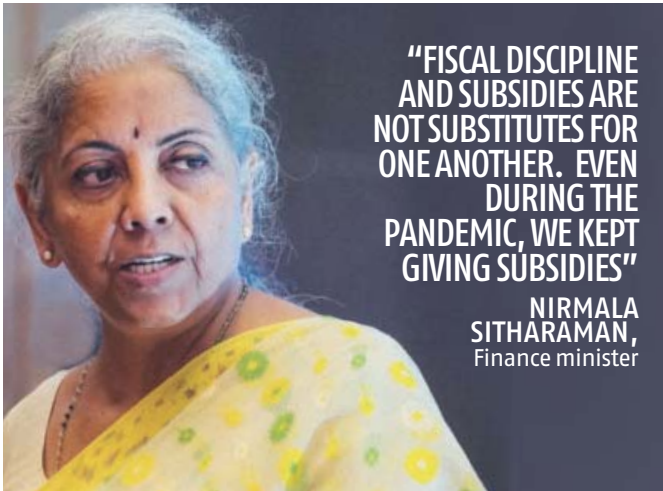


Economic reforms implemented 'despite the odds': Sitharaman



"FISCAL DISCIPLINE AND SUBSIDIES ARE NOT SUBSTITUTES FOR ONE ANOTHER. EVEN DURING THE PANDEMIC, WE KEPT GIVING SUBSIDIES"

NIRMALA SITHARAMAN,
Finance minister

BS REPORTER

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Reforms carried out "despite the odds" have transformed India's economy from a "fragile" state prior to 2014 to one of the largest in the world, Finance Minister Nirmala Sitharaman told TV news channels, a day after presenting the Interim Budget for 2024-25 (FY25). She said the government was confident that it would manage inflation and "keep the robustness of growth".

On credit rating agencies, Sitharaman said they should take note of India's transparent fiscal consolidation path.

"I would think they [rating agencies] do their job. But periodically, it's our business also to bring it to their notice that the economy, particularly an emerging market economy like India, despite the odds, is doing a

lot of reforms, systemic reforms, which are bearing the results now," she told *CNBC-TV18* on Friday.

On Thursday, the finance minister had announced no major giveaways for FY25, reiterating her commitment to the fiscal consolidation glide path that had previously been announced, which is supposed to take the fiscal deficit down to "below 4.5 per cent" of gross domestic product by 2025-26. Sitharaman told *CNBC-TV18* that data collection on job creation must improve. "College recruitments, IIM-like campuses are important but jobs created in middle and lower order are not being counted at all," she said, referring to the Indian Institutes of Management. "We need to bring in data on India's employment both in formal and informal areas to see it on a wider base".

"I am not sure I will be able to describe what is happening in the rural economy. Let us recognise there is a lot of shift in employment, let us recognise migration is now looking at redefining itself," she said. On the lack of pace in private investments, she said, "Investments in newer areas have a slightly longer gestation period... Interest in sunrise sectors is obvious now."

In a separate interview to *NDTV*, Sitharaman said this was the time for the government to commission a white paper on the economy.

"In 2014, we took over an economy in such a bad state. There was economic paralysis and corruption...we needed a white paper then. But at that time, the Prime Minister put the people first."

"If we had brought a white paper at that time, nobody would have invested in the

country looking at the fragile state of the economy," she explained. "We took the Indian economy from 'fragile' to the top. This is why we are bringing in a white paper now. This is the right time."

She said fiscal discipline and subsidies "are not substitutes for one another". "Even during the pandemic, we kept giving subsidies," she added. As India heads for the Lok Sabha elections, Sitharaman said the government had the confidence of the people. "When there is word of mouth... when the people have confidence that a government works to get them the schemes... when all the schemes have reached the people... then there is confidence," she told *NDTV*.

"People blessed us the first time (and) the second time... it will happen this time too," she said, referring to the BJP's victories in the 2014 and 2019 general elections.