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FM: On track to meet FY23 fiscal deficit target

'No slowdown; inflation within RBI band'

ASIT RANJAN MISHRA
New Delhi, 14 December

The Centre will be able to achieve its fiscal deficit target of 6.4 per cent of gross domestic product (GDP) for 2022-23 (FY23) even after factoring in the ₹4.36-trillion additional spending, Finance Minister Nirmala Sitharaman said on Wednesday.

Replying to the debate on the first batch of supplementary demands for grants for FY23 in the Lok Sabha, Sitharaman said she had been able to allocate more funds because of the buoyancy of revenues, to respond to developing situations on the ground.

The finance ministry had said last week that the Centre's net direct tax collection grew 24.3 per cent to ₹8.77 trillion — 62 per cent of the FY23 target — during the April-November period. The government is expected to comfortably cross the full-year target of ₹14.2 trillion.

"On the fiscal deficit, I have given a commitment, which was earlier given in the Budget and I repeat that. And the current situation also very clearly gives me the feeling that we will be able to comply with what we have said in the Budget," she said.

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NIRMALA SITHARAMAN,
Finance minister

“INDIA'S ECONOMY IS RELATIVELY MORE INSULATED FROM GLOBAL SPILLOVERS THAN OTHER EMERGING MARKETS”

“WE'LL BRING INFLATION DOWN FURTHER FOR THE SAKE OF COMMON PEOPLE”

RUN-UP TO THE

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Sitharaman said a reduction in the fiscal deficit from 6.9 per cent of GDP in FY22 to 6.4 per cent in FY23 was very much in line with the government's commitment to achieve the fis-

cal consolidation announced in the FY22 Budget, "which is to reduce the fiscal deficit to a reasonable level by FY26".

Quoting the latest India Development Update report of the World Bank, Sitharaman said India was more resilient compared to the other emerging market economies, with strong growth, low private sec-

tor indebtedness, and high foreign exchange reserves, but with high public debt and a recovering banking sector.

"The Indian economy is relatively more insulated from global spillovers than other emerging markets. India is less exposed to international trade flows and relies on its large domestic market. India's external position has also improved considerably over the last decade. Amidst intensifying headwinds, India is better placed than it has been in the past, and compared to its peers to manage external macro-financial shocks," the finance minister said, quoting from the report released last week.

Refuting claims by the Opposition that there was stagflation in the economy, Sitharaman said: "The latest data shows that the CPI (consumer price index) was at 5.88 per cent, and the WPI (wholesale price index) was at a 21-month low (at 5.85 per cent). So inflation is within the band of the RBI (Reserve Bank of India). There is no slowdown. India is the fastest growing economy. Stagflation is not true."

The finance minister credited the Centre's policy measures for the moderation in retail inflation within the "tolerable band" of the RBI. "Prime Minister (Narendra) Modi and his ministers and officers are constantly watching and taking periodic intervention measures. As a result, you find the results coming in. We will bring down (inflation) further for the sake of common people," she said. On the rupee depreciation against the US dollar, Sitharaman said the Indian currency had strengthened against most currencies.

"Against the dollar, we have performed much better than any other emerging market economy. The Indian rupee has depreciated only 6.9 per cent against the dollar during April-November period. Only the Thai baht (5.7 per cent) and the Malaysian ringgit (5.4 per cent) have depreciated less than the Indian rupee," she said.

On non-performing assets in the banking sector, Sitharaman said bad loans have come down drastically from 14.58 per cent in 2018 to 7.28 per cent as of March, 2022. "Not only that, we are pursuing every NPA account whether they are in this country or anywhere else, making sure their assets are auctioned through the court process, and banks are getting the money back," she said. Sitharaman informed parliament that out of the ₹1-trillion special assistance to states for capital expenditure in the form of 50-year interest-free loans, ₹76,268 crore has received approval. Dismissing the concern raised by the Opposition over the rising repo rates, Sitharaman said the repo rate had been very high during the United Progressive Alliance government.

G20 meet...

He added: "My own view is that blended financing, which is a mix of financing from multilaterals and the private sector, will be beneficial for developing economies." Seth said progress on the two-pillar global tax structure being developed by the Organisation for Economic Co-operation and Development (OECD) was also discussed, as were regulations on cryptocurrency, on which broad support

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