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## Modi's third year in power could be his best yet

CHAITANYA KALBAG

About 1,200 companies have so far declared full-year results for 2015-16, averaging top-line growth of 3.7% in the quarter through March after an 8% decline over the three preceding quarters. But poor corporate health is reflected in the staggering write-offs of bad loans by state-owned

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banks. Punjab National Bank, the country's third-largest, reported a net loss of \$593 million for the year and gross nonperforming assets of \$8.3 billion.

Exports fell in April for the 17th straight month. The Reserve Bank of India has cut interest rates five times to a five-year low, but the manufacturing sector shrank 1.2% in March, and investment and capital formation are moribund.

A good monsoon this summer after two years of drought may boost consumer sentiment and spending, and revitalize manufacturing. In another good sign, sales of tractors, light commercial vehicles and two-wheelers are rising, indicating that the vast rural economy is waking up again. Modi's third year could be his best yet.

*Chaitanya Kalbag is a former Reuters Asia editor and editor-in-chief of The Hindustan Times.*



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