

Budget focus is to maintain growth, tame inflation: FM



Finance Minister Nirmala Sitharaman with US Treasury Secretary Janet Yellen at the Department of Treasury in Washington. Yellen will visit India next month

Photo: PTI

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Finance Minister Nirmala Sitharaman said on Tuesday that the upcoming 2023 Union Budget will have to be “very carefully structured” to maintain growth momentum and reel in inflation, which she identified as the biggest challenge facing the Indian economy.

“Specifics (regarding what the upcoming Budget may contain) may be difficult at this stage because it’s a bit too early. But broadly, the growth priorities will be kept absolutely on the top. Even as I speak about the concerns that inflation brings before me. So, inflation concerns will have to be addressed. But then, how would you manage growth would be the natural question,” Sitharaman said at an event at the Brookings Institute in Washington DC.

The minister is in Washington DC to the annual meetings of World Bank and International Monetary Fund, as well as the G-20 Finance Ministers and Central Bank Governors meetings.

Sitharaman’s comments came on a day when the IMF became the latest agency to slash its FY23 growth forecast for India.

It now sees GDP growth for the current financial year at 6.8 per cent, down from 7.4 per cent.

On Wednesday, official data showed that Consumer Price Index- (CPI-) based inflation (CPI) for September rose to its highest levels in five months, at 7.41 per cent. This is the ninth straight month that headline retail inflation has been above the Monetary Policy Committee’s (MPC’s) medium-term inflation target upper limit of 6 per cent.

“But that’s the point of being sure how you’re going to be able to balance the two and be sure that the momentum that the Indian economy

has got coming out of the pandemic and the momentum with which it will grow even the next year, even as per the many multilateral institutions which are observing India cannot be weakened,”

Sitharaman said at Brookings, in a response to a question about the upcoming Budget, “So, it will have to again be a very carefully structured budget in which growth momentum will have to be sustained.”

Sitharaman is expected to present the Budget on February 1, with pre-Budget meetings between the Finance Ministry and other departments having already begun.

On the issue of geopolitical events affecting prices, Sitharaman said the stress on energy, fertiliser and food prices is being carefully monitored by policymakers and efforts are on to make sure that the stress does not get passed onto the populace.

The Finance Minister also said that India in talks with different countries to make its homegrown payment interface, Rupay, acceptable in other nations

Sitharaman also met her counterpart, the United States Treasury Secretary Janet Yellen, separately.

“The two leaders discussed the current global macroeconomic situation among other issues of mutual interest,” the Finance Ministry said after the meeting. The two ministers also discussed various issues of significance with a view towards India’s upcoming G-20 Presidency.

According to news agency PTI, Sitharaman during the meeting invited Yellen to India to attend the US-India Economic and Financial Partnership meeting in New Delhi on November 11, which Yellen accepted.

This will be her first visit to India as Treasury Secretary.