

Keep ‘margins of safety’ amid global turmoil: CEA

IMF's latest estimates for global growth appear outdated, he says

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Chief Economic Advisor (CEA) V Anantha Nageswaran on Thursday flagged the rising global uncertainty amid a banking crisis in the US, and said governments, businesses, and individuals should keep “margins of safety”.

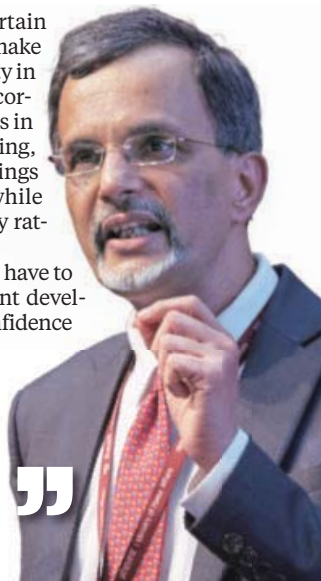
Nageswaran said the global growth estimates issued by the International Monetary Fund (IMF) in January appeared “outdated”.

The IMF had projected the global economy to grow at 2.9 per cent in 2023 and 3.1 per cent in 2024.

“When you are facing uncertain times, the key thing to do is to make sure that we have margins of safety in our operations, whether it is for corporates or investors... whether it is in fiscal planning, corporate planning, household balance sheet or savings account planning,” he said while speaking at an event organised by ratings agency Crisil.

The CEA said countries would have to watch out for the impact of recent developments in the US on investor confidence and bank lending growth.

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V ANANTHA NAGESWARAN, CHIEF ECONOMIC ADVISOR

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joined TCS in 1989.

In a media statement Chandrasekaran said: "I have had the pleasure of working with Rajesh for the past 25 years. During this period, Rajesh has always distinguished himself with exemplary performance in various roles, including his former role as chief financial officer. Over the past six years, he has provided strong leadership as MD and CEO and has laid the foundations for the next phase of TCS' growth with significant investments in cloud, agile and automation to help clients accelerate their transformation. I am deeply appreciative of Rajesh's enormous contribution to TCS. I wish him the very best for the future."

Gopinathan said: "I have thoroughly enjoyed my exciting 22-year tenure at TCS. It has been a pleasure working closely with Chandra, who has mentored me through this entire period."

He added: "I have been harbouring a few ideas on what I want to do in the next phase of my life. After deep reflection and in discussion with the chairman and the board, we decided that the end of this financial year is a good time for me to step aside and pursue those interests. Having worked with Krithi over the past two decades, I am confident he is best positioned to take TCS to greater heights along with the leadership team. I will be working closely with Krithi to give him all the support he needs."

CEA...

"And also, what implications they will have for emerging economies, which I believe will be mostly positive in one sense, that is, the pressure on their

currencies will abate. On the other hand, if the Federal Reserve has to go ahead with its tightening programme... then we have to wait and see what kind of domino effect it might create on other banking institutions and on the overall economy," he said, adding that it was a fairly difficult situation for the central banks of developed economies to confront.

Nageswaran said it might be somewhat difficult to quantify the net effect of these developments on countries like India. "The overall positives would be the implications it would have for global demand, for oil prices and for the US interest rates and the dollar. Those kinds of reactions will be mostly positive for us, even if there is an impact on export growth," he said.

He said India's GDP growth was expected to be 7 per cent in the current fiscal year. "Above-normal temperatures in March have not materialised. If we are able to get through another week with temperatures in the current ranges, I think wheat harvest because of the early sowing will also happen and we may be able to get a good crop. And this will have positive chain reactions going forward, for inflation, for agricultural output, for monetary policy, etc."

With regard to FY24, Nageswaran reiterated that the baseline growth projection of 6.5 per cent in the Economic Survey had more downside risk than upside risk. He said one should not be overly optimistic talking about 8-9 per cent GDP growth in the current environment. "If you can achieve, sustain growth of 6.5-7 per cent or even 6.4-7 per cent in the next 7-8 years until the next decade, we would have done very well," he said.

