

India's external situation stable: CEA

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With global crude oil prices on the slide, India's current account deficit (CAD), too, will drop in the current fiscal year (2022-23, or FY23) and the next (2023-24, or FY24), with the "external situation being quite stable", indicated Chief Economic Advisor (CEA) V Anantha Nageswaran on Thursday.

Quoting private-sector organisations and economists, the CEA said the industry expects CAD to be in the range of 2-2.4 per cent of gross domestic product (GDP) in FY23 and further down to 2 per cent in FY24. "You might have seen that global crude oil prices have come down. The external situation for the country is quite stable," he said.

"Most private-sector organisations and economists are revising their CAD estimates for India. They expected CAD to be about 3 per cent at the beginning of the fiscal year. Now, they say it will be 2-2.4 per cent of GDP. And next year, it will be closer to 2 per cent of GDP," said Nageswaran at a press conference in Chennai as part of the second Group

of Twenty (G20) framework working group (FWG) meeting under India's G20 Presidency.

The city in February hosted the first G20 education working group.

Global macroeconomic impact of food and energy insecurity, climate change, and transition pathways are some of the key issues to be discussed by the second G20 FWG of the finance track meeting, which will be held in

Chennai on Friday (March 24) and Saturday (March 25).

Nageswaran's statement on CAD comes three days after the Ministry of Finance in its monthly economic report for February indicated that India's CAD is likely to fall this fiscal year (FY23) and the next (FY24). Reiterating his stand on the Economic Survey early this year, the CEA said that the rate of inflation is also expected to come down.

"Given that food prices and international commodity prices are coming

down, the Reserve Bank of India expects inflation rate to come below 6 per cent and head towards 4 per cent by the end of FY24. As far as trade deficit is concerned, it has shrunk in the past few months," he added.

Based on the Wholesale Price Index data, India's wholesale inflation dropped to a 25-month low in February to 3.85 per cent, while retail inflation also slipped to 6.44 per cent in February, against 6.52 per cent in January.

Nageswaran, who is co-chair of the FWG along with Clare Lombardelli, chief economic advisor, UK Treasury, told the media that the meeting would focus on sharing policy experiences of different countries on macroeconomic issues. The meeting will deliberate on how international policy cooperation can be enhanced to achieve strong, sustainable, balanced, and inclusive growth across the G20 nations, he said. "The meeting will look at opportunities to learn from countries' experiences and ways to move forward and assess problems. It will discuss experiences in dealing with food and energy insecurities in the past two years," he added.



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