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The Indian economy has recovered 'handsomely' from pandemic-induced disruptions:

Arvind Panagariya

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Summary: Former Niti Aayog Vice-Chairman Arvind Panagariya claimed on Tuesday that the Indian economy had recovered 'beautifully' from the pandemic-related setbacks. He expressed optimism that the recovery would be sustained and that the 7 to 8% growth rate would be restored. He believes the government should immediately declare its objective to reduce the fiscal deficit by half to one percentage point in 2022-23. In December 2021, India's inflation rate increased to 5.59 percent, owing mostly to an increase in food costs, while wholesale price-based inflation fell to 13.56 percent. Although he expects some capital outflows as a result of the increase in US interest rates, he does not anticipate them to be big enough to trigger a replay of summer 2013. Panagariya believes that regulating rather than banning cryptocurrencies is the wise course of action. India is considering introducing a bill in Parliament to address the issues raised by uncontrolled cryptocurrencies. There are presently no specific restrictions or prohibitions in place in the nation regarding the usage of cryptocurrencies. Panagariya emphasized that rather than pushing cryptocurrencies to go underground, it is preferable to build a regulatory environment for them that encourages the reporting of transactions made in them.

Facts and Figures:

- The economy had contracted 7.3 percent in the last fiscal.
- An advanced estimate by the Ministry of Statistics & Programme Implementation (MoSPI) places India's GDP growth in 2021-22, at 9.2 percent
- Inflation in India rose to 5.59 percent in December 2021
- In the Union Budget for the financial year 2021-22, the government had announced its intent to take up the privatization of two public sector banks.

Opinion: Recent exponential debts incurred as a result of planned government spending would put enormous strain on future policymakers. The recovery, however elusive it may be, must not devolve into a precipitous collapse. Because there is no mass consumption, pent-up demand will simply balloon higher, causing severe damage to the country's financial fabric.