

**THE WORST MAY BE OVER****The economy is showing positive signs though a turnaround is some distance away**

The latest set of economic numbers released this week sends across mixed signals about the health of the economy. Core sector growth, which measures the output of eight major infrastructure sectors of the economy, went into negative territory for the first time in over four years in August as five out of the eight sectors constituting the index shrank in size. Overall growth in these sectors dropped to -0.5% in August in contrast to the same month last year when core sector growth stood at a much stronger 4.7% and July this year when it was 2.7%. The coal sector witnessed the worst fall, contracting 8.7% year-over-year in August, while steel, fertilizer and refinery products saw positive growth. These dismal numbers suggest that the economy is still some distance away from posting a strong revival in growth and it may be too soon to predict a definite turnaround. However, other high-frequency data on the economy suggest that the worst might be over. Vehicle registrations have witnessed a strong comeback in September as discounts ahead of the upcoming festival season have managed to spur sales. Further, although car and tractor companies continue to witness a drop in sales compared to last year, their rate of contraction has begun to slow down. A return to the sales levels witnessed last year, however, will require a stronger rebound in the overall economy.

Other macroeconomic indicators that could potentially tie the hands of the government as it tries to tackle the slowdown have also shown signs of improvement. The government has limited its borrowing in the first half of the year to Rs. 4.42 lakh crore, which is in line with its initial borrowing plan in order to achieve the fiscal deficit target of 3.3% for the year. The current account deficit at the end of the first quarter of the current financial year has narrowed to 2%, from 2.3% at the end of Q1 last year, thanks to higher service sector exports. The result of the various stimulus plans that have been announced by Finance Minister Nirmala Sitharaman over the last few weeks and the Reserve Bank of India's spree of rate cuts beginning in February will be seen over the next few months and quarters. It is doubtful, however, whether these reform measures, even if they manage to reverse the slowdown, will be enough to boost growth over the 8% mark anytime soon. The Economist Intelligence Unit, for instance, predicts GDP growth to be just over 5.2% this fiscal. The corporate tax cut last month was an important structural reform that could significantly boost animal spirits in the economy. More such reforms, however, will be needed to permanently lift India's growth trajectory.

<b><u>Words</u></b>	<b><u>Kind</u></b>	<b><u>Meaning</u></b>
Turn around	Noun	An abrupt or unexpected change
Output	Noun	Production, product, yield, return
Territory	Noun	Area, region, parish, enclave, protectorate
Shrink	Verb	Get smaller, diminish, dwindle, lessen, shrivel

Contrast	Noun	Difference, dissimilarity, dissimilitude
Witness	Verb	See, observe, watch, notice, behold, attend
Dismal	Adj.	Gloomy, dark, mournful, sombre, desolate
Revival	Noun	Improvement, rallying, upturn, upswing
Predict	Verb	Fore cast, foretell, foresee, augur, prognosticate
Upcoming	Adj.	Approaching, forth coming, imminent, impending pending, proximate
Spur	Noun	Stimulus, incentive, encouragement, inducement
Contraction	Noun	Shrinking, reduction, in size, decline, diminution Dwindling, downtick
Rebound	Verb	Bounce, ricochet, recoil, spring back
Desideratum	Noun	Requirements, prerequisite, need
Disingenuous	Adj.	Dishonest, underhand, insincere, dissembling
Fiscal	Adj.	Financial, budget, tax, revenue
Stimulus	Adj.	Encouragement, prodding, persuasion
Spree	Noun	Unrestrained, orgy, binge, splurge
Dubious	Adj.	Doubtful, suspicious, uncertain, unsure, hesitant undecided, unconfirmed
Reverse	Verb	Alter, change, countermand, undo, over rule
Reform	Verb	Improve, make better, look up, ameliorate
Chastise	Verb	Scold, upbraid, berate, reprimand, reprove, admonish Lecture, censure, castigate
Fall out	Verb	Quarrel, squabble, have run ins, have vendetta
Phenomena l	Adj.	Exceptional, extra ordinary, amazing, astonishing astounding, stunning
Boost	Verb	Enhance, increase, augment, embellish, elevate Escalate

