

CLUTCHING AT STRAWS

Palliatives, pain-killers or band-aids: take your pick

WE ARE SO FROZEN in the headlights of the onrushing slowdown that even a flicker leads us to believe that we have seen friendly djinns in the darkness. It is clear that Narendra Modi's sixth year in power will be his worst in economic terms. The GDP is forecast to grow by a pallid 6.2 per cent in 2019-20, level with China. Gone is the sheen of the world's fastest-growing economy.

Nirmala Sitharaman's 'Measures to Achieve Higher Economic Growth' unveiled on August 23 seemed like a rush job precipitated by some frank talk by NITI Aayog Vice-Chairman Rajiv Kumar about the liquidity crisis creating an "unprecedented situation for (the) government in 70 years". After Sitharaman presented her plan at a hastily-called press conference, Kumar urged the media not to misinterpret his remarks and refrain from pressing the panic button.

For a finance minister to offer a 'stimulus' package just seven weeks after a Budget was presented in parliament, and to disavow clauses just enacted under the Finance Act 2019, was itself unprecedented. In effect it was the third Budget for 2019-20, if you count Piyush Goyal's interim Budget in February. Sitharaman said more steps were in the pipeline over the next couple of weeks, conjuring a picture of bureaucrats beavering away in North Block to undo the damage they themselves had wreaked.

The slapdash nature of the measures was underlined by the penultimate slide on the automotive sector, which is reeling from its worst crisis in 20 years, with car sales crashing nine months in a row, plants and shifts being shut, and nearly 350,000 jobs gone. The minister said all BS IV emission standard vehicles sold until March 31, 2020 would remain 'operational' – but nobody had said they had to go off the roads on April 1 when new BS VI norms kick in. "Therefore, this statement from the finance minister to uplift flagging consumer sentiments is a puzzle," the *Down To Earth* environment website said. A ban on government departments buying new cars was lifted, cars in inventory were allowed higher

depreciation, and the government signalled moderation in its faddish headlong rush into electric vehicles by saying both EVs and internal-combustion vehicles would share our roads while it focused on "setting up of infrastructure for development of ancillaries/components including batteries for export".

Since the budget the government has:

- Given over 24,000 startups a breather by withdrawing the so-called Angel Tax;
 - Applied the brakes on plans to issue up to \$10 billion in sovereign bonds overseas after both financial experts and Hindu nationalists like the Swadeshi Jagran Manch opposed the idea. Not only that – the volte face was accompanied by a frogmarch to early retirement for Finance Secretary Subhash Chandra Garg;
 - Revoked the tax surcharge on FPIs as investors run for the doors
 - Rowed back on the criminalisation of non-compliance with CSR rules;
 - Told tax officials to stop harassing citizens;
 - Eased up on procedures, including GST refunds;
 - Pledged to speed up infusion of Rs 70,000 crore extra capital into beleaguered state-owned banks;
 - Promised to force banks to lower interest rates for housing and vehicles;
 - Said it will speed up delayed payments by government and public-sector enterprises...
- ...and reduce government overreach and increase governance. But weren't we promised this in 2014? **BW**



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