

# Will sustain high growth rate, inflation to fall next year: FM

'Plan to sustain high growth rate through more government capital spending; see rupee stabilising without much intervention from the central bank'

## AGENCIES

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Finance Minister Nirmala Sitharaman expects strong growth and lower inflation next year, as central bank authorities seek to stabilise Asia's third-largest economy amid tough global headwinds.

"External factors were very strong in the inflation-targeting exercise," Sitharaman said Wednesday at a *Reuters* event, noting that they were beyond the control of the government and the Reserve Bank of India. "We expect currency volatility to settle on its own."

Virtually participating in the event — 'Reuters NEXT' — the finance minister also acknowledged that inflation due to imports of commodities like crude oil is going to persist.

"We probably will succeed in handling inflation better and there is clearly a picture from the RBI that is on a downward slide and it will be well within the tolerance band by early next year or middle of next year," said the FM who is scheduled to present the Union Budget for 2023-24 early next year.

"I look forward to a good, fast growing Indian economy and the next year," the minister said.

The finance minister said capital expenditure is a key way to drive growth. The government is offering incentives to firms that scale up manufacturing in India, hoping to capitalize on appetite to diversify operations away from China, she added.

"We are well on the course of meeting the capex target for this year," Sitharaman said. "States have shown exceptional absorption capacity for tak-

ing the monies and spending them on capital assets. That is the only way we think we can sustain our growth because that is the sure-shot way of achieving the multiplier that the economy requires."

To a question related to crude oil prices, the minister said since February India has shown its stand which is in the country's interest.

"I need to have affordable prices, I need to have those prices which are sustainable and above all global public goods will have to be available for everyone.

"They cannot be weaponised. I would think if movement of goods is restricted, it is going to hurt some of us," she said.

The minister said that India's import from Russia has gone up and countries in the West too are importing

a lot more now from Russia, like fuel.

"So India's imports, like many other countries, from Russia are going up because the price factor favours buying from Russia. India is not isolated in this...Those who are calling for price cap are themselves importing a lot more from Russia," Sitharaman said.

When asked about Russia's interest in importing some items from India, the minister said India has already announced the rupee trade framework.

"It is not a new framework. It has existed several decades and if under that we are able to buy and sell, we will certainly like to do it. For the fertiliser or fuel that we buy, we certainly need to balance it by selling some things from India. Framework is in place, but we will use it when we need," she added.

(With *Reuters*, *Bloomberg* & *PTI* inputs)

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Finance minister

