

Time to be brave, stretch fiscal deficit goals if need be: Kamath

'Benign rates, liquidity crucial to seize growth opportunity'

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Veteran banker K. V. Kamath on Friday said it is 'time to be brave' for the government, and it should stretch the fiscal deficit target set in the Budget, if need be, to push growth.

He said benign interest rates of less than 8% and abundant liquidity were also necessary to seize what he called as a 25-year growth runway opportunity awaiting the country.

The government has targeted to get the fiscal deficit at 6.8% for FY22 in the Budget presented early this year. However, ravages of the second wave of the COVID-19 pandemic have resulted in calls for more spending by



K. V. Kamath

the government even as the revenue collections decline.

"This is a time to be brave," Mr. Kamath said, speaking at an event organised by the IMC Chamber of Commerce and Industry. "That is the only way out of the challenge that we have. To the extent that you need to stretch the Budget, you do it." He said the government

had already been brave while presenting the Budget and had said that they were willing to stretch the deficit to make sure that the country continues to be on a growth path.

Fiscal slippage

Mr. Kamath, who had a long stint with ICICI Bank, said he does not feel that the fiscal slippage will be very wide because of the wide variety of innovative financing options available to raise money for projects and also monetisation.

He said the biggest risk was that of project execution, which, if taken care of by the government, would make private investors interested in projects.