

**ANOTHER GRIM REMINDER****Sharp cuts in growth forecast by the IMF and World Bank underline slowdown's severity**

The IMF on Tuesday followed the World Bank in reducing its forecast for India's economic growth in the current financial year. While the IMF cut its July projection for real GDP growth by a substantial 0.9 percentage point to 6.1%, the bank slashed the estimate by as much as 1.5 percentage points to 6%. These magnitudes of reduction underscore the severity of the ongoing slowdown and affirm the welter of grim data and predictions from other forecasters, both global and domestic. Interestingly, by the bank's own admission, its forecast is more optimistic than the average estimate of 32 Indian respondents who were polled as part of its South Asian Economic Policy Network Survey: these economists expect growth to be 5.7% this fiscal. The only significant issue of debate is over the cause of the malaise, with the World Bank largely echoing what the Centre's economic mandarins have been saying — that this is a cyclical slowdown, exacerbated by global influences. A view, however, that neither the Indian experts surveyed, nor Moody's Investors Service, broadly concur with. While Moody's pared its projection to 5.8%, ascribing the downturn partly to "long-lasting factors", only 10% of the respondents in the network survey considered it a "purely cyclical" development and as many as 25% saw structural factors as being solely responsible. The importance of an accurate diagnosis cannot be overemphasised since policy interventions to address the malady must be targeted appropriately to ensure enduring outcomes.

Crucially, the bank and the fund have flagged one area of structural weakness that could undermine any recovery if left unaddressed. Asserting that the weak financial sector is becoming a drag on momentum, with the country's banks yet to regain vigour from the depressing burden of bad loans, the World Bank warned that non-banking financial companies' significant share in total credit and their linkages with banks "pose broad-based contagion risks". Financial sector reforms, the bank suggests, would not only help resolve the sectoral infirmities but would also help put India back on a rapid growth path. The World Bank has also highlighted another key concern. Observing that a sharper-than-expected slowdown in major economies such as the U.S. and Euro zone could have severe spillover impacts, the bank noted that India was vulnerable to being affected immediately and over a longer duration by real GDP shocks in these advanced economies. In the case of a Chinese GDP shock, the onset of the impact on India would likely be delayed but substantially more pronounced. And while the IMF has urged structural reforms in labour and land laws to boost job and infrastructure creation, everyone agrees that becalmed domestic consumption demand is the biggest drag on momentum. It may, therefore, make a lot of sense to heed Nobel laureate Abhijit Banerjee's prescription and put more money in the hands of consumers, especially those in the rural hinterland, to reinvigorate demand.

<u>Words</u>	<u>Kind</u>	<u>Meaning</u>
Grim	Adj.	Stern, for bidding, uninviting, aloof, for minable
Re-invigorate	Verb	Enliven, modernize, rejuvenate, renovate
Forecast	Verb	Foretell, foreknow, guess, portend, prognosticate
Projection	Noun	Estimate, for cast, prediction, prognostication, prognosis, reckoning
Slash	Verb	Gash, slit, cut, lacerate, hack, tear
Affirm	Verb	Declare, state, assert, aver, avow, attest
Welter	Noun	Confusion, jumble, tangle, clutter, mess, hotchpotch
Prediction	Noun	Prognostication, estimate, prophecy, divination
Optimistic	Adj.	Sanguine, cheerful, confident, hopeful
Significant	Adj.	Phenomenal, notable, noteworthy, remarkable
Respondent	Adj.	Testee, interviewee, assenter, equivocator
Malaise	Noun	Unhappiness, restlessness, melancholy, unease
Echo	Verb	Reverberation, reflection, reiteration, resounding
Mandarin	Noun	Govt official, bureaucrat
Exacerbate	Verb	Aggravate, worsen, inflame, magnify
Influence	Noun	Effect, impact, control, sway, ascendancy
Par	Noun	Balance, equality, equitability, median
Ascribe	Verb	Attribute, assign, put down, accredit, credit
Down turn	Noun	Decrease, descent, deterioration, dip
Hinder land	Noun	The ban of beyond, the wide, the bush
Diagnosis	Noun	Identification, recognition, detection, discovery
Intervention	Noun	Involvement, intercession, interceding , interposing Interposition
Malady	Noun	Illness, sickness, ailment, disorder, complaint
Enduring	Adj.	Lasting, abiding, permanent
Outcome	Noun	Result, upshots, repercussions, consequences
Flag	Verb	Identify, indicate, pick out, point out
Assert	Verb	Declare, aver, avow, pronounce, herald, proclaim
Drag	Verb	Haul, pull, draw, tug, heave, trail, trawl
Momentum	Noun	The impetus force gained by a moving object
Vigour	Noun	Robustness, healthiness, strength, hardiness
Disgrace	Noun	Burden, dishonour, shame, ignominy

