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Is Indian Economy Moving Towards a Slump?

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Abstract

The Indian economy experienced the worst decline in GDP growth in its history (-23.9% in first quarter of FY'2021) while for last couple of months its Indian Index of Production (IIP) shows worsening performance. Fortunately, agriculture sector shows a bit green shoots, while most of the sectors show downward trend in production/sales amid lockdown due to Covid-19 crisis. The Indian economy faces a double whammy, on one hand there is a sheer lack of aggregate demand due to gigantic job losses as well as muted sentiment among consumers who became more thrifty amid the Covid-19 crisis; on the other hand supply got a hit due to lack of migrant workers/labour. The article attempts to analyse the ongoing economic issues that Indian economy is currently facing

Keywords: Slump, Covid-19 crisis

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Introduction

Economists define a recession as three consecutive quarters of contraction. Economic growth slips into negative territory during a recession. There is a hullabaloo in recent times pertaining Indian economy's growth story, where in the successive two quarters in FY20, the economic growth appears to be 5% and 4.5% which clearly shows a dismal economic condition of Indian economy.

GDP Growth Rate (%)

Financial Year	**First-Quarter (Q1)**	**Second-Quarter (Q2)**	**Third – Quarter (Q3)**	**Fourt Quarter (Q4)**
FY 18	6.0	6.8	7.7	8.1
FY19	8.0	7.0	6.6	5.8
FY20	5.0	4.5		

Note:Qi denotes the i-th Quarter.
Source: MOSPI

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Govt Pegs FY20 GDP growth at 5%, Slowest in 11 Years

India's economy is forecast to grow 5% in 2019-20, according to the first advance estimates by the Central Statistical Organisation (CSO). The projected growth rate of GDP in FY20 is the lowest since FY09, the year of the global financial crisis when GDP grew 3.1%. A sharp decline is reflected as the economy is hit by a broad-based economic slowdown, fragile consumer sentiment and stagnant investments. The CSO estimate is in line with the RBI's projection of 5% growth and substantially lower than the 7% given by the Economic Survey for FY20. Gross Value Added (GVA) growth is seen at 4.9% against 6.6% in FY19. Muted corporate performance and subdued tax collections are likely to add to the fiscal pressure.Private consumption, which is the prime driver of the economy with about 60% share, is likely to grow at 5.8% this fiscal down from 10% in the previous year. Gross Fixed Capital Formation (GFCF)- a measure of investments, is estimated to rise less than 1% in FY20, a collapse from near 10% rise in FY19. Manufacturing growth was seen at 2% y-o-y which is a 15 year low as against 6.9% growth in FY19.

Source: Economic Times (8 January 2020).

What is Slump?

A slump is defined as:

> "Undergo a sudden severe or prolonged fall in price, value, or amount." Other definition states "A slump is a prolonged subdued state of an economy leading to a significant fall in output and average living standards."

Investopedia defines slump as follows:

> "Slump is a term used to denote a sharp decline in business activity, trade or market values. Slump is a very flexible term in that it is used to describe both a short, sharp decline as well as a more gradual, prolonged period of low activity or value. There are market slumps, economic slumps, industry slumps, earnings slumps and so on. In economic terms, slump usually refers to the beginning of a recession. A recession is not officially declared until several months of declining activity have passed, so the months leading up to the declaration of recession are simply described as a prolonged economic slump.[1]

