

**Speaking at India Ideas Conclave, organised by think tank India Foundation in Bengaluru, V. Anantha Nageswaran, also said India was now in position to deliver domestically-driven growth'.**

Referring to stock market volatility and the current 'craze' for investing in crypto assets, India's chief economic advisor (CEA) V. Anantha Nageswaran, said Friday that the ongoing conflict in Ukraine is a reminder of technology bringing partial answer to some challenges, but it also shows us how technology "accentuates" human "fear and greed", causing a turmoil.

"The conflict that has broken out in Ukraine is a reminder that technology is at best a source of partial answers to the challenges that we face. But, the kind of turmoil and volatility we are witnessing in stock market, or for that matter, the craze with which people are investing in crypto assets, or stable coins backed by crypto assets — both of which have no capital spinoff, is also a reminder that humans are still driven by fear and greed, and sometimes technology accentuates them, rather than eliminating them," he said.

Stressing that technology cannot remove 'human greed', Nageswaran said India was now entering the "post pandemic era, with the pandemic expectedly receding", and was poised for its "4th edition economy".

He broadly termed the "massive liberalisation of 1991" as the first edition and the then UPA government's decision to focus on social entitlement schemes and packaging them as empowerment and constitutional rights in 2004 as the second edition. The CEA called the Modi government's attempt to reform the factor market — land and labour— as the third edition of the economy, and added that the fourth or current edition, will shape country's economy and future for the next 25 years.

“In 2004, we had a new government that focussed on enacting many social entitlement schemes and packaged them as empowerment, as constitutional rights — the right to food, education and employment guarantee in rural India,” he said, explaining the various stages of transition of the Indian economy.

In 2014, NDA came to office and this government made an attempt to reform the factor markets — land and labour. And there was also a belief in the formalisation of the economy and we have seen an affirmation of that in 2019. Formalisation opens the doors for finance and small, micro-medium enterprises. Then came, from 2015-16 onwards, the harnessing of public digital goods — aadhaar, jan dhan, GST, unified payment system, pilot launch of open network digital commerce, Cowin app. This is taking tech to a different level,” Nageswaran added.

To deliver the kind of growth rate that would take us to a state of a middle-income economy in the next 20 years, we have to have a vibrant financial sector that is capable of providing the funds that are required for development,” said Nageswaran.

Thankfully in that sense, we had gone through a difficult phase in the last decade. Banking system had over-lent, corporate sector had over-borrowed and we spent bulk of the last decade cleaning up balance-sheets everywhere — in the financial system and the corporate system.”

We are paying our share of growth dues of the last decade because the financial sector was rebuilding. We are in a position to deliver domestically-driven growth, that is one important thing,” Nageswaran said.

On top of that even as the pandemic was unfolding in the last two years, the government is to be expected to use the crisis as an opportunity to deliver many structural reforms, particularly in the industrial policies in terms of production, incentive schemes, in reduction in corporate tax rates. Rules concerning startups and businesses were simplified and retrospective taxation ended.”

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