

Nageswaran outlines growth strategy in the time of polycrisis

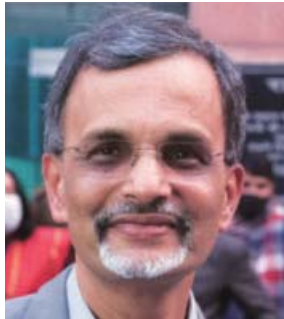
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The absence of a sense of unity of purpose in the country and dearth of human resources capability in the world of technology and artificial intelligence are some of the risk factors for India, chief economic advisor V Anantha Nageswaran said on Friday.

Nageswaran was speaking at a discussion on the world in a polycrisis, organised by the National Council of Applied Economic Research (NCAER) in New Delhi. He also said that the biggest challenge for India was the debate between energy security and energy transition imposed by the state of the carbon budget.

The CEA also said that at a time when multiple routine tasks can be handled by technology and AI, India needs to adapt to these growth challenges in terms of the education system. "What differentiation can our youngsters bring to the table? That is what will make the difference between demographic dividend and demographic deadweight," Nageswaran said. On the issue



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of green energy transition, the CEA said that countries like India would find it difficult to make the resources available. "Putting primacy over economic growth is important to address climate change."

It is also a challenge for India to address and prepare for the impacts of carbon that's already there in the atmosphere, while continuing to focus on reducing or containing its share of emissions

going forward. "Which of these two is the most important priority?... Countries like India will have to put more efforts on adaptation and resilience rather than mitigation of risk priorities," the CEA said.

Talking about the public debt challenge, Nageswaran said that India is one of the very few countries to have seen the debt to GDP ratios barely move in the last 15 to 17 years. This includes two major crises: the pandemic and the global financial crisis of 2008.

Nageswaran also highlighted that India's balance sheet repair process is largely complete. He said that India's peak inflation was 7.8 per cent which enabled the Reserve Bank of India to raise interest rates by 250 basis points and stop there, compared to other countries which still have to keep on increasing interest rates. "It is possible that we may have done something to improve supply capacity in the last several years. And the proof of the pudding will be felt in the coming seven to eight years if we are able to sustain a growth rate of at least 6.5 per cent per annum."