

'Govt Should Stress on Transparency'

ET Q&A

The next government must hit the ground run-

ning to salvage the Indian economy, feels the new president of the Confederation of Indian Industry and DCM group chairman **Ajay Shriram**. He spoke to ET's **Vikas Dhoot** about industry's anxieties and aspirations about the funding, timing and outcomes of India's elections.

Manufacturing has contracted for only the third time since independence. Do you think the economy is worse off today than, say 1991 or 2008?

From 1991-92 till today, India has grown a lot and the services and agriculture sectors have a much larger scale. Yes, manufacturing over the last two years has been under stress, especially in sectors like capital goods where order books are nowhere near comfortable. In the auto sector, there is de-growth. I think what has hurt the sector is inflation, especially on the food supply side - that's why how to handle agriculture is very important. Manufacturing has stagnated or seen negative growth.

In the last three-four months, we have seen some stability on our Rupee, inflation and the current account deficits. This should give a fillip again. There's been stress worldwide over the last two years. We should thank our blessings that we are still growing at 4.5%-5%. Even China has slowed down from 11.5% to 7.5%. The Indian economy has the advantage of being largely driven by domestic demand, not exports. So we can get our own act right.

Over the last 14 months, the Cabinet Committee on Investments cleared over ₹6.5 lakh crore worth of projects. Even if half of them can start operations this year, it will trigger automatically job creation and business for allied industries. We have to find solutions to move projects faster. We have told the PM's Office that CII is willing to work with states for this as a large part of the action for project clearances and connectivity lies in the states.

Beyond stalled projects getting cleared, are you seeing any green shoots in the investment climate?

Considering that we are in the middle of an election and the last year and a half haven't been growth-oriented, I think people are waiting and watching. In general, investors are bullish on India and can't ignore it, given our population, market size and the aspirations of millions of middle-class households. But at the moment, no one is looking at it because there's no one to talk to. All ministers are busy canvassing ahead of the elections.

I think it will take some time, but I believe after the elections, whoever comes in power will do what is necessary to fix this. Every party wants growth. We have done a study for the last 6-7 years' average GDP growth in states. The top states were all ruled by different parties - JD(U), AIDMK, NCP-Congress, BJP... so everyone wants growth. No one is anti-growth... each one has its own approach to growth.

Which way do you see the wind blowing in this election?

It's very difficult to predict. Whoever comes in, will come in with fresh thinking and a new mindset and hopefully will want to do something solid at the start of their five-year term.

Do you feel India Inc is being unfairly targeted in the crossfire between leading parties about crony capitalism?

Yes, you are right. I think the Aam Aadmi Party started it first. But frankly speaking, industry looks at it this way - we are not involved in their (politicians') decision-making. At the time of elections and politicking, people have their priorities on how to win votes.



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AJAY SHRIRAM
President, CII

Industry has got its own job to do. We are stressing that the government puts up clear rules and regulations in place. This would mean leaving a lesser opportunity (for ministers) to say No. If you get discretionary powers, you can say no. The government needs to figure out how to ensure transparency. Though it has moved forward on this, a lot more can be done by using IT-enabled systems effectively.

In the current environment where agencies like CBI and CAG could question any decision that could be seen as helping industry, how will you work towards rebuilding the trust deficit that has crept in the government and civil society vis-a-vis corporate India?

You are 100% right. We have, in fact, a committee to interface with civil society. We are trying to highlight what good industry has done or is doing. In any society, country, you will have black sheep. That one sheep shouldn't tarnish the 99 white ones. This is where balance and maturity is needed to see what is in the overall interest of the country. I think today everyone - what they say in public doesn't matter - any government functionary appreciates that industry is important for growth.

Electoral funding remains a murky area. What, according to CII, is the best way forward?

We believe state funding of elections is a good idea. A national election is one of the pre-requisites for a functional democracy. So if there's some formula for national funding of elections, it will be great. We may need some process of rationalisation and sifting, as there are 1600-odd political parties in India.

Secondly, whether it is an individual or corporate funding, there should be an open system of funding. If you get tax breaks, why not allow such funding as we are doing it for the most important function of a democracy. There's a new system that Aam Aadmi Party has started like in the US, where people pay to have dinner with Arvind Kejriwal. Why not allow such clean, transparent ways of fund raising?

In India, there is an election taking place somewhere at some level almost every month, so most state and central governments are in populist mode most of the time and there are few pauses between polls when pragmatic long-term policies can be implemented. We need to change this. Because we have elections so frequently, the decision making process gets influenced. So, ideally yes, we must have a window for holding elections simultaneously (for panchayats, corporations, assemblies and Parliament) say, once in 3 years. Too many elections hamper the economy as decision-making across sectors slows down.