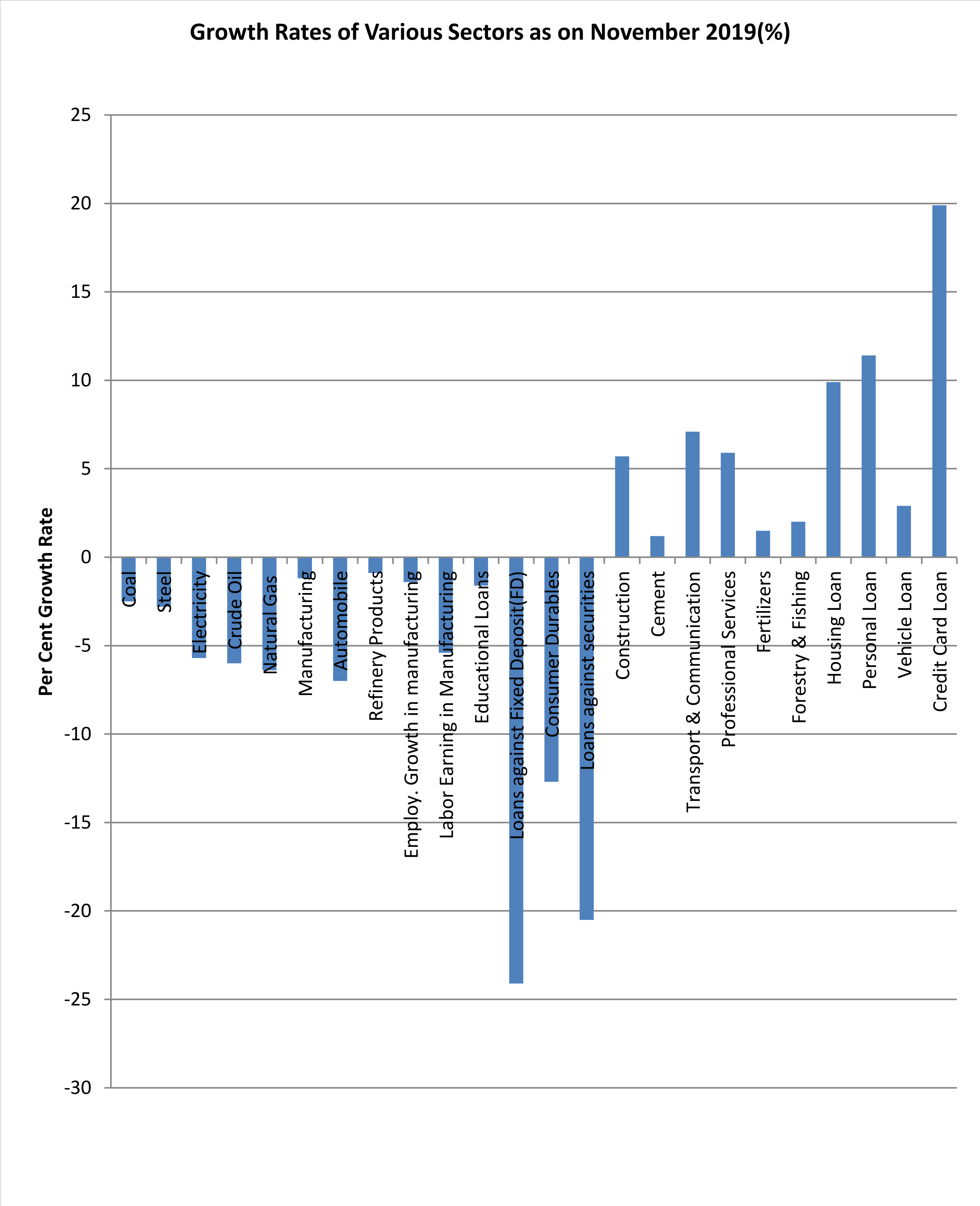
According to global broking firm Goldman Sachs, as of June 2019, the current slowdown has lasted for 18 months, making it is the longest since 2006. The following Table provides notable negative events/shocks and corresponding months for which slowdown lasts in Indian economy:

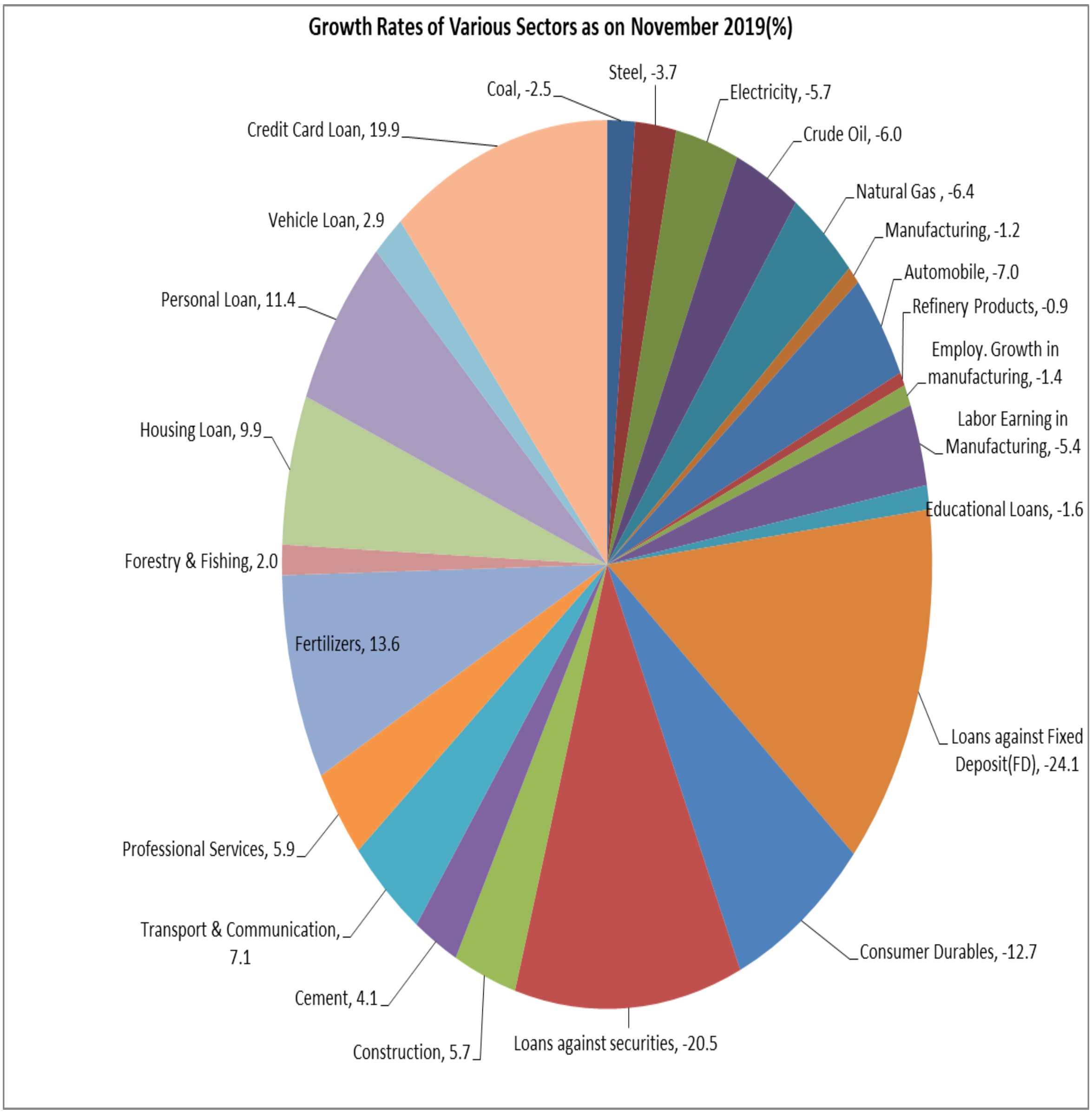
[1]https://www.investopedia.com/terms/s/slump.asp

