

SYNPTON AS CAUSE
The auto sales slump reflects a pervasive lack of demand

India's automobile industry is experiencing a snowballing crisis of demand that shows no signs of abating, leave alone reversing. Domestic sales across all vehicle categories slid 19% year-on-year in July, as passenger vehicle despatches plunged 31% to register the segment's steepest fall in almost 19 years. And with the wheels having come off both two-wheeler deliveries and commercial vehicle shipments, with the former contracting 17% and the latter slumping 26%, the picture is one of widespread gloom. The straightforward interpretation of the data is that demand has dried up in all corners and among all key consumer segments — urban, semi-urban and rural and personal and institutional. Nine straight months of contraction in passenger vehicle sales has also begun extracting a toll in terms of showroom closures and lay-offs at dealerships, component suppliers and vehicle makers themselves. While the Federation of Automobile Dealers Associations recently warned of more jobs being at risk, on top of about two lakh positions that have already been shed, the Society of Indian Automobile Manufacturers admitted that the industry had laid off at least about 15,000 contract workers in the last three months. That the broader economy is experiencing a serious slowdown has been evident for some time now and the latest data from the auto sector only bears testament to it. And as the RBI acknowledged last week "private consumption, the mainstay of aggregate demand" remains sluggish.

While some of the factors currently bedevilling demand in the auto sector are well established — the liquidity crunch in the NBFC industry and the resultant tightening of credit availability to finance vehicle purchases, an increase in up front insurance costs and the 28% GST charged on cars, motorcycles and scooters — the fact that manufacturers overestimated demand when setting up capacity, especially of fossil-fuel powered vehicles, has largely been overlooked. For example, Maruti Suzuki, India's largest car maker, has announced plans to stop selling diesel cars from April 1 as demand has slumped. In 2012, the company decided to invest ₹1,700 crore in a new diesel engine plant in Gurugram, capacity that it now needs to repurpose or idle. Simultaneously, the ride-share industry has mushroomed in recent years, especially in urban areas where choked roads and lack of parking space have incentivised rapid adoption of app-based commuting. The outlook too, especially for the near term, looks far from hopeful. The RBI's July round of its Consumer Confidence Survey, which reflected a decline in consumer confidence in July, shows 63.8% of respondents expect discretionary spending will stay the same or shrink one year ahead. In June 2018, the comparable reading was 37.3%. The onus now lies on the government to urgently formulate policy interventions to address this sectoral crisis or risk wider contagion.

Words
Kind
Meaning

Symptom

Manifestation, indication, trait, prodrome

Slump

Flump, flop, collapse, sink, subside, fall, plummet

Pervasive	Prevalent, penetrating, permeating, ubiquitous
Snowball	Proliferate, grow rapidly, mushroom, burgeon
Reverse	Back, go back, back pedal / alter, change
Despatch	Send / deal with, conclude, settle, execute
Plunge	Jump, dive, hurl oneself, lob, throw oneself
Steep	Precipitous, sheer, abrupt, sharp, vertical
Gloom	Darkness, dimness, murkiness, depression
Dry up	Stop speaking
Interpretation	Explanation, elucidation, expounding
Lay off	Temporary dismissal, retrenchment
Evident	Obvious, apparent, noticeable, conspicuous
Testament	Evidence, proof, testimony, attestation
Consumption	Use, utilization, expending, expenditure
Sluggish	Slow, sloth, sluggard, inert, lethargic
Bedevil	To cause distress, trouble, catch out
Crunch	Munch, chew noisily, chomp, champ, gnaw
Mushroom	Burgeon, snowball, proliferate, grow rapidly
Commute	Travel, traverse, visit, call on
Onus	Responsibility, liability, obligatory, duty

UNETHICAL ACTIONS

The mass defection of MLAs makes a mockery of democracy in Sikkim

The switching of sides by 10 MLAs from the Sikkim Democratic Front (SDF) to the Bharatiya Janata Party in Sikkim on Tuesday and later two others from the SDF to the ruling Sikkim Krantikari Morcha (SKM) brings a sense of déjà vu. The en masse shifts are reminiscent of what happened in Arunachal Pradesh in 2016, when rebel Congress MLAs joined the People's Party of Arunachal in order to get over the legal hurdles to defection. These actions have reduced the SDF, which ruled the State for 25 years with Pawan Kumar Chamling as the Chief Minister with the longest tenure in India, to just one MLA — Mr. Chamling himself. Such a shift might well have helped the former SDF legislators stay clear of the anti-defection law, which stipulates that a breakaway group must constitute at least two-thirds of the legislative party's strength and that it must merge with another party. But this was an unethical manoeuvre, as the elections to the Sikkim legislative Assembly were held barely three months ago and the BJP had come a cropper without winning a single seat and just 1.6% of the overall

vote. The BJP has shown no qualms — as seen elsewhere in Karnataka, Arunachal Pradesh among others — about poaching legislators instead of winning over support organically through a democratic mandate. The Sikkim defections have added yet another chapter to the hollowing out of the anti-defection law. The SDF, which finished with 15 seats (two since vacated), was a National Democratic Alliance member, but has now been replaced by the 18-member SKM in the BJP-led North East Democratic Alliance.

The SKM might have secured a clearer majority with the defection of two SDF MLAs to its fold, but a cloud of uncertainty hangs over its party leader and Chief Minister P.S. Golay alias Prem Singh Tamang. Mr. Golay was convicted in 2016 in a case of corruption and had served a sentence in prison for a year till August 2018. The People’s Representation Act, 1951, mandates that a person convicted under the Prevention of Corruption Act cannot contest an election for six years after release. The fact that he is serving as the Chief Minister (he did not contest the Assembly polls) despite the conviction goes directly against a Supreme Court order in a similar case dealing with the eligibility of former Tamil Nadu Chief Minister Jayalalithaa in 2001. The court had then said that the “appointment of a person to the office of Chief Minister who is not qualified to hold it should be struck down at the earliest”. In line with the drastic change in the party composition in the Assembly due to the defections, the continuance of Mr. Golay as chief minister makes a mockery of democratic and legal principles. Something is rotten in the State of Sikkim.

<u>Words</u>	<u>Kind</u>	<u>Meaning</u>
Defection		Desertion, absconding, decamping, flight
En-masse		All together, as a group, in a mass, as a whole
Reminiscent		Similar to, akin to, analogous to
Hurdle		Obstacle, difficulty, problem, barrier, bar
Stipulate		Specify. Set down, lay down, set forth
Break away		Escape, get away, shake off
Manoeuvre		Tricks, ruses, ploys, chicanery, artifice
Qualms		Scruples, doubt, reservation

Cropper	A machine / person that cuts / trims something
Poach	Steel, appropriate, purloin, misappropriate
Mandate	Instruction, directive, direction, decree injunction
Hollow out	Remove, dispense, with
Convict	Prisoner, inmate, guilty
Drastic	Extreme, serious, forceful, desperate, dire
Metamorphosis	Change, vicissitude, alternation
Mockery	Ridicule, derision, jeering, sneering, contempt, scorn
Rotten	Decaying, decayed, decomposed, off, putrescent
Decree	Order, edict, behest, bidding, decree
Akin	Similar, analogous