

A welcome shift in discourse

In its first 100 days, the new government has spoken with intent, perspective and a sense of purpose



CHANDRAJIT BANERJEE

A hundred days is a short time for a government, but when it assumes charge it is expected to present a strong indication of its policy intent in this period. Since the Indian economy has been growing at sub-5 per cent for two years, rapid progress on reforms was critical.

Prime Minister Narendra Modi and his government have delivered on all counts. The government has affirmed policy direction, initiated action on multiple fronts, and enabled the economy to shift track to a faster growth trajectory within this short time. Investor spirits are surging and a new investment cycle is now underway.

Economic growth and investment rejuvenation are on top of the priority list. The Finance Minister in his Budget speech sought to alleviate the concerns of investors by assuring them of a stable and pre-

dictable tax regime, and stressed the imperative of adhering to a tight fiscal deficit target.

The Budget additionally lowered the investment allowance to ₹25 crore and set up a ₹10,000 crore fund for start-ups. The Finance Minister has also driven the agenda for GST through several meetings of the empowered State finance ministers group to resolve pending issues.

Top billing

Infrastructure is high on the agenda. Modi has travelled to different States to flag off infrastructure projects and has strongly voiced the Government's commitment to building new facilities. Industrial corridors integrated with smart cities are on the anvil. The smart city concept can be revolutionary for a rapidly urbanising nation such as India. Power, roads and highways, ports and airports would be taken up and the public-private partnership model would be revisited through 3P India, an institution to come up soon. The Government has facilitated rapid movement of ongoing projects and addressed hurdles in mining and environmental clearances.

The Railways has received high attention. Raising passenger fares

was a long-awaited move, while in the long-term, the vision is for a high-speed rail network across the country. For the first time, FDI too has been permitted in various areas of railway infrastructure.

The Prime Minister issued a strong

invitation to 'Make in India' and drive the manufacturing sector to a new level in his Independence Day address. Although the sector is expected to be the engine for new employment creation, it has experienced near-stagnant growth for the last three years. The Budget announced steps such as correcting the inverted duty structure, continuing excise duty rebates, and redefining MSME. Raising FDI limits in

defence and insurance would encourage overseas investors to connect with Indian manufacturing.

Also, agriculture has been prioritised with the intention to infuse productivity and technology into farming.

Farmer producer organisations and farmers' markets are being encouraged so that the Agricultural Produce Market Committee Act operates in the right spirit. Logistics

have been addressed in the Budget with incentives for warehousing and storage. A price stabilisation fund was announced as well, apart from new agricultural research facilities. This would contribute to addressing food inflation through supply side measures.

In response mode

The Government itself is sought to be reformed by more efficient, responsive and effective administra-

tion at all levels, including ministries, departments, states and regulatory bodies. E-governance, use of IT and reducing face-time for more transparent administration has been stressed.

Finally, the Government has brought issues such as female foeticide, sanitation and violence against women on the front-burner. The Swachh Bharat programme for total sanitation is inspirational and corporates have quickly responded to the call for building toilets in schools.

A new multi-skill mission is proposed to enable our workforce to be globally competitive. Financial inclusion is being accelerated through the Jan Dhan Yojana which offers incentives such as insurance cover.

Most of all, industry is enthused by the shift in discourse. The idea is to build a facilitative investment climate, improve ease of doing business, and encourage industry to seize opportunities.

The Confederation of Indian Industry expects that with renewed investor confidence, GDP could expand at 5.5-6 per cent this year, and enter the 7-8 per cent trajectory in two years.

The writer is the director general of CII

