ICPP
Isaac Centre For Public Policy

Newsletter

June 2025 | Second Edition

Dear Friends,

Greetings from the Isaac Centre for Public Policy (ICPP). We're pleased to bring you the latest edition of the ICPP Quarterly Newsletter, spotlighting the Centre's recent activities, research, and events.

1. This quarter marked a major milestone: the inaugural ICPP Growth Conference in Delhi. The conference brought together an exceptional group - over a dozen Secretaries from the Government of India and Indian states, current and former justices, past and present Finance Commission chairs, the Chief Economic Advisor, NITI Aayog leadership, and private sector representatives. Across five sessions: Macro, Regulations, Employment, Indian States, and Agriculture, we showcased ICPP's research and engaged in thoughtful discussions on the policy issues central to India's economic trajectory. As our first flagship convening, the conference provided us the opportunity to bring leading thinkers and practitioners together, test ideas, and gather feedback on our work. It was an encouraging start and one we hope to build on in the coming years. This newsletter highlights some of the sessions from the conference.
2. We also released the latest issue of our ICPP Macroeconomic Bulletin, which takes a close look at the composition and cost of high public debt in India. The piece unpacks how debt profiles have shifted - across instruments, maturities, and holders and what these changes mean for fiscal risks, borrowing costs, and macroeconomic policy. As policy thinking becomes more flexible on debt thresholds, understanding these underlying structures becomes all the more important. This edition also features exclusive interviews with Prof. Prachi Mishra (Ashoka University) and Prof. Jeffrey Liebman (Harvard University), who share their views on debt sustainability, fiscal frameworks, and global perspectives on managing high-debt environments.
3. Our events calendar stayed full. We were delighted to host Dr. D. Subbarao, former RBI Governor, who spoke on the dilemmas of central banking, and Prof. Donald R. Davis of Columbia University, who visited us for two weeks and participated in multiple events. These events, alongside our ongoing collaborative events with Ashoka Student Societies, continue to deepen policy dialogue both on and off campus.
4. We are also delighted to welcome new distinguished fellows Prof. Donald R. Davis (Ragnar Nurkse Professor of Economics and International Affairs, Columbia University) and Prof. Rohinton Medhora (Professor of Practice, McGill University)
5. Lastly, we've also continued to publish widely - op-eds, working papers, policy briefs, and more, furthering our commitment to accessible, evidence-based policy thinking. We have linked selected publications below.

We're grateful for your continued support and hope you enjoy this edition.

Warmly,

Dr. Prachi Mishra
Vikas Dimble

ICPP GROWTH CONFERENCE

The inaugural ICPP Growth Conference was held on 2nd and 3rd May in New Delhi. Over the course of two days the conference featured, three keynote speakers, five Panel discussions and ICPP presentations. It aimed to highlight the priorities and policy challenges of India's growth story. A total of 26 esteemed speakers & panelists along with 350 selected participants engaged in insightful discussion of fiscal policy strategies, transparent regulatory frameworks, employment sector challenges, and the need for collaborative action towards India's sustainable and inclusive development.

Watch the discussion from ICPP Growth Conference 2025 »

Macroeconomics and Public Finance: Panel Discussion

This Panel discussion highlighted foundational issues of fiscal alignment, inflation tolerance, state-level divergence and India's position in an uncertain global order.

Watch Now »

Regulation Keynote: Justice V. Ramasubramaniam

Justice Ramasubramaniam offered layered perspectives on the regulatory landscape, blending constitutional insights with lived jurisprudence. Through experiences of his own notable cases like cryptocurrency ruling, internet and mobile association vs UOI, he outlined how the regulatory state has evolved in response to complex governance demands.

Watch Now »

Regulation: Panel Discussion

The discussion delved into institutional design, regulatory accountability and sectoral capacity. The panel moved beyond administrative tweaks to confront structural issues such as fusion of powers within SAs, politicisation of regulation, capacity asymmetries and the urgent need for meta-regulatory frameworks that ensure performance without compromising democratic oversight.

Watch Now »

Employment and Labour: Panel Discussion

Exploring India's skilling challenges, speakers brought diverse perspectives on the rise of gig economy and gender disparities in labour participation.

Watch Now »

Special Address: Suman Bery

Addressing India's accelerating growth and its potential challenges while highlighting country's investment opportunities, Shri Bery emphasized for the pragmatic policymaking.

Watch Now »

Developed States for Developed India: Panel Discussion

The panel was a masterclass on the diverse economic models of Indian states, featuring conversations with top policymakers from Telangana, Punjab, and Uttarakhand. It highlighted the importance of state-centric economic strategies in advancing the broader goals of India's development story.

