



## Current Affairs of the Day

### GS Paper III

- India GDP to grow 7.5%-12.5% in FY22 says World Bank
- Divestment nets Centre ₹32,835 cr., betters RE
- Govt. retains 4% inflation target for RBI's rate panel for 2021-26



## India GDP to grow 7.5%-12.5% in FY22 says World Bank

### Highlights:

1. India's economy is expected to grow at 10.1% for the year starting April 1, 2021, as the vaccine roll-out drives activity in contact-intensive sectors, as per the World Bank's South Asia Economic Focus South Asia Vaccinates report.
2. However, given the significant uncertainty around epidemiological and policy factors, real GDP growth could range from 7.5% to 12.5%, stabilising at 6-7% in the medium term, it said.
3. The Bank expects public consumption to contribute positively, but pent-up private demand to fade by the end of 2021, as the investment will pick up very gradually as a result of a large government capital expenditure push.
4. As to the second wave that is possibly underway now in India and its impact on the economic outlook, Mr Timmer said that these new waves and new variants of the virus were part of the risk factors to the outlook.

## Divestment nets Centre ₹32,835 cr., betters RE

The government has mopped up ₹32,835 crores from CPSE share sale and buybacks, thus exceeding the disinvestment target set in the revised estimates (RE) for the last fiscal (2020-2021).

### Highlights:

1. The realisation is, however, lower than the record ₹2.10 lakh crore originally budgeted. In the RE, the target was scaled down to ₹32,000 crores as COVID-19 delayed planned big-ticket disinvestment.
2. For the 2021-22 fiscal, the Union government has set a disinvestment target of ₹1.75 lakh crore.



## Govt. retains 4% inflation target for RBI's rate panel for 2021-26

**Clear focus:** Centre's decision ensures 'continuity', ends speculation over price stability goals. The Centre has agreed with RBI officials' view that the current inflation target is appropriate.

### Highlights:

1. The Centre has decided to retain the inflation target of 4%, with a tolerance band of +/- 2 percentage points for the Monetary Policy Committee of the RBI for the coming five years.
2. The inflation target for the period April 1, 2021, to March 31, 2026... has been kept at the same level as it was for the previous five years.
3. Economists welcomed the continuity in the framework, despite the recent spate of high inflation prints beyond the 6% upper threshold of the inflation target.
4. The range of 2%-6% as a flexible inflation target has worked reasonably well and continuing with the same target would not disturb the monetary policy framework as such going forward.
5. Inflation may have breached the 6% mark a few times recently, but this has been during an exceptional situation in the economy.
6. The decision puts to rest speculation about the government considering a looser inflation target to enable a more growth-oriented focus in monetary policy.