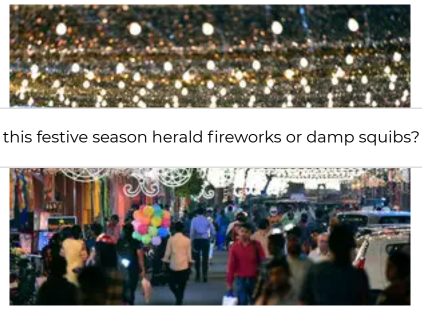
Does this festive season herald fireworks or damp squibs?

Synopsis
Weaker global demand is also a factor, but our slowdown is largely home-g


Ever hopeful, banks see retail loans growing smartly this festive season, and are dangling bait like easy EMIs, extra reward points and cashbacks to spur consumer spending.

It is amazing how things co
I was listening to Prime Mi
Narendra Modi's Houston

languages, Modi said: "*Mai*
kaha hai: **Everything is fin**
I remembered the **theme s**
Idiots. Eight years have gone by and the lyrics could have been written today. What are the chances? *Solution Mile To Saala Question Kya Tha Pata Nahin.*

The question is: are we sure *Aal izz well* with the economy?

The Reserve Bank of India has cut its key interest rate five times since February to a nine-year low, and vowed it will continue to do so until the flat-lining economy begins to resuscitate. But it slashed its GDP forecast for 2019-20 to 6.1% from 6.9%. If growth in July-September drops below the first quarter's 5.0%, GDP would have to spring by about 8% in the second half to reach the **RBI**'s figure.

A recent Nomura report is sceptical. It says its monthly activity index, an average of 19 high-frequency indicators, fell to -0.9% year-on-year in August from 1.5% in April-June, lower even than during the global financial crisis. It sees its own forecast of 6.0% GDP growth in FY20 at risk. Weaker global demand is one reason, but our slowdown is largely home-grown.

The mega bank mergers announced by Finance Minister Nirmala Sitharaman on August 30 only applied ointment to third-degree burns: the banks will spend much of the next two years figuring how to meld their IT systems, which branches to close, ATMs to rationalise, and how to trim their bloated workforces, instead of focusing on reducing their soured loans and nursing their bankrupt borrowers back to their feet. This was like going for a swim in quicksand after the **Bank of Baroda lesson**.

We don't know if the public-sector banks will emerge healthier in the long run. How can we be sure, when 18 PSBs were hit by **2,480 cases of fraud** totalling more than Rs 31,000 crore in the April-June quarter alone? And what about the shadow banking crisis, with bad news like the Indiabulls/Lakshmi Vilas merger looking iffier by the day? After the PMC Bank meltdown, the RBI's assurance that the banking system is "safe and stable and there is no need to panic" sounds too pat.

Ever hopeful, banks see retail loans growing smartly this **festive season**, and are dangling bait like easy EMIs, extra reward points and cashbacks to spur consumer spending. Flipkart and Amazon sold Rs 19,000 crore of merchandise in six days; Xiaomi sold 525 devices every minute during the sale frenzy. But lending to businesses is still in a trough – foreign borrowings shot up to $4.98 billion in August alone. The signals were garbled: Maruti slashed production for an eighth straight month, and we heard what can charitably be called the Marie Antoinette explanation: car sales may have fallen because millennials are riding Uber or Ola.

I love it when extra-constitutional authorities, especially if they have a direct line to a supreme being, weigh in on matters temporal. On **Vijayadashami**, Rashtriya Swayamsevak Sangh supremo Mohan Bhagwat, in his annual state of the union speech, said he had been assured by an economist that a recession meant growth below zero per cent. Five per cent growth should cause concern, but we should stop debating it.

Down south, Sadhguru Jaggi Vasudev, who was flown down by the government to immerse our soldiers, sailors and airmen in resilience on International Yoga Day in June, notes that **over 300,000 farmers have committed suicide** over the past ten years. "That many people did not die in all the four wars this country has fought," he says, arguing for a transformation of farming models. "So, if private sector can establish community micro-irrigation for groups of farmers, and supply water on rent, farmers need not sink large amounts in capital costs." Now you know why it is called sage advice.

Bhagwat, who elsewhere in his speech declared lynchings were a Western coinage, part of a conspiracy to defame Bharat in general and Hindus in particular, said too much *charcha* over the economy created a negative atmosphere that influenced business and consumer behaviour and fed into the slowdown. Our MSME sector, our self-employed were strong, he said. Even FDI was palatable so long as fundamentals were strong. "If employment rises, money comes into people's hands. With that money, people buy things. That propels the economy."

If only it were so easy. Mahesh Vyas, Managing Director of the Centre for Monitoring **Indian Economy**, says the number of people employed in India shot up by seven million in September, to 410 million, the **best it has been in three years**. At least six million of those new jobs were in rural India. Vyas says September's rise could have been seasonal, fuelled by a lengthy monsoon. Unemployment, which fell to 7.2% in Sseptember from a high of 8.2% in August, could well rise again in October or November.

"If you want to invest in a market where there is scale, come to India," Modi told CEOs in New York, arguing we have the "rarest of rare" combination of democracy, demography, demand and decisiveness. Can they overcome the fifth D of deceleration?

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(Disclaimer: The opinions expressed in this column are that of the writer. The facts and opinions expressed here do not reflect the views of www.economictimes.com.)

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NEXT STORY

FinMin notifies corrigendum to I-T Bill on interest for advance tax short-payment

PTI Last Updated: Aug 12, 2025, 04:27:00 PM IST

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Synopsis
The finance ministry has issued a corrigendum to the Income Tax Bill, clarifying the interest to be levied on short payment of advance tax. The amendment aligns the bill with the existing Income Tax Act of 1961, stipulating a 3% interest charge. This resolves an ambiguity regarding interest calculation for advance tax shortfalls, ensuring consistency with current tax laws.

Finance Minister Nirmala Sitharaman

The **finance ministry** on Tuesday notified a corrigendum to the **Income Tax Bill** with regard to interest to be charged on short payment of advance tax by a taxpayer.

The corrigendum, which provides for 3 per cent interest on short payment of advance tax, aligns the clause with the existing provisions in the **Income Tax** Act, 1961.

Taxpayers having a tax liability of Rs 10,000 or more have to pay advance tax in 4 instalments -- June 15, September 15, December 15 and March 15.

Nangia Andersen LLP, Partner, Sandeep **Jhunjhunwala** said that as per the corrigendum to Clause 425 of the Income-tax (No 2) Bill, 2025, the interest provision for shortfall in advance tax payment has now been aligned with that under the Income-tax Act, 1961.

"If there is a shortfall in remittance of advance tax even for a day beyond the statutory quarterly due date, interest is charged for a minimum of 3 months," Junjhunwala said.

As per clause 425 of the Income-tax (No. 2) Bill, 2025, passed by the **Lok Sabha** on Monday, if the advance tax shortfall is made good by the next day of the quarterly due date, interest would be charged for one month at 1 per cent.

The provision was not in alignment with the current tax laws, Jhunjhunwala said, adding that "this ambiguity has now been restored and aligned with the existing provisions itself".

The Income Tax Bill, once enacted, will replace the archaic 6-decade-old income tax law. The legislation will make tax law simple by reducing the number of chapters and wordage.

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