Watch Now »

Agriculture: Panel discussion

The discussion underscores challenges in subsidy reforms, need for agro-industrialisation, and role of climate resilient policies in agriculture and rural development.

Watch Now »

Special Address: Dr. V Anantha Nageswaran

In his special address, CEA set India's development opportunities in a compelling geopolitical context and global disruptions, underscoring key challenges and important lessons.

Watch Now »

SELECT MEDIA MENTIONS

The Indian Express

Need to build a framework to specifically rate SDLs: Seth Saturday 3rd May, 2025

Saturday 3rd May, 2025

Business Standard

Need to moderate public debt to save on interest outgo: DEA Secretary

Friday 2nd May, 2025

Financial Express

Rating of state bonds may be needed: Seth

Saturday 3rd May, 2025

The Economic Times

US trade deal to place India in favourable position in global trade equation: Panagariya

Saturday 3rd May, 2025

COLUMN

Capitalizing on Trade Realignment and Domestic Recovery

Dr. Prachi Mishra

June 2025

India faces a critical policy juncture as global trade tensions ease and domestic economic indicators strengthen. The substantial reduction in US-China tariffs following the May 12 bilateral agreement, combined with robust Q1 2025 GDP growth of 7.4% year-over-year, creates strategic opportunities that require careful policy calibration to maximize long-term benefits.

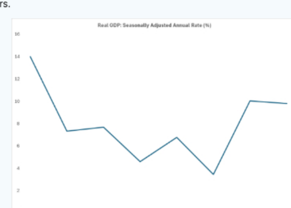
Global Trade Environment: Strategic Implications

The de-escalation of US-China trade tensions represents a fundamental shift in the global economic landscape. Tariff reductions of 115 percentage points from peak levels have left residual increases of only 30 percentage points on US imports from China and 10 percentage points on Chinese imports from the US. This recalibration of global supply chains presents India with unprecedented opportunities to establish itself as a preferred alternative manufacturing hub.

This shift necessitates enhanced focus on manufacturing competitiveness and ease of doing business, strategic positioning in global value chains across key sectors, and targeted infrastructure development to support supply chain diversification.

Domestic Economic Performance: Strong Fundamentals

India's economic trajectory demonstrates remarkable resilience, with Q1 2025 GDP growth reaching 7.4% year-over-year and 9.8% on a seasonally adjusted annual basis. This performance exceeds consensus expectations and is supported by robust high-frequency indicators across multiple sectors.



Note and source. India: Gross Domestic Product, CSO, Quarterly. Authors' calculations to seasonally adjust and calculate the annual rate.

The recovery is supported by high frequency indicators such as growth in industrial production, strong domestic demand reflected in non-oil imports, economic vitality demonstrated through vehicle registrations and air passenger traffic, and the return of foreign institutional investment to net positive territory.

Inflation dynamics remain favorable too, with headline inflation momentum moderating to 0.1 percentage points in April, while core inflation remains well-contained despite economic recovery.

Monetary Policy Considerations

The Reserve Bank of India has implemented substantial accommodative measures so far, including 50 basis points of policy rate cuts and additional easing equivalent to approximately 100 basis points through cash reserve ratio adjustments and liquidity provision.

Output gap estimates suggest continued accommodation remains appropriate, with potential for additional 50 basis points of easing based on real rate analysis. Money market transmission is showing improvement with call rates trading below repo rate, though a measured approach is recommended given global uncertainties.

Currency and External Sector Dynamics

The rupee's depreciation in Q1 2025—2% against the dollar, 3% against trading partners, and 5% in real effective terms partly offset during the last two months due to dollar weakness—reflects reduced foreign exchange intervention and declining inflation differentials. While some depreciation may enhance competitiveness, careful assessment of optimal currency positioning remains essential.

Structural Challenges Requiring Attention

Despite significant infrastructure investments over the past decade, potential growth estimates remain at approximately 6%, below the 7.5-8.0% range projected a decade ago. This productivity paradox requires focused policy intervention to unlock the full benefits of infrastructure enhancement.

Priority Areas

Key focus should be on addressing the infrastructure-productivity disconnect, enhancing human capital development, streamlining regulatory frameworks, and promoting innovation and technology adoption.

Global Financial Architecture Considerations

Recent developments in global financial markets, including the US credit rating adjustment, highlight the evolving nature of international monetary arrangements. While the dollar's dominance remains intact, these shifts may underscore the importance of proactive engagement with international rating agencies and financial institutions.

India's engagement strategy should emphasize forward-looking fiscal prospects rather than current debt stock metrics, leveraging the country's reform trajectory and improving economic fundamentals.

Policy Recommendations

Immediate Priorities (Next 6 Months): Policymakers should continue measured monetary accommodation while monitoring transmission mechanisms, accelerate supply-side reforms to capitalize on global supply chain realignment, enhance export promotion and manufacturing competitiveness initiatives, and strengthen engagement with international rating agencies.

Medium-term Strategic Focus (12-24 Months): The strategic agenda should address structural impediments to potential growth enhancement, develop comprehensive strategy for global value chain integration, strengthen fiscal sustainability frameworks, and enhance infrastructure-productivity linkages.

Conclusion

All in all, India's current economic positioning presents a rare confluence of favorable domestic and global conditions. Success in capitalizing on these opportunities will depend on precise policy execution, continued reform momentum, and strategic positioning in the evolving global economic architecture. The foundations for sustained growth are in place; effective policy implementation will determine whether this momentum translates into long-term prosperity.

ICPP MACROECONOMIC BULLETIN

The newly launched ICPP Macroeconomic Bulletin offers deep-dive articles on complex Macroeconomic issues, through conversations with national and global experts. The first issue focuses on public debt and begins with an in-depth exploration of the composition and cost of high public debt in India.

Read Inaugural issue here »

ICPP WORKING PAPERS

Intoxicant Consumption Dynamics under Alcohol Prohibition: Evidence from India

Ronit Mukherji, Pubali Chakraborty February 6, 2025

Read more »

Inflation and Labor Markets: A Bottom-Up View

Sophia Chen, Deniz Igan, Do Lee, and Prachi Mishra October, 2024

Read more »

E-commerce during Covid in Spain: One "Click" Does Not Fit All

Prachi Mishra, Alvaro Ortiz, Tomasa Rodrigo, Antonio Spilimbergo, and Sirenia Vazquez
April 11, 2014

Read more »

ICPP POLICY BRIEFS

Policy and Programmatic initiatives to strengthen and sustain efforts for achieving universal Foundational Literacy & Numeracy (FLN) in India

Shaveta Sharma Kukreja(CEO & MD, Central Square Foundation)

November 4, 2024

Read more »

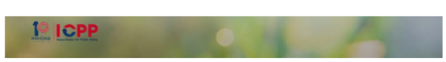
Navigating India's Credit Evolution: Addressing Post-IBC Challenges and Opportunities

Aadi Chintawar, Ahaan Krishnaprasad, Hridya Bhatia, Siddharth Shrimal

January 28, 2025

Read more »

THE DECONSTRUCTING PUBLIC



The Deconstructing Public Policy podcast presents conversations with policymakers and experts, offering practical insights into how policies are shaped and implemented. Through these efforts, ICPP fosters policy dialogue and collaborative partnerships.

Watch the first episode of Podcast with Dr. Subbarao here »

PUBLIC EVENT

Work from Home, Work from Anywhere: Urban and Global Economic Development' seminar

27th February 2025

In the seminar, organized by ICPP jointly with CSEP, Dr. Donald R. Davis (Ragnar Nurkse Professor of Economics and International Affairs, Columbia University & Distinguished Fellow, ICPP) presented his work focusing on pressing issues and emerging ideas in urban and labor economics. The presentation followed by a discussion with Harsha Vardhana Singh (Chairman, IKDHVAJ Advisers LLP), Shahana Chattaraj (Director – Research, WRI) and chaired by Laveesh Bhandari (President, CSEP).

Read more »

Economics Exchange Conference: Trade, productivity and Economic Transformation

1st March 2025

The Isaac Centre for Public Policy and Department of Economics organized The Economics Exchange series featuring presentation by Sankalp Mathur, Priyam Verma, Anshuman Tiwari, and Keynote address by Prof. Donald R. Davis.

Read more »

Dilemmas in Central Banking': Dr. Duvvuri Subbarao (22nd Governor, RBI)

13th February 2025

ICPP in collaboration with Ashoka Economics Society organised a talk on "Dilemmas in Central Banking," by Dr. Duvvuri Subbarao and moderated by Dr. Prachi Mishra.

Read more »

India at 2047: Progress since 1991 and the Road Ahead : Gurcharan Das

29th March 2025

ICPP along with Ashoka Economics Society hosted Gurcharan Das (Author & former CEO of P&G India), for a session on India's economic journey since 1991.

Read more »

Equilibrium 3.0: Annual Economics Festival, Ashoka University

29-30th March 2025

ICPP, as the knowledge partner for the festival, supported four innovative, academically-driven events that brought learning into real-world application: PolicyGPT, Lunar Economics, Game Theory Challenge, and the Paper Presentation Competition.

Read More »

For questions, or to submit a paper to the Newsletter,
please contact icpp@ashoka.edu.in