Sl No.	Events	Duration in Months
1	Global Financial Crisis (8 June 2008- January 2009)	8
2	Post Global Financial Crisis (Feb 2011 – Oct 2011)	9
3	Demonetisation (October 2016- January 2017)	4
4	Current Slowdown (January 2018 onwards)	18

Source: Times of India (29 August 2019).

POSITIVE SECTOR	NEGATIVE SECTOR
Irrigation +4.9%	Coal -2.5%
Construction +5.7%	Steel -3.7%
Cement +4.1%	Electricity -5.7%
Transport & Communication +7.1%	Crude Oil -6.0%
Professional Services +5.9%	Natural Gas -6.4%
Fertilizers +13.6%	Manufacturing -1.2
Forestry & Fishing +2.0%	Automobaile -7.0%
Housing Loan +9.9%	Refinery products -0.9
Personal Loan +11.4%	Employment growth in manufacturing -1.4%
Vehicle Loan +2.9%	Labour earning in manufacturing sector -5.4%
Credit Card Loan +19.9%	Educational loans -1.6%
	Loans against FD -24.1%
	Consumer Durables -12.7%
	Loans against securities -20.5%


Growth Rates of Various Sectors as on November 2019(%)
Per Cent Growth Rate
25
20
15
10
5
0
-5
-10
-15
-20
-25
-30
Coal
Steel
Electricity
Crude Oil
Natural Gas
Manufacturing
Automobile
Refinery Products
Employ. Growth in manufacturing
Labor Earning in Manufacturing
Educational Loans
Loans against Fixed Deposit(FD)
Consumer Durables
Loans against securities
Construction
Cement
Transport & Communication
Professional Services
Fertilizers
Forestry & Fishing
Housing Loan
Personal Loan
Vehicle Loan
Credit Card Loan


Growth Rates of Various Sectors as on November 2019(%)
Coal, -2.5
Steel, -3.7
Electricity, -5.7
Crude Oil, -6.0
Natural Gas , -6.4
Manufacturing, -1.2
Automobile, -7.0
Refinery Products, -0.9
Employ. Growth in manufacturing, -1.4
Labor Earning in Manufacturing, -5.4
Educational Loans, -1.6
Loans against Fixed Deposit(FD), -24.1
Consumer Durables, -12.7
Loans against securities, -20.5
Construction, 5.7
Cement, 4.1
Transport & Communication, 7.1
Professional Services, 5.9
Fertilizers, 13.6
Forestry & Fishing, 2.0
Housing Loan, 9.9
Personal Loan, 11.4
Vehicle Loan, 2.9
Credit Card Loan, 19.9

India lost USD 1.3 billion due to 4,196 hrs of no internet

Internet shutdowns in India are not just disruptions in routine and individual freedom, but are also having an economic impact on the country. Around 4,196 hours of internet blackouts in India cost the economy close to USD 1.3 billion in 2019 finds a study by UK-based tech research firm Top10Vpn. India was the third worst-hit economy worldwide after crisis-hit Iraq and Sudan thanks to state-imposed shut-downs across Jammu & Kashmir, Arunachal Pradesh, Assam, Meghalaya, Rajasthan, UP and other regions. An average of 8.4 million internet users was impacted across the multiple incidents. The economic impact is likely to be higher given that the study only assessed large region-wide blackouts and India's smaller and more localized shutdowns were not included. The report stated that as for India, the frequency of disruptions still far surpasses any other country and unless swift action is taken to reduce the number and duration of disruptions, the economic impact is likely to continue to rise. The vast majority of internet shutdowns in India in 2019 were highly localized and short-lived, but the costliest disruption occurred in Kashmir, where the shutdown remains ongoing. The shutdown in Kashmir is one of the longest internet shutdowns. It has hurt the economy, impacted local healthcare services, press and education in the region. The clampdown of internet services in the North East in relation to the Citizenship Amendment Act resulted in around USD 102 million of economic impact, and the restrictions in Uttar Pradesh led to USD 63 million hit.

