

Govt must focus on reforms to lower cost of doing biz: Ex-CEA

Sidhartha@timesgroup.com

Marrakech: India's executive director to the International Monetary Fund **Krishnamurthy Subramanian** has said the government needs to focus on pushing forward with land, labour, logistics and other reforms to lower the cost of doing business, while suggesting that disincentives need to be built in for state governments to provide freebies. "While people will not be averse to freebies, today's aspirational youth wants economic development and empowerment. What's happening in Karnataka suggests that things are not looking great from the perspective of capital investment. The example of Gujarat is something all states



can learn from. Uttar Pradesh is also showing good progress. On the economic and political side, you need to make people understand that freebies will not be good for them in the long run and disincentivize freebies," the former chief economic adviser told **TOI**.

He said some of the steps announced during Covid, such as new labour codes, also need to be pursued, as he expected the Indian economy to maintain its growth momentum, driven by domestic demand.

"Last year, even the 7% projection was revised to 7.2% and when the final revisions come, growth is likely to be closer to 7.5%. The reason why growth rates are getting revised upwards is because our consumption and IIP data are older and

not reflecting some of the positive trends... Given the reforms that have been implemented, India will grow at high rates... The impact of many of the reforms that have been done during Covid and beyond, will be felt with lag," Subramanian said, adding that the Indian economy is expected to expand around 6.5% during the current fiscal year.

While there are concerns over the impact of the conflict in West Asia, the economist said that it is early to predict. "Unlike the Ukraine war where Russia and Ukraine were big suppliers of crude oil, wheat and sunflower oil, in the situation in West Asia right now, neither Palestine or Israel are exporters of basic things like crude oil or food. So supply side impact will be moderate," he said.