

Current state of the economy provides ground for optimism: RBI bulletin

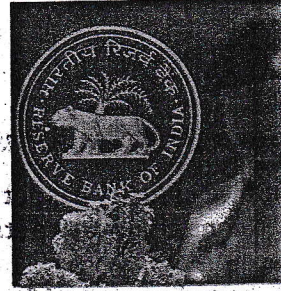
Our Bureau
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Even amidst global uncertainties, the current state of the economy provides ground for optimism going forward, according to an article in the RBI's latest monthly bulletin.

The year 2026 began with an escalation of geopolitical tensions, marked by developments such as the US intervention in Venezuela, the simmering conflict in the Middle East, ambiguity surrounding the Russia-Ukraine peace deal, and escalation of the row over Greenland, per the article, titled *State of the Economy*, which was published in the bulletin.

All of the aforementioned developments point to still-elevated geo-economic risks and policy uncertainty ahead, said RBI officials, who put together the article.

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DIVERSIFYING EXPORTS

In the wake of the US imposing a 50 per cent tariff on Indian goods exports beginning from August 27, 2025, India has made significant efforts to diversify and strengthen its exports, aiming to mitigate external sec-

tor risks, emphasised the officials.

They noted that the country is currently engaged in trade negotiations with 14 countries or groups, representing nearly 50 nations, including the European Union, Gulf Cooperation Council countries, and the US. The month of December saw India concluding trade negotiations with New Zealand and Oman.

The officials said other measures to support India's international trade, include lowering the cost of export credit, expanding access to finance and strengthening India's export brand.

They observed that the year 2025 also witnessed major economic reforms, including the rationalisation of tax structures, implementation of labour codes for labour market reforms, and financial sector deregulation, all of which are expected to strengthen the growth prospects.