### DIFFICULT COMPROMISE

#### **In Austria, the conservatives will have to seek common ground with political rivals**

Sunday's snap election has ensured the return of Sebastian Kurz of the conservative Austrian People's Party (ÖVP) as Austrian chancellor. The previous government led by Mr. Kurz collapsed in May over a corruption scandal involving his coalition partner, the far-right Freedom Party (FPÖ). But the more important question is whether Vienna's centre-right party is ready to jettison the xenophobic

right in its bid to form a new government. The answer would depend on how Mr. Kurz, known to be ideologically flexible, plays his cards in the coming weeks. Foremost, an alliance between Austria's two mainstream parties and the biggest in these elections, ÖVP and the Social Democratic party (SPÖ), is almost ruled out. Neither is any longer animated by the idea of a grand coalition between them, no matter that circumstances warrant such pragmatism among centrist parties. That leaves Mr. Kurz the option to explore a three-way alliance among ÖVP and two smaller parties from Sunday's polls — the Greens and the pro-business liberal NEOS. The Greens may have good reason to use the opening, given the chance it affords them to build on the popular support their counterparts gained from the European elections in May. Any positive movement in this regard cannot, however, be assumed given the fraught nature of such negotiations.

Instructive is the case of the so-called Traffic Light coalition talks in 2017, among German social democrats, liberals and the Greens that dragged on for months before the current government was installed in Berlin. On the other hand, it would be awkward for Mr. Kurz to revisit the alliance with the anti-immigrant FPÖ, especially after the latter lost over a third of its 2017 vote share in Sunday's poll. That tie-up broke down after revelations that the former vice-chancellor and FPÖ leader had tried to hand control of a media house to a Russian oligarch for campaign support. After its poor showing, one view is that it should sit in the opposition. Another view is that under a new leader, the FPÖ is well placed to return to negotiations with the conservatives. Crucial to a reading of this scenario is also Mr. Kurz's past embrace of FPÖ's Islamophobia, prior to the 2017 elections. Given the fragmentation of the polity, coalition talks have been deadlocked for months in many European countries, warranting a second mandate even before the legislature met. Mr. Kurz may have to work with the FPÖ in order to break any impasse. He may well calculate that the far-right would be more pliant inside the government than in the opposition. In this fluid scenario, the best that can be expected of Mr. Kurz is an earnest attempt to find common ground among parties otherwise in competition. That is the recent lesson from Rome, where populists and the centre-left struck a difficult compromise.

<b><u>Words</u></b>	<b><u>Kind</u></b>	<b><u>Meaning</u></b>
Rivals	Noun	Competitor, opponent, contestant, contender antagonist, nemesis
Ensure	Verb	Make sure, make certain, secure, guarantee certify, corroborate
Collapse	Verb	Faint, pass out, black out, out cold
Debauchery	Noun	Corruption, dissipation, dissoluteness, degeneracy turpitude, depravity
Scandal	Noun	Impropriety, outrageous, wrong doing, transgression misconduct
Coalition	Noun	Alliance, union, partnership, federation
Jettison	Verb	Reject, repudiate, rebuff, turn down
Xenophobic	Adj.	Racist, racialist, ethnocentric,, nationalistic, jingoistic
Flexible	Adj.	Adaptable, adjustable, accommodating

Alliance	Noun	Association, union, league, treaty, compact
Animated	Adj.	Living, spirited, high spirited, energetic, enthusiastic eager, exuberant
Rule out		Blackball, blacklist, excommunicate, ostracize
Pragmatism	Noun	Commonsensical, grounded, level headed, logical rational, reasonable, sane
Explore	Verb	Travel over, tour, traverse, inspect, investigate reconnoitre, prospect
reason with	Verb	Convince, rational, intend
Assume	Verb	Presume, suppose, presuppose, conjecture, surmise deduce
Fraught	Adj.	Anxious, eager, agog
Negotiation	Noun	Discussion, talks, parleying, conference
Instructive	Adj.	Informative, instructional, informational, illuminating enlightening
Awkward	Adj.	Difficult, tricky, fiddly, uncomfortable
Immigrant	Adj.	New comer, settler, incomer, emigrant
Tie up	Noun	Link, link up, association, relationship
Revelation	Noun	Disclosure, divulgence, declaration, announcement confession
Oligarch	Noun	Absolution, authoritarianism, autocracy, coercion cruelty, despotism, fascism
Fragmentation	Noun	Demolition, devastation, pulverization, ruination, wreckage
Deadlock	Verb	Tie, draw, dead heat
Mandate	Noun	Instruction, directive, decree, injunction, Pronunciamento, bidding
Second	Verb	Support, advocate, prop up, endorse
Impasse	Noun	Stalemate, impasse, checkmate, stand off
Pliant	Noun	Compliant, biddable, obedient, docile
Earnest	Adj.	Serious, solemn, grave, committed