THE TELEGRAPH CALCUTTA TUESDAY 9 AUGUST 2022

CAD may rise this year

A STAFF REPORTER

Calcutta: Rising global interest rates and high oil prices could push the current account deficit higher in 2022-23.

"The US is raising interest rates, so is England, Australia, Canada ... even the European Central Bank is raising interest rates. Oil prices are much higher than they were last year and because interest rates are going up in every country, their economies are slowing down," said chief economic adviser V. Anantha Nageswaran on Monday at a session organised by the Calcutta Chamber of Commerce.

Chief economic advisor V. Anantha Nageswaran

"Indian exports, which did very well last year, may not do as well this year, because the economies of importing countries are slowing down. In that scenario, India's trade deficit is becoming bigger.

"We are importing more because of higher oil price and the quantity of oil import is also going up because our economy is recovering," he said.

The CEA said that the widening trade deficit is partly cushioned by the trade surplus in services, but that is not adequate to keep in check the rise in the current account deficit. "Current account deficit this year is expected to be more than last year," he said.

However, Nageswaran said that the country is in a position to handle the rise in current account deficit better than in 2012-13 and the high foreign exchange reserves will come in handy towards financing the deficit.