



# Economy faces several risks to fiscal health

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## **Economy faces several risks to fiscal health-Inflation outlook calls for 'close vigil,' says the central bank**

- The Reserve Bank of India (RBI) has highlighted several risks to the Indian economy, including oil prices, the uncertainty over the effect of the minimum support price (MSP) hike and the revenue impact of the lower-than-expected GST collections and the cut in excise duty on fuel.
- These risks, the central bank said in its submissions to the Standing Committee on Finance, could pose a challenge to the government's commitment to meeting the Fiscal Responsibility and Budget Management targets.
- The central bank added that the decline in the gross saving rate, mainly due to the decline in household gross financial savings, is another cause for concern.
- Regarding inflation, the RBI said that the outlook calls for a "close vigil" over the next few months as several upside risks persist.
- The RBI said that there are factors both on the revenue and expenditure side that pose risks to the overall fiscal outlook.

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