Economy may grow over 7% for 4th straight year in FY25: CEA

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The Indian economy may clock over seven per cent growth rate in FY25 too if conditions are favourable, Chief Economic Advisor (CEA) Anantha Nageswaran said on Wednesday, even as he exuded confidence about the country achieving a hat-trick of seven per cent growth in the ongoing financial year. He was speaking at Fifth SEBI-NISM Research Conference in Mumbai.

He highlighted the interconnectedness of economic components, noting that while natural economic growth relies on internal dynamics such as capital formation, exogenous factors like fiscal stimulus or external demand can uplift economies from downturns. "Economy is a system of mutual dependencies that is why when an economy grows into a funk, you need exogenous shocks to lift it out of the funk, which normally comes from fiscal stimulus.

"The fiscal authorities, given their ability to tax, or the monetary authorities, given their ability to print money or external demand are the factors that do not necessarily fall within this closed-loop system. These are considered exogenous factors that can once in a while be applied to lift economies out of downturns," he said. But, at the same time, the CEA said that sustaining a certain activity or performance over long periods has been rare in the country.

"In general, sustaining performance over long periods has been elusive. We have had short bursts of economic growth for 8-9 per cent over 3 years or 4 years and soon thereafter we run into the brick wall of imbalances, overheating and naturally in its wake follows high trade deficits, higher inflation, overvalued exchange rate, non-performing assets in the banking system, etc. "And the cycle and the clock is set back to zero again. So in other words, we have always had this problem of running out of breath and running out of steam after a few years," he said.

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> **V ANANTHA NAGESWARAN**
> Chief Economic Advisor

Nageswaran also said words like sustainable, green, climate and environment are fads that have 'lost their meaning' now.

"The underlying focus that the regulators have, which is to ensure that we stay stronger for longer, rather than get caught up in the immediate euphoria of our growth rates and market valuations, and also try to make instant profits. And that is what the rising exposure of even small investors in the F&O segment signaled to me. And that is a worry," he said.