



Reviving economy faces risks

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Highlights

- The Reserve Bank of India has observed that the 7.7% GDP growth in the last quarter indicates the “economy is well on the recovery track” but warned gathering headwinds including fiscal and current account challenges posed risks to the economic momentum.
- Core sector industries such as iron and steel have maximised capacity utilisation improving aggregate demand composition which indicates broad based growth with revival of investment.
- At the same time, the conditions(global oil prices , trade poicies and security environment across the globe) that had resulted in fiscal consolidation, moderation in inflation and a benign current account, were changing, warranting caution, the RBI said.
- It warned that the progress achieved on fiscal consolidation could face challenges unless there was buoyancy in tax receipts and restraint on expenditure. widening current account deficit and wider trade deficit — was also a challenge as it impacted exporters’ cost-effective access to U.S. dollar credit
- “Firming commodity prices, evolving geopolitical developments and rising protectionist sentiments pose added risks,” it said.

Source:[The Hindu](#)