Source:https://www.top10vpn.com/cost-of-internet-shutdowns/

Slowdown may hurt job creation

The economic slowdown may take a toll on job creation, with around 74 lakh new additions to the payroll during Financial Year 2019-20 compared to nearly 90 lakh in 2018-19, an analysis by the State Bank of India (SBI) showed. The slow growth is now having a visible impact on payroll creation; the EPFO data primarily covers low-paid jobs as the salary is capped at INR 15,000 per month. Government jobs, state government jobs and private jobs are not part of this ambit as such data have moved to National Pension Scheme (NPS) beginning 2004. Even in the NPS category, state and central government are supposed to create close to 39,000 jobs less in FY20 as per current trends. Hence, the number of new payroll created in FY20 could be at least 16 lakh lower than in FY19. Public or private sector companies with more than 20 employees need to register accounts of their individual employees with EPFOs and must make statutory deduction from salaries and make a matching contribution, a part of which flows into the Employees' Pension Scheme. Apart from a slowdown in new jobs, the pace of formalization has declined. It is possible that the delay in resolution cases under IBC may have prompted companies to downsize their contractual labourers. Shutdown at companies such as jet Airways is a case in point. Remittances by labourers have also declined in states such as Uttar Pradesh, Bihar, Assam, Rajasthan, Odisha, Assam during 2019. These migrants have been making significant contribution to their families in their places of origin.

Source: Times of India (14.01.2020).

Oyo sacks 1,000 to focus on profitability

Oyo founder Ritesh Agarwal has told staff that the focus of the company is on profitability as it looks to balance "the speed of our growth with our operational capabilities" along with driving governance and leveraging technology to improve operations. Oyo has started cost cutting, laying off 10% of the Indian workforce, about 1,000 employees. The development comes as the SoftBank-backed hospitality major has come under global scrutiny for the way it runs its operations, including overstating properties listed on its platform and alleged bribes. Oyo has also faced protests from hotel owners in India and China over payments. Over the last two years, Oyo has expanded aggressively to global markets including China, Europe and the US armed with billions in funding from SoftBank Vision Fund. Globally Oyo employs over 20,000 and it is also expected to undertake layoffs in markets like China. The move could see Oyo trimming its network of over 10,000 hotels in India as focus will be on "profitable locations and buildings and avoid growth that dilutes margins" and reduces "operating costs."

Source: Times of India (14.01.2020).

Walmart sacks 56 employees, including 8 top execs

World's largest retailer Walmart Inc on 13 January 2020 said it has sacked 56 of its executives in India, including eight from senior management level, as it restructures its business in the country.Most of the sacking was in Walmart's real estate division that is responsible for store expansion, implying the firm was facing challenges in expanding its wholesale business.The 56 executives laid off make up for 1 per cent of Walmart's overall workforce in India.The job cuts come amid rising competition. US e-commerce giant Amazon Inc has partnered with India's leading retailer, Future Retail Ltd (FRL) to expand in the country, while Mukesh Ambani recently launched an online retailer Jio Mart, offering free home delivery for thousands of grocery products.Layoffs at Walmart's brick and mortar business began after it bought a majority stake in e-commerce retailer Flipkart in 2018 in an around USD 16 billion deal.

Source: The Indian Express (13 January 2020)

Retail Inflation Hits 5-year High of 7.35% in December 2019

Date released by the National Statistical Office (NSO) on 13 January 2020 showed retail inflation as measured by the consumer price index (CPI) rose to an over five year-high of 7.35% in December 2019, higher than the previous month's 5.5% and way above the 2.1% recorded in December 2018. Food inflation increased at 14.1% highest ever in the new series and highest since November 2013 in the old series. The key reason for the sharp spike has been prices of vegetables and pulses. Vegetable prices rose an annual 60.5%, largely driven by onions, and prices of pulses by 15.4%. Food & Beverages increased by 12.2%.[2] The overall inflation rate is the highest since the BJP government took office in May 2014.Core inflation, which is Headline inflation minus food and fuel, too rose marginally to 3.7% in December, compared with 3.5% in the previous month. Inflation in rural areas was at a 5-year

[2]The details are provided in the Annexure.

high of 7.3% during December while in urban centres it was at a 6-year high of 7.5%.The RBI is scheduled to make its next monetary policy announcements on 6 February 2020, five days after Finance Minister Nirmala Sitharaman presents the Budget for FY21.

Source: Economic Times (14.01.2020).

US-Iran spat to impact IT sector: HFS Research

The U.S.' latest attack on Iran could have 'huge' ramifications on the global economy and therefore, business and growth expectations of the tech industry may have to be tempered, said Phil Fersht, chief tech analyst & CEO of U.K.-based HFS Research.

All kinds of geopolitical events would have a huge impact on the global business landscape and in turn, it would affect IT budgets of enterprises, he pointed out.

"The fall-out from this latest attack on Iran and its implications, on multiple geographies and businesses, could have huge ramifications on the global economy in general, and the tech sector is not isolated," Mr. Fersht warned.

Echoing similar sentiments, Prashant Shukla, director at U.S.-based Everest Group, said the U.S.-Iran tension was yet to unfold in terms of impact, but it has 'surely brought in negative sentiment' to the tech sector at the beginning of 2020.

As per Mr. Fersht, the U.S. market was already worried over the Brexit impact; the political impact on the economy in an election year would further dictate tech spending levels.

Best placed sectors

"The U.K. and Europe is all about post-Brexit compliance and support. Tech firms... those that are steeped in banking, logistics, supply chain and complex data strategy are best-placed and I see all the big six India-heritage providers getting major opportunities to bid on new deals but also facing major challenges in scaling up the talent to deliver,'' added Mr. Fersht.

Onshore talent shortage, however, would continue to offer tailwind advantage to Indian service providers in 2020, provided they are able to manage upskilling and attrition better and place themselves competitively, observed Mr. Shukla.

"Indian tech providers can continue to grow above the global average if they efficiently explore their vantage points such as access to talent, long-term client relationships and focus on digital-related investments,'' he added.

Source: The Hindu Businessline (9 January 2020).

Acknowledging the Slowdown and then finding the right Diagnosis is the Key

Worryingly, over-eager spin doctors in government—some, more loyal than the king—are seeking to sell the latest economic data purely as a cyclical downturn aggravated by a "gloom and doom" narrative and something that can be reversed through policy interventions and pep talks by the finance minister. This explanation is too glib. The current state of the Indian economy is far more complex and beyond such binaries. Yes, while global conditions have become inclement, it is also a fact that the Indian economy is being buffeted by disruptions—the rise of the ride-sharing economy and a mindset reset among younger consumers are taking a toll on automobile sales—and the painful withdrawal effect caused by the winding down of the dubious legacy of a black money economy and crony capitalism. What we are seeing therefore is probably a combination of structural and cyclical conditions afflicting the economy.

More worrying is that the advisers in government are consistently failing to read the tea leaves on the consumption story. A fortnight ago, the Reserve Bank of India (RBI) released its consumer confidence survey data, obtained from a survey conducted in 13 cities, which showed that Indian households are becoming increasingly wary about the state of the economy. Admittedly it is a dip-stick, but the conclusion should logically have served as a wake-up call: "Consumers' perceptions on the general economic situation and the employment scenario softened, while their assessment of their own incomes turned out to be less optimistic than in May 2019."

The recent slowdown is also further reflected in the dismal performance of the Index of Industrial Production (IIP). The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of August 2019 stands at 126.6, which is 1.1 percent lower as compared to the level in the month of August 2018. The cumulative growth for the period April-August 2019 over the corresponding period of the previous year stands at 2.4 percent.

Construction

GDP for Q1 2019-20 from 'Construction' sector grew by 5.7 percent as compared to growth of 9.6 percent in Q1 2018-19.

Key indicators of Construction sector, namely, production of Cement, consumption of finished Steel and IIP of Non-Metallic Minerals registered growth rates of 1.2 percent, 6.8 percent and (-)1.1 percent respectively, during Q1 of 2019-20 as compared to 16.3 percent, 9.2 percent and 12.3 percent, respectively, in Q1 of 2018-19.

According to data from the Ministry of Statistics and Programme Implementation cited by Fitch Solutions, project delays result in cost overruns, with multi-state projects being hit the hardest. Persistent delays plague 384 out of 1,423 construction projects in India. This will weigh in on the growth prospects of the construction sector whose growth is tipped to slow to 6.7% in 2019 and expand at an average of 6.6% annually through 2028.

Costly project delays stem from factors such as poor planning, delay in progress payments, contractor/sub-contractor incompetency and land acquisition difficulties which result in cost overruns as well as increased financial pressures for contractors.

However, out of 366 rail and 603 road projects being tracked by the authorities, 206 rail and 45 road projects currently exceed its original budget by 131% and 49% respectively. The resulting cost overruns reach approximately USD 33.4 billion, more than twice the cost of the Mumbai–Ahmedabad High-Speed Rail Project.

Trade, Hotels, Transport, Communication and Services Related to Broadcasting

Quarterly GDP for Q1 2019-20 from this sector grew by 7.1 percent as compared to growth of 7.8 percent in Q1 2018-19.

Among the other Services sectors, the key indicators of Railways, namely, the Net Tonne Kilometers and Passenger Kilometers have shown growth rates of 0.9 percent and (-) 0.5 percent respectively during Q1 2019-20.

In case of other Transport sectors, Passengers Handled by the Civil Aviation, Cargo Handled by the Civil Aviation and Cargo Handled at Major Sea Ports registered growth rates of (-) 0.6 percent, (-) 6.6 percent and 1.6 percent, respectively, during Q1 2019-20. Sales of Commercial Vehicles registered (-) 9.5 percent growth during Q1 2019-20.

Financial, Real Estate and Professional Services

GDP for Q1 2019-20 from this sector grew by 5.9 percent as compared to growth of 6.5 percent in Q1 2018-19.

Major component of this industry is the Real Estate and Professional Services which has a share of 75.5 percent. The key indicators of this sector are the quarterly growth of corporate sector for Real Estate, Business Services and Computer related activities which are estimated from available data from Listed Companies. The other indicators of this sector, viz. Aggregate Bank Deposits and Bank Credits have shown growth rates of 10.4 percent and 11.9 percent, respectively, during Q1 2019-20 as compared to 6.8 percent and 10.9 percent, respectively, during Q1 2018-19.

Automobile slowdown

The Indian automobile industry, the world’s fourth-largest, has embraced a slowdown after a near-decade of high growth. On May 13, the Society of Indian Automobile Manufacturers (SIAM) announced a 17 percent decline in passenger vehicle sales for April, the lowest in nearly eight years.[3] Car sales are down for the tenth consecutive month since July 2018. Overall, the auto industry sold 2,001,096 units during April. In the same period last year, it had sold 2,380,294 units.

Fiscal Deficit Hits 115% of BE Till November 2019

India's fiscal deficit at the end-November 2019 was 114.8% of the budgeted target for the for the fiscal through next March 2020, highlighting the challenge the government faces in meeting its fiscal goals.

The fiscal deficit (govt receipt- govt expenditure) reached INR 8.07 lakh crore as of 30 November 2019 according to the CGA data.

The GoI had set a fiscal deficit target of 3.3% of GDP or INR 7.03 lakh crore in the Union Budget presented in July 2019.

Given the likely shortfall in tax collections and lack of clarity on the eventual magnitude of inflows from telecom licence holders and disinvestment proceeds expenditure cuts may have to be undertaken to check fiscal deficit.

Fiscal Deficit won't matter if spending is prudent, says Pronab Sen

Business Standard (11 January 2020)

India's former chief statistician and newly appointed Chairman of the Standing Committee on Statistics, Pronab Sen has said that the forthcoming Budget should boost demand by putting more money into MNREGA, PM-KISAN and rural roads as these were guaranteed ways of ensuring that money gets down to ground level where it's most needed and would be immediately spent. Sen said he would have no problem if, to boost demand by increasing expenditure on schemes like PM Kisan, MNREGA and infrastrcuture, the central government deficit reached 5.5 per cent. While alongwith the deficit of state governments and public sector units, this would push the overall national deficit to 11.5 per cent, he said this was the critical need of the hour. The prime duty of the government was to revive economic growth rather than protect the fiscal defciit target.

On infrastrcuture, he said it was very important to carefully select the projects that were funded. Rather than start new projects, where the gestation period was likley to be long, he said more money should be spent on existing projects that were underway, perhaps by ensuring that projects intended for completion in two years were finished in just one.

[3] 'What's going on with India's automobile sector?'(14 May 2019) Forbes; http://www.forbesindia.com/article/special/whats-going-on-with-indias-automobile-sector/53527/1

He was not in favour of the demand to cut personal income tax as it would affect a very limited section of 30-50 million people who anyway were highsavers and therefore, only a small percentage of what they saved in tax would be spent on fresh consumption.

Terming the economic situation as "very bad" Sen said that post 2016-17, India's economic statistics measuring GDP growth were "largely guess work." This is because the informal sector, which is said to be 45 per cent of the economy, is measured on the basis of a projection of the performance of the formal sector. At a time when no one knew how badly the informal sector had been hit by demonetisation, this projection could be entirely wrong.

While he was in favour of land and labour reforms, the present economic crisis is the wrong time for labour reform he said. Giving industrialists the right to hire and fire would lead to substantial proportion of their workforce being laid off and that would only add to the present crisis. He said such reforms should be done after the economy had recovered and not at a time when it is in the doldrums.

He expressed concern about youth unemployment, which according to recent surveys had jumped from 9 million in 2011-12 to nearly 25 million in 2017-18. He said the problem of youth unemployment had been exacerbated by the impact of demonetisation on the informals sector. This was because most young people first found jobs in the informal sector and then after a few years of training hoped to move into more formal areas of the economy. However, post demonetisation the informal sector had stopped hiring. This meant that for the last three years, young people who would have obtained jobs in the informal sector had been lef unemployed.

How Bad Is the Fiscal Situation?

An article (Economic Times, 13 January 2020)[4] stated that GoI asset sales have yielded a mere INR 17,364 crore with more than 80% of the target yet to be realised. The big chunk of GoI's strategic sale plans close to INR 70,000-80,000 crore in Bharat Petroleum Corporation Limited (BPCL), Container Corporation (CONCOR) and Air India seem unlikely by March 2020. Factoring in some last-minute fire sales and asset monetisation proceeds the shortfall is estimated around INR 40,000-50,000 crore in disinvestments this fiscal.

There seems to be expenditure compression, and the lion's share of the expenditure cutbacks is likely to come in Ministries that have underspent so far this year. For example, the Ministry of Agriculture has spent only 49% of its budget allocations between April and November 2019, leaving 50% of the spending for the fourth quarter. Other Ministries that have underspent so far includes roads(63%), health(66%), civil aviation(39%), IT(58%) and tourism(43%).

[4]Written by HDFC Bank Chief Economist Abheek Barua and Sakshi Gupta.

The axe has not fallen yet heavily on GoI's capital spending and in the April-November 2019 period, growth has been 11.7%, just a smidge lower than the budgeted growth of 11.8%. The major brunt of expenditure cuts has been being borne by revenue expenditure with a year-to-date growth of 13%, compared to the budgeted growth of 22%. Apart from savings from this expenditure compression, RBI's surplus transfer to GoI of INR 58,000 crore (0.3% of GDP), over and above the budgeted INR 90,000 crore is also likely to provide an additional fiscal cushion in 2020.

Although, GoI may be able to fund the deficit without resorting to higher borrowing by cutting expenditure, one caveat is that this could put the fiscal stilmulus for economic growth off the table for 2020. The absence of a stimulus in 2020-21 could mean yet another year of sluggish growth, low tax revenues and an enduring fiscal drag. With an effective stimulus, however, the economy could gain momentum, changing the entire fiscal landscape for the better. Thus it may make sense to bite the bullet, prime the economy and fret over fiscal consolidation once growth picks up.

NBFC Sector stress

NBFCs are yet to come out of the woods after infrastructure behemoth Infrastructure Leasing and Financial Services (IL&FS) defaulted on its loan obligations. There were asset-liability mismatches and liquidity concerns arose during recent years. At one point in October 2018, an index of 20 NBFC stocks had fallen almost 30% from end-August levels. While they have since recovered, they are still down about 15%.[5]

NBFCs that are also holding companies for small finance banks have been hit as investors have made no exceptions in the sector. For instance, Ujjivan Financial Services, the non-financial holding company of Ujjivan Small Finance Bank, has fallen to Rs 233 per share from a peak of Rs 399 per share in August 2018.[6] Debt concerns have pushed funding costs for non-bank financing companies. For instance, debt concerns at conglomerate Essel Group and troubles for mortgage lender Dewan Housing Finance Corp have since pushed financing costs higher.The cost of funds for lower-rated NBFCs will become relatively higher compared to higher-rated NBFCs. Shadow banks have been trying to migrate to longer-term funding sources to plug asset liability mismatches.[7]Housing Finance Companies (HFCs) could also witness stress from their developer loans book, growth in loans to infrastructure would slow. The focus of NBFCs will be their cost of borrowing, and, therefore, spreads that they earn over loans. Companies that have a big fixed-interest asset book or don't have the pricing power would find it difficult to pass on the incremental cost of funds to customers.

[5] 'Long shadow of liquidity crunch looms over NBFCs in 2019'(28 December 2018) Livemint; https://www.livemint.com/Money/JNiNbaPUkthWoJaEvR1DNL/Long-shadow-of-liquidity-crunch-looms-over-NBFCs-in-2019.html

[6] 'SBI to purchase loan assets worth up to Rs. 45,000 crore from NBFCs'(10 October 2018) Economic Times;https://economictimes.indiatimes.com/markets/stocks/news/sbi-to-purchase-loan-assets-worth-up-to-rs-45000-crore-from-nbfcs/articleshow/66142970.cms?from=mdr

[7] 'Neither billionaires nor poor can escape India's NBFC funding crisis'(22 March 2019) BusinessLine.

Concentration risks—too much exposure to some sectors can pose challenges. NBFCs kept on lending to real estate developers in recent years despite the sector being stained by incomplete projects, litigation and overall slowdown.

Credit to Select Sectors by NBFCs (Amount in Rs. Crore)

Items	Mar-17	Mar-18	Sep-18	%Variation (March 2018 /March 2017)
Gross Advances	1485700	1764300	19842	18.8
Food Credit	**170**	**270**	**500**	**58.8**
Non Food Credit(1-5)	**26,12100**	**30,72300**	**3409100**	**17.6**
1.Agr.&Allied Activity	35400	47600	59600	34.4
2.Industry(a-d)	894000	965500	1037400	8
a.Micro& Small	50800	56100	51600	10.4
b.Medium	17200	25200	32500	46.7
c.Large	437500	478500	512800	9.4
d.Others	388500	405500	440500	4.4
3.Services(a+b)	222400	301300	356300	35.5
a.Commercial real estate	95800	125700	133700	31.2
b.Retail Trade	17000	27500	32500	61.9
4. Retail Loans(a+b+c)	249000	363900	438100	46.2
a.Housing Loans	10600	13500	16500	27.5
b.Consumer Durables	5700	8800	11100	54.2
c.Vehicle/Auto Loans	103500	167500	194200	61.9
5.Other non-food credit	84700	85700	92300	1.1
Total (Food Credit+Non Food Credit)	**26,12270**	**30,72570**	**34,09600**	**17.6**

Source: Report on Trend and Progress of Banking in India 2017-18, RBI

NBFC Set to face Asset Quality Woes[8]

NBFCs will face some asset quality pressures, especially in the auto financing and real state with large higher-rated companies better prepared to ride the challenges. Companies like Housing Development Finance Corporation Limited (HDFC), Bajaj Finance and Cholamandalam Finance will continue to take away market shares from their smaller counterparts with better credit profile and accesses to low cost funds. Cost of funds for NBFCs, though has come down compared to last year 2019, still remains elevated as the mark-up above the benchmark bank lending rates remain high. Real estate financing, micro finance loan and wholesale based NBFCs will see pressure on asset quality. The slowdown in auto and real estate sectors will have an impact on NBFCs linked to these sectors as the risk of delinquencies remain high. Though some NBFCs like Bajaj Finance continue to report healthy growth in their assets under management (AUM), a majority in the once buzzing NBFC sector will continue to reel under liquidity concerns with the economic slowdown putting elevated pressure on asset quality.

[8]Economic Times (13.01.2020).

Economic growth is the best antidote to the present trust deficit between govt and citizens

A column in Economic Times (dated 06.01.2020) titled as above, stated that the year 2019 gone by could best be described as 'annus horribilis' — horrible year. In January 2019, the economy was doing quite well. As on 30 November 2018, the GDP grew 7.1% during July-September 2018. This put India's economy among the fastest-growing economies.

The biggest obstacle to growth, falling investment, seemed to be reversing. Gross fixed capital formation (GFCF) at current and constant (2011-12) prices during the quarter was estimated at 29.2% and 32.3% of GDP respectively, compared to 27.9% and 30.8% in the corresponding period of the previous year. GFCF growth rates at current and constant prices were up more sharply — to 16.8% and 12.5%, compared to 8.4% & 6.1% during the comparable period of 2017-18.

First advance estimates of GDP growth for 2018-19, released on January 7, 2019, seemed to corroborate this happy story. Sure, some of this optimism was tempered when second advance estimates, released on February 28, 2019, lowered GDP growth to 7%. Nonetheless, it seemed as though the storm clouds that had gathered on the economic horizon, post-demonetisation in November 2016 and the introduction of GST in July 2017, might finally be lifting.

With BJP back in the saddle more firmly than before, it was assumed that it would only be a matter of time before energies consumed in political battles would be redirected at supporting the nascent economic revival. However, euphoria over the end to political uncertainty had scarcely died down than CSO dropped its bombshell, when data showed quarterly growth had slowed to a multi-quarter low of 5.8% clearly throwing a message that government should get down to tending the economy. However, it failed to do that and the tightening of the fiscal deficit from 3.4% projected in the interim budget to 3.3% in the July 2019 budget took a further toll on growth.

GDP numbers released soon after on 31 August 2019, showed growth had slipped to just 5% during April-June 2019. Even as the government tried to battle the downturn with a series of weekly announcements, including cutting corporate tax rates, November 2019 brought more bad news, GDP growth slipping to a 26-quarter low of 4.5% between June-September 2019. Successive agencies, like the International Monetary Fund (IMF), Asian Development Bank (ADB) and the Reserve Bank of India (RBI) have lowered their GDP estimates for the year to a record low of 4.5-5.0%.

Despite this writing on the wall, GoI chose to use the opportunity presented by its huge majority in the elections to push through contentious political, rather than economic legislation. The series of fast-paced changes-the Muslim Women (Protection of Rights on Marriage), abrogation of some provisions of Article 370 on 5 August affecting Kashmir, and the induction of Citizen (Amendment) Act (CAA) might have been part of BJP's election manifesto. It is no secret that economic distress tends to exacerbate and bring dormant social fissures out into the open This is true of all societies, more so of a poor country that is also a fledgling democracy. Yet, by getting its priorities so badly mixed up- by choosing to focus on politics rather than the economy –government only made matters worse.

Ironically, till as late as halfway through the year, it seemed 2019 would be described by posterity a year of two halves-the first where, thanks to the general elections, politics dominated economics; and the second where economics came centre-stage. The article concludes by stating that "Unfortunately, thanks to BJP's short-sightedness, we are ending the year with the worst of both – a broken economy and broken polity."

Source: The Economic Times (6 January 2020).

2020 look ahead: Politics and Protectionism to dominate Indian economy

An article in Asia Nikkei with the above heading states that:

> "India's current slowdown is largely of the government's own making.
> The surprise cancellation of USD 218 billion in rupee notes in 2016 ruined the prospects of the rural economy and businesses in the informal sector.
> The badly designed and poorly implemented goods and services tax or GST, led to a compliance nightmare which is suffocating smaller businesses in the formal sector. But instead of correcting these errors, the charismatic Prime Minister Narendra Modi, emboldened by his massive victory in May 2019 general elections, has embarked on implementing his party's core political projects- and he will continue on his track in 2020."

The article further states that the tight job market and a credit crunch in the shadow banking space will hold back the revival of consumption demand even in 2020. India inc. will demand more protection from imports. In 2020, one can expect further restrictions on foreign companies-especially hose engaged in e-commerce after restrictions on pricing freedom in 2019.

Distracting from economic woes, the Modi government will be tempted to implement its disruptive political projects such as the National Register of Citizens for the whole of India. This will create large-scale social and political chaos, increase communal tension and damage India's reputation as a secular country that does not discriminate on the basis of religion. The article highlighted that there is 'political profit' for Modi in attacking Muslims at home and aborad.

Unless urgent corrective measures are taken, the country is headed for a major economic crisis of its own making. It is not that nothing can be done to tackle the situation. Rather, it seems there is a lack of genuine interest or political will on the part of the current regime to deal with the economic mess. With a weak and uninspiring opposition, the Modi government seems confident about holding on to power irrespective of how the economy does. That should be the real worry in 2020.

Source: Nikkei Asian Review (02 January 2020) https://asia.nikkei.com/Opinion/2020-look-ahead-Politics-and-protectionism-to-dominate-Indian-economy.

Indian Business breaks ranks as economic strain takes its toll
Financial Times(6 December 2019)

Indian industrialists tend to be cautious in publicly criticising their country's political leaders and policy direction, influenced maybe by that adage "if you don't have anything nice to say, don't say anything at all".

But Rahul Bajaj, the 81-year-old chairman of the Bajaj Group, is an exception. Grandson of one of the independence leader Mahatma Gandhi's closest confidants, the industrialist has a reputation for being outspoken. His public remarks are often seen as a barometer of corporate India's wider sentiment, which few others are willing to express.

That is why Mr Bajaj raised hackles in New Delhi last week, when he publicly suggested that Prime Minister Narendra Modi's government has created an "atmosphere of fear", with a chilling effect on the business community that had once cheered Mr Modi's rise to national