

# Inflation will not affect growth momentum: FM



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Finance Minister Nirmala Sitharaman on Friday said that India would continue its growth momentum even though there could be inflationary pressures due to a spike in perishable farm output in the interim.

Speaking on the sidelines of a Central Board of Indirect Taxes and Customs (CBIC) event in Guwahati, Sitharaman said the government is making sure that all sectors are given equal attention and stimulus. And, the results are showing with India becoming the fastest-growing economy.

“There could be inflationary pressures because of the (dip in) agricultural outputs, especially on perishable goods. Now, there are efforts being taken by the government to make sure that they are available at affordable rates. But I am sure that India will continue to maintain its momentum of growth,” Sitharaman said.

Last month, the World Bank said India would remain the fastest-growing economy in terms of both aggregate and per capita gross domestic product (GDP) among the largest emerging markets and developing economies. It would maintain its FY24 growth forecast at 6.3 per cent.

The spike in food prices at the onset of the monsoon has corroborated the Reserve Bank of India’s (RBI’s) view that the fight against inflation is far from over. This was stated by the ‘State of the Economy’ report of the central bank.

Consumer price index (CPI)-based inflation rate increased to 4.8 per cent in

June 2023, from 4.3 per cent in May, primarily on an increase in food inflation.

“Food price spikes typical at the onset of the monsoon drove up headline inflation in June. It corroborated the monetary policy committee’s view that the fight against inflation is far from over. The monetary policy has to stay the course on the arduous last leg of the journey to align inflation with the target,” the report said.

The central bank, which increased the policy repo rate by 250 bps between May 2022 and February 2023, kept the rates unchanged in the April and June policy reviews.

## **Smuggling in NE worrisome**

Raising concerns over smuggling, Sitharaman said that the kind of things that are getting smuggled through the North-East are “worrisome.”

“We are quite used to seeing huge amounts of gold and ganja (smuggling). But now, chemical and foreign drugs are smuggled into the country in unbelievable numbers. All of them – heroin, or cigarettes, or other drugs – need to be detected better,” Sitharaman said.

According to Sitharaman, smuggled cigarettes are doing the rounds in major cities such as Delhi and Mumbai, where policing “should not be a problem.”

The FM asked CBIC officials to ensure that they focus on stopping smuggling.

She insisted on making all the land customs stations electronic in the North-East by the end of 2023.

“The move will help in curbing smuggling of illicit items such as gold, drugs, and cigarette sticks,” she added.