

Lower Q2 growth a blip, economy to do better: FM

Sitharaman says capex, inflation management to be key drivers

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The numbers in the second quarter of the current financial year (Q2FY25) are a temporary blip and the economy will see better growth in the next quarters, Finance Minister Nirmala Sitharaman told the Lok Sabha on Tuesday in her reply to the supplementary demand for grants for FY25. She said that the government has been pushing growth through capital expenditure in order to spread its multiplier effect through the economy.

Following the discussion, the Lok Sabha passed the government's proposal for the first batch of supplementary demand for grants for a gross additional expenditure of around ₹87,762 crore, involving a net cash outgo of ₹44,123 crore.

"Q2 has been challenging for India and most other economies of the world. In the last three years, India's gross domestic product (GDP) growth has averaged 8.3 per cent. It is an outstanding number by global standards," the FM said.

The Indian economy grew 6.7 per cent in the April-June quarter and 5.4 per cent in the July-September period of FY25.

She said that the government is committed to better managing food inflation by steps such as building buffers in key food items like cereals, pulses, and distribution of food items like onion, rice, tur dal, wheat, flour, etc. The FM said that in the last 25 years, the National Democratic Alliance (NDA) had managed inflation better than the United Progressive Alliance (UPA) government.

The FM highlighted that the first supplementary demand amount itself is far lesser than last year's, showing greater accuracy in the BE (Budget Estimates) stage of Budget-making. Sitharaman stressed that the effec-



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Nirmala Sitharaman
Union Finance Minister

tive capital expenditure inclusive of capital assistance to states is pegged at ₹15.2 trillion. "It is not going to benefit if we just spend money, or put money in the hands of people to promote immediate consumption... The multiplier that it gives is far lesser than the multiplier that will be gained when people are given institutes and jobs, and capital assets are build," the FM said.

Talking about assistance to MSMEs (micro, small and medium enterprises), Sitharaman told the House that the government is extending such companies term loans with sovereign guarantee for conducting business.

The FM also highlighted that, tax devolution to states, including Kerala, Karnataka and Himachal Pradesh, in

'ED restored properties worth ₹22.3K cr'

Finance Minister Nirmala Sitharaman on Tuesday said the Enforcement Directorate (ED) restored properties worth ₹22,280 crore to victims or rightful claimants and asserted that the fight against economic offenders will continue unabated. Replying to a debate on the first batch of Supplementary Demands for Grants in the Lok Sabha, she said ₹14,131.6 crore worth of properties belonging to fugitive Vijay Mallya have been restored to public sector banks. In the Nirav Modi case, properties worth ₹1,052.58 crore have been restored to PSBs and private banks.

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the first 45 months of the 15th Finance Commission (FC) was more than the total tax devolved to these states in the entire period of the 14th FC.