawn up any contingency plan with a series of steps to deal with the volatility of economic situation and to improve balance of payments position, if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b) The Government is consistently reviewing and closely monitoring the economic impact of the ongoing West Asia conflict at the highest levels and taking immediate corrective and facilitative measures as warranted. As part of the coordinated whole-of-government response to the situation, seven new Empowered Groups have been constituted to undertake swift and far-reaching action on supply chains, petrol-diesel, fertilisers, gas and inflation. In addition, an Inter-Ministerial Group on Supply Chain Resilience has been operationalised to monitor the situation and coordinate facilitation measures related to exports and imports.

(c) The Indian economy has entered this phase of heightened global uncertainty with relatively stable macroeconomic fundamentals, supported by domestic demand, prudent fiscal management, and adequate external sector buffers. The overall impact of the ongoing conflict will depend on the evolving global situation, including the duration and intensity of the conflict.

(d) and (e): The Government has undertaken calibrated measures to manage external sector volatility and support the balance of payments. Steps are taken to diversify crude oil /LNG/LPG import sources. Measures have also been taken to enhance LPG (Liquefied Petroleum Gas) production, rationalise natural gas allocation to priority sectors, encourage LPG-to-PNG (Pipeline Natural Gas) conversions where systems are in place, and curb hoarding through enforcement actions. Steps have been taken to support exports, including restoration of RoDTEP (Remission of Duties and Taxes on Exported Products) rates and the launch of the Resilience and Logistics Intervention for Export Facilitation (RELIEF) Scheme to offset elevated freight and insurance costs, along with enhanced export credit and insurance cover. Supply chains are being closely monitored, supported by trade facilitation measures and coordinated inter-ministerial action. These measures are aimed at mitigating external risks, supporting the balance of payments, and maintaining macroeconomic stability.