Contagion	Noun	Contamination, infection, infirmity, blight
Assault	Noun	Attack, hit, strike, thwack, thump, punch
Stir	Verb	Mix, blend, agitate, beat, whip, whisk, muddle
Resolve	Verb	Settle, sort out, solve, work out, rectify, disentangle
Infirmity	Noun	Frailty, weakness, feebleness, fragility, decrepitude
Vulnerable	Ajd.	In danger, in peril, in jeopardy, endangered, unprotected, unguarded, unfortified, unshielded

### GET BACK TO TALKS

Telangana should have handled the transport workers' strike more sensitively

Even as the transport workers strike in Telangana reached its eleventh day on Tuesday — it began after talks broke down with the government — there has been little by way of official communication to negotiate a solution. Two workers lost their lives to suicide, which was attempted by a few others as well, following the peremptory “dismissal” of 48,800 striking workers of the Telangana State Road Transport Corporation (TSRTC) more than a week ago. The striking workers were “dismissed” for failing to turn up to work before a government deadline. Their main demand has been the merging of the loss-making TSRTC as a government department, which the government has been loath to concede. The enterprise of public transport in most urban centres in India has been a difficult proposition economically today. This has been even more so in Telangana where bus transport has been beset by problems such as ageing fleets and high operational costs largely due to high fuel rates and subsidised fares. This has hurt operations and has also resulted in worker angst about a lack of adequate salaries. The government led by the Telangana Rashtra Samiti has been unwilling to take on the burden of operating the corporation under its aegis because of its losses, estimated to be ₹928 crore in FY2019 alone. Yet, to grease the wheels of a growing economy, a sustainable urban transport, in which road transport is a key component, is a must. This is possible only by modernisation such as the deployment of new buses, and identification of proper routes and services using information technology among other reforms. Without adequate State support, these reforms would not be possible and will force the operations of the TSRTC to remain within a vicious cycle of operating losses, cutbacks and poor services.

Instead of impressing upon the need for this modernisation to the workers and negotiating a solution, the TRS government has resorted to “dismissing” nearly the entire unit of TSRTC workers in what is clearly a legally suspect move that has been challenged in the Telangana High Court. Chief Minister K. Chandrashekar Rao went on to not only justify the layoff as “self-dismissals”, but also took a hard-line position saying that these workers will not regain their jobs. These gestures have only

intensified the struggle even as public transport in Hyderabad and other urban areas has been thrown into disarray. In public interest, the government should bring the striking unions back to the negotiating table. More importantly, the dismissals should be revoked to make the talks meaningful.

<u>Words</u>	<u>Kind</u>	<u>Meaning</u>
Walk out	Noun	Strike, rebellion, agitation, mutiny
Eleventh hour	Noun	At the last moment
Negotiation	Noun	Discussion, talks, parleying, arbitration
Peremptory	Adj.	Brusque, imperious, autocratic, overweening, despotic
Turn up	Verb	Arrive
Loath	Adj.	Uninterested, reluctant, unwilling, disinterested
Concede	Verb	Admit, acknowledge, accept, allow, confess
Exacting	Adj.	Difficult, arduous, tortuous, upheaval, herculean
Beset	Verb	Plague, bedevil, assail, beleaguer, afflict, torment oppress, hound, harry
Fleet	Noun	Navy, naval force, squadron, flotilla, armada
Angst	Noun	Anxiety, fear, dread, perturbation, foreboding
Adequate	Adj.	Sufficient, enough, ample, requisite
Aegis	Noun	Patronage, sponsorship, auspices, umbrella
Grease	Verb	Lubricate, oil, make smooth
Deploy	Verb	Fix, place, emplace, locate, position
Vicious	Adj.	Harmful, dangerous, perilous, deleterious
Impress upon	Verb	Advise, counsel, guide, instruct
Resort to	Verb	Recourse to, turning to, appealing to
Apparently	Adv.	Seemingly, evidently, ostensibly, outwardly
Lay off	Noun	Temporary, dismissal
Gesture	Noun	Signal, signalling, sign, motion, gesticulation
Strive	Verb	Try, attempt, endeavour, venture, exert
Intensify	Verb	Escalate, step up, boost, increase, sharpen, exacerbate, aggravate
Revoke	Verb	Cancel, repeal, rescind, reverse, abrogate, annul abolish