

Budget 2022 "Thoughtful Policy Agenda For India": IMF Chief

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Washington: The Union budget presented by Finance Minister Nirmala Sitharaman is a very "thoughtful" policy agenda for India and puts a great deal of emphasis on innovation in research and development on human capital investment and digitalisation, Managing Director of IMF Kristalina Georgieva has said.

Finance Minister Sitharaman unveiled a ₹ 39.45 lakh crore Budget on Tuesday, with higher spending on highways to affordable housing with a view to fire up the key engines of the economy to sustain a world-beating recovery from the pandemic.

In the budget, she gave stress on spending on infrastructure to create jobs and boost economic activity.

The budget for the fiscal year beginning April 2022 proposed a massive 35 per cent jump in capital expenditure to ₹ 7.5 lakh crore, coupled with the rationalisation of customs duty, an extension of time for setting up new manufacturing companies and plans for starting a digital currency and tax crypto assets.

"We have been projecting a quite robust growth for India. Yes, there is a small downgrade versus our previous projection from 9.5 per cent to 9 per cent for 2022. But then we also have a small upgrade for 2023, because we think that we will see a stable growth not very different from (those projected by) the (Union) Minister of Finance," Georgieva said during a virtual round table with a group of reporters on Thursday.

The International Monetary Fund (IMF) sees this being conditioned on a number of factors, including that in the Covid-19 pandemic they continue to function better and should the pandemic continue to be around, and that the tightening of financial conditions would be done with clear forward guidance and in a prudent manner, not creating any more significant shock, she said.

"So far, by the way, what we see is that the tightening of financial conditions is not translating into a big problem for emerging markets. In comparison to previous periods, the impact on rates is not at all significant. Why? Because emerging markets have worked to build buffers and strength for situations like this and because many of them themselves have taken prudent actions once they faced inflationary pressures," she said.

"We are very positive on the fact that India is thinking of addressing short-term issues, but also long-term structural transformation, and that there is a great deal of emphasis placed on innovation in research and development on human capital investment and digitalisation, as well as thinking of how India can accelerate the climate change agenda using economic instruments for that," Georgieva said.

"So, all in all, I read the (budget) statement and I thought it was a very thoughtful policy agenda for India," the IMF MD said in response to a question.

The Centre on Tuesday increased the budgetary allocation for the Union Environment Ministry from the last fiscal by 5.6 per cent but shrunk the allocation to control pollution by ₹ 10 crore.

The government, however, increased the Budget for National Mission for Green India from ₹ 290 crore in the last financial year to ₹ 361.69 crore this year with the national afforestation programme alone being allotted ₹ 300 crore, more than last year's amount of ₹ 235 crore.