

Reforms have given cushion against uncertainty, says CEA

Nageswaran says India not looking to create an alternative currency to the dollar

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India's domestic reforms may have already provided a kind of cushion that the country would need in the coming years, given the challenging geopolitical environment that may stay for quite some time to come, Chief Economic Advisor (CEA) to the government, V Anantha Nageswaran, said on Wednesday.

"We may have already built in a certain resilience to global factors. We may be more positively surprised by growth outcomes than negatively," he said.

Speaking at an All India Management Association (AIMA) event, Nageswaran said that the Goods and Service Tax (GST) reforms will help offset some of the adverse

impacts of steep 50 per cent tariffs imposed by the US, and the net impact of this on the GDP growth would be 0.2-0.3 per cent in FY26. "The GST contribution is not just in the direct impact in terms of the purchasing power it places in the hands of the people by bringing down the prices of goods, which, of course, the private sector has to pass on. But more importantly, it provides an antidote to the second and third round

uncertainty effects," Nageswaran said. The government had on September 3 announced an overhaul of the GST framework in the most significant reform to the tax system since its inception in 2017, moving the tax slabs to two main rates from four. The reforms will come into effect from September 22.

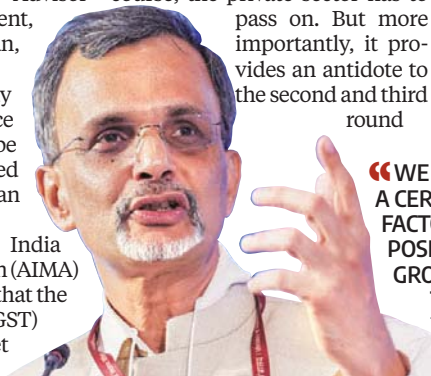
The CEA said that structural reforms are like a ballet, a two-sided game, and even though the government is doing its part, the private sector needs to focus on productivity and expanding the pie while

keeping the balance between technology and labour so it is not socially disruptive. He said that India is not looking to create an alternative currency to the dollar or is a part of any such initiative.

The CEA said the Centre would be able to deliver on the 4.4 per cent fiscal deficit target in FY26.

Nageswaran talked about how India needs to bring down the cost of being honest, which has increased due to regulations and compliances. "These important structural reforms are about facilitating economic activity between people and to improve the ease of being honest," he said.

The CEA highlighted that the private sector that operates in the upstream areas have to be mindful of their demands and do not raise the cost of doing business for downstream industries, especially MSMEs.



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