

India's fisc position 'solid' amid global headwinds: FinMin

'West Asia situation, oil prices new challenges'

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The global economy is facing fresh challenges in the form of "adverse geopolitical turns and volatile crude oil prices", and if these risks worsen and sustain, they can affect economic activity in India as well, the finance ministry's monthly economic review for September said on Monday.

The report, however, highlighted that the fiscal position of the Union government remained solid with steady revenue growth and prudent rationalisation of revenue expenditure.

The government has set a fiscal deficit target of 5.9 per cent of gross domestic product (GDP) for the financial year ending March 2024.

"Revenues generated from direct and indirect taxes have exhibited steady growth and are indicative of the strength of underlying economic activity and a broadening tax base," the report said.

The report also mentioned that inflationary pressures eased significantly in September, confirming that the spikes in the previous two months were temporary, caused by seasonal and weather-driven supply constraints in a few food items. "Downside risks, especially emerging out of the vagaries of rainfall and global headwinds, are however non-negligible," it added.

The review by the finance ministry's



'BRIGHT' OUTLOOK

▶ India's macroeconomic outlook for FY24 is bright and solidly underpinned by strong domestic fundamentals

▶ Strengthening investment demand, strong consumption growth emerging as additional growth drivers

▶ Inflationary pressures eased significantly in Sept, confirming that the spikes in previous two months were temporary

▶ The increase in MSP for rabi season augurs well for upcoming sowing

Source: Finmin's monthly economic review for Sept

Department of Economic Affairs said global uncertainties had been compounded by recent developments in the Persian Gulf. "Depending on how the situation develops, crude oil prices may push higher," it said. Turn to Page 6 ▶

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Also, the relentless supply of US treasuries and continued restrictive monetary policy in the US could cause financial conditions to be restrictive. "At current levels, US stock markets have greater downside risk than upside," it said.

The review, however, noted that India's macroeconomic outlook for FY24 "is bright and solidly underpinned by strong domestic fundamentals with private consumption, investment demand also firming up".

"Sluggish global demand is affecting India's trade, but this is projected to recover from H2FY24. Nonetheless, with a lower trade deficit and a comfortable forex reserve position, India's external account looks robust," it said.

Citing the latest growth projections by the International Monetary Fund (IMF) for India for FY24 at 6.3 per cent, the report said, "This shows the growing confidence of global analysts in India's economic strength, amid global uncertainties and fresh geopolitical challenges."

While strong private consumption demand has been a major driver of India's economic growth, additional drivers of growth that have emerged include gradual strengthening of investment demand and firming of industrial activity, it noted.

The government expects that an increase in household demand for residential properties combined with strong public sector capex would reinforce investment. "Increasing demand for residential properties, supported by responsive housing loan financing, has given a fillip to construction activity and the property markets," it said.

"Kharif sowing progressed

well despite challenges. Improved reservoir levels augur well for the upcoming rabi season," it added.

Prudent rationalisation of revenue expenditure has enabled the front-loading of capital expenditure while keeping the market borrowing programme tied to the budgeted target, it said.

The review, while silent on the issue of quality of employment, said India's labour force participation rate was improving steadily and the unemployment rate was declining. "Underlining the improvement in the overall labour force participation lies the uptick in female participation, a phenomenon continuously at work in the past six years," the review said.

RIL...



The deal talks are illustrative of Ambani's disruption of the country's entertainment industry after he scooped up the streaming rights to the Indian Premier League for \$2.7 billion in 2022. The billionaire's JioCinema platform then chose to broadcast the hugely popular domestic cricket tournament for free earlier this year.

Reliance then bagged a multi-year pact to broadcast Warner Bros Discovery's HBO

