GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 2403
TO BE ANSWERED ON 13.12.2021

FASTEST GROWING ECONOMY

2403. SHRI PRATAPRAO JADHAV:
SHRI RAVI KISHAN:
SHRI SHRIRANG APPA BARNE:
SHRI RAVINDRA KUSHWAHA:
SHRI MANOJ TIWARI:
SHRI BIDYUT BARAN MAHATO:
SHRI SANJAY SADASHIVRAO MANDLIK:
SHRI SUBRAT PATHAK:
SHRI SUDHEER GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether India is going to become the fastest growing major economy of the world and if so, the details thereof;
(b) whether the Government proposes to push the growth by easing of regulations, pushing infrastructural investments, boosting manufacturing sector through Production Linked Incentive schemes, rising discretionary consumption and low interest and if so, the steps taken in this regard;
(c) whether the Government is aware of prolonged supply constraints and input cost inflation due to Covid-19 and global economic crisis;
(d) if so, the details thereof and the efforts made by the Government to come out of such obstacles;
(e) whether volatile prices of crude oil in international markets and costlier edible oils and metal products are still posing challenges for growing Indian economy; and
(f) if so, the details thereof along with the steps taken by the Government to counter such hindrance to achieve the desired goal of GDP?

ANSWER

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

(a) : As per IMF's World Economic Outlook (WEO), October 2021, India is projected to grow at 9.5 per cent in 2021-22 and 8.5 per cent in 2022-23, fastest growth among major economies in both the years. According to RBI's latest forecast, India's real GDP is projected to grow at 9.5 per cent in FY 2021-22.

(b): Government has implemented several major reforms in recent years to boost investment and GDP growth. The Government enacted the Insolvency and Bankruptcy Code (IBC) and recapitalized banks. The other measures taken, inter-alia, include Goods and Services Tax (GST) to simplify the indirect taxation regime, Make-in-India programme to boost domestic manufacturing capacity, liberalization of Foreign Direct Investment (FDI) and Jan Dhan-Aadhaar-Mobile (JAM) Trinity towards greater transparency, efficiency and financial inclusion. In September, 2019 the corporate tax rate was reduced to 15 per cent for new domestic manufacturing companies, which is amongst the lowest in the world. In December 2019, the government announced the Rs.103 lakh crore National Infrastructure Pipeline which would significantly boost infrastructure and spur growth impulses in the economy.

In FY 2020-21, to limit the damage inflicted by the pandemic on the economy and initiate quick recovery of economic growth in FY 2020-21, Government had announced a special economic and comprehensive package of Rs. 29.87 lakh crore under AtmaNirbhar Bharat (ANB) including measures announced by RBI and PM Garib Kalyan Yojana. Structural reforms were also announced as part of the ANB Package which, *inter alia*, included deregulation of the agricultural sector, change in definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in defence and space sector, development of Industrial Land/ Land Bank and Industrial Information System, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivizing States to undertake sector reforms. Emergency Credit Line Guarantee Scheme (ECLGS) was launched to provide collateral free guaranteed loans for business enterprises in various sectors affected by COVID-19.

Union Budget 2021-22 further 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. To enhance India's manufacturing capabilities and exports, an outlay of Rs. 1.97 lakh crore (over US$ 26 billion) was announced for Production Linked Incentive (PLI) schemes for 13 key sectors of manufacturing starting from FY 2021-22. Government also 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) to (f): According to IMF Global Commodity price index, global inflation remains high with the all commodity index at 183.3 in November 2021, significantly higher than 115 in November 2020. Trends in price indices of all commodities including input materials like base metal, crude oil, natural gas and coal are given in the table below.

IMF Commodity Price Index					
Month	**All Commodity**	**Base Metals**	**Crude Oil**	**Natural Gas Price**	**Coal Price**
Jan-20	119.6	133.4	145.1	76.9	119.2
Feb-20	111.0	126.0	126.5	61.6	114.7
Mar-20	93.8	120.1	76.2	60.0	101.2
Apr-20	83.9	115.2	50.4	48.7	87.5
May-20	91.3	121.6	72.3	43.6	80.5
Jun-20	99.8	132.1	92.8	43.4	81.6
Jul-20	102.9	139.2	98.1	45.9	78.4
Aug-20	108.8	148.9	99.9	67.1	79.4
Sep-20	108.3	152.2	93.3	75.9	81.9
Oct-20	110.6	151.2	91.6	93.4	87.1
Nov-20	115.0	158.3	96.9	102.1	98.9
Dec-20	125.4	179.9	110.1	130.6	127.8
Jan-21	137.4	189.7	120.3	182.9	135.0
Feb-21	140.5	193.5	136.3	146.9	133.7
Mar-21	141.4	199.0	145.1	110.6	141.7
Apr-21	144.9	207.9	142.9	126.1	141.6
May-21	155.6	229.7	149.7	152.3	156.4
Jun-21	161.9	237.4	162.3	176.1	183.9
Jul-21	166.1	237.8	167.1	209.9	205.2
Aug-21	163.8	212.3	157.2	246.1	231.3
Sep-21	172.8	191.5	166.2	345.3	260.6
Oct-21	192.4	195.7	188.5	458.5	338.1
Nov-21	183.8	179.5	184.6	418.7	235.6
Source: IMF Primary Commodity Prices					

To mitigate the impact of high global input cost inflation and supply side constraints on domestic prices, Government has taken several measures. Some of these include:

Crude Oil/Petroleum Products: To check the petrol and diesel prices, Central Government has reduced Central Excise Duty on Petrol & Diesel by Rs. 5 and Rs. 10 respectively with effect from 04.11.2021. In response many states governments have also reduced Value Added Tax on petrol and diesel. Consequently, retail prices of petrol and diesel have sobered down. As an additional measure to control prices, India has agreed to release 5 million barrels of crude oil from its Strategic Petroleum Reserves. This release will happen in parallel and in consultation with other major global energy consumers including the USA, People's Republic of China, Japan and the Republic of Korea.

Essential Commodities: Price situation of major essential commodities is being monitored by the Government on a regular basis and corrective action taken from time to time.

Pulses: To control price rise in pulses, some of the measures taken by the Government include: (i) A buffer stock target of 23 lakh metric tonne (LMT) has been approved for 2021-22. Stocks are subsequently utilised for stabilizing prices through Open Market sales (ii) Government has also imposed stock limits on some pulses under the Essential Commodities Act, 1955 in July 2021 to prevent hoarding. (iii) Changes have been made in the import policy by keeping Tur and Urad under 'free' category till 31st December, 2021. (iv) Basic import duty and Agriculture Infrastructure and Development Cess on Masur have been brought down to zero and 10% respectively. (v) Additionally, 5-year Memorandum of Understanding (MoUs) have been signed with Myanmar for annual import of 2.5 LMT of Urad and 1 LMT of Tur, and with Malawi for annual import of 0.50 LMT of Tur and MoU with Mozambique for annual import of 2 LMT Tur has been extended for another 5 years.

Edible Oils: To soften the prices of edible oils, tariffs on edible oils have been rationalized and stock limits imposed upto a period of March 31, 2022, to avoid hoarding. National Mission on Edible Oils- Oil Palm has been approved with a financial outlay of Rs.11,040 crore to encourage domestic production and availability of oil palm.

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