

SENTIMENT BOOSTER

In rolling back some measures, the government shows it listens to feedback

For an economy that is downbeat in growth and in sentiment, the comprehensive package of measures announced by Finance Minister Nirmala Sitharaman on Friday may just be the right boost. They address growth slowdown concerns; free up funds for investment and spending by banks, housing finance companies and MSMEs; and importantly, undo some controversial proposals, in the budget and outside it, which were affecting sentiment in the markets and the corporate sector. And, importantly, these have all been done without any significant financial burden on the government. Some of the measures promote the ease of doing business and even the ease of living for ordinary citizens. The auto sector's biggest demand - that of reduction in GST rate - may not have been conceded, but Ms. Sitharaman has given the sector enough to cheer about. The accelerated depreciation of 15% (in addition to the existing 15%) for all vehicles acquired till March 31, 2020 and the deferment of the proposed increase in registration fee for new vehicles to June 2020 are positive measures that will boost sentiment and, it is to be hoped, translate into demand. As the festive season sets in, banks will have more space to increase their lending consequent to the upfront funding of Rs. 70,000 crore (announced in the budget) that they will get from the government towards recapitalisation. This, together with the strong push for repo rate linked loan products, is likely to benefit consumers borrowing to buy new homes, vehicles and durables.

The roll-back of the capital gains tax imposed in the budget on foreign portfolio investors, the withdrawal of angel tax on start-ups and the promise that non-compliance with corporate social responsibility (CSR) norms will be decriminalised show a government that is willing to listen to feedback from the ground. Much of the mayhem in the markets could have been avoided though if only the Finance Minister had acted earlier on the negative feedback to the FPI tax proposal. Some of the smaller steps can go a long way. Expediting delayed payments by government departments and public sector units is alone expected to release a massive Rs. 60,000 crore into the economy. The assurance that all pending GST refunds to MSMEs will be paid within 30 days and going forward such refunds will be made within 60 days is a great relief for the sector. This will ease the cash flows of MSMEs who often work with stretched finances. The most significant takeaway though from Ms. Sitharaman's announcements is the fact that the government is no longer scared of the suit-boot ki sarkar jibe. She declared upfront that the government respects "wealth creators" and the measures are aimed at

helping them. Will these measures put GDP growth back on the rails? Will they restore the jobs lost in the last few months? The answers to these are in the hands of the wealth creators now. The government did what it could; it is now up to India Inc to take the ball and run.

<u>Words</u>	<u>Kind</u>	<u>Meaning</u>
Boost		Enhance, increase, augment, snowball
Downbeat		Pessimistic, hopeless
Comprehensive		Extensive, inclusive, exhaustive, synoptic
Announce		Herald, declare, aver, avow, proclaim
Concerns		Worries, anxieties, woes, agonies, afflictions
Controversial		Contentious, disputed, moot, contended
Concede		Admit, acknowledge, accept, confess
Accelerate		Speed up, hurry up, put on a spurt
Depreciation		Devaluation, devaluing, mark down
Deferment		Postponement, deferral, suspension, adjournment
Set in		Begin, start, arrive, commence
Upfront		In advance, beforehand, ahead of time
Norm		Standard, usual, normal, typical, unexceptional
Avoid		Acquiescence, acceptance, accession, approval
Expedite		Speed up, accelerate, hasten, hurry
Mayhem		Chaos, disorder, confusion, havoc, bedlam
Ease		Relieve, alleviate, mitigate, assuage, allay
Take away		A key fact / point / idea to be remembered
Seared		Frightened, afraid, panicky, jittery, worried
Jibe		Snide remark, taunt, sneer, jeer, insult

SHALLOW DRAUGHTS

India needs to remind President Trump of the real basis of its claim to J&K

In the run-up to the meeting between Prime Minister Narendra Modi and U.S. President Donald Trump, expected on the sidelines of the G7 summit, many in South Block would have hoped that the U.S. President would not make any of his characteristically controversial statements. The two leaders have a full bilateral agenda to discuss, including defence and

strategic cooperation, and will need to resolve outstanding trade issues, as well as deal with possible U.S. sanctions on India for an upcoming purchase of the Russian S-400 anti missile systems and the future of Iran sanctions for oil purchases. It is clear that India’s concerns over the U.S.-Taliban peace process will also be high on the agenda. However, Mr. Trump has made it clear, in at least three recent statements, that the situation in Jammu and Kashmir (J&K) and resultant tensions between India and Pakistan will claim much of the conversation. For starters, Mr. Trump has repeated, despite several rejections from India, that he would like to “mediate” between the two countries. He has also called the India-Pakistan conflict over Kashmir a ‘religious problem’. While Mr. Trump is free to make assertions, his views on the Kashmir dispute betray an ignorance of the nature of the conflict and the situation on the ground.

Since 1947, the view on the Indian side has been that Partition was not on the basis of a religious divide, but an ideological one: the ‘idea of Pakistan’ vs. the ‘idea of India’. Pakistan was carved out of India because sections of Muslims believed that they could not live equitably with the majority Hindu community. India consisted of those who believed people of all religions could live together in a secular, pluralistic society; and it should be noted that more Muslims chose to live in India than in Pakistan. India’s claim over J&K, a State that included Hindus, Muslims and Buddhists, stemmed from this very premise. The government has repeatedly stressed that its decision on J&K was mandated by a desire to provide better governance and development for the people there. Mr. Trump’s assertion that the issue over Kashmir is a religious one unwittingly plays into the Pakistani narrative of a conflict that has defied such narrow definitions for more than 70 years. It is therefore necessary that the government firmly corrects Mr. Trump on the matter. While the government has decided wisely to ignore many of his quixotic comments, his assertion that Kashmir is essentially a communal problem is dangerous, and needs to be countered by New Delhi in the interest of bilateral relations, as well as the resolution of the problem itself.

Words

Kind

Meaning

On the sidelines

Without being involved

Agenda

List of work to be discussed at a formal meeting

Resolve

Settle, sort out, solve, fix, deal with, reconcile

Sanction

Penalty, punishment, deterrent

Tete-a-tete	Conversation, talk, parley, conference
Repeat	Reiterate, recapitulate, iterate, replicate
Conflict	Dispute, quarrel, squabble, disagreement
Assertion	Declaration, averment, postulation, proclamation
Dispute	Conflict, vendetta, squabble, fall out
Betray	Reveal, disclose, inform on, give away, evince
Outlaw	Ban, embargo, proscribe, forbid, prohibit
Carve out	Create, make, churn out
Stem	Arise from, originate, spring from, result from
Premise	Hypothesis, proposition, thesis, axiom, truism
Mandate	Instruction, directive, decree, injunction
Unwittingly	Unintentionally, not deliberately, unaware
Defy	Disobey, refuse to obey, challenge, flout
Quixotic	Idealistic, romantic, starry eyed utopian
Resolution	Determination, purpose, resolve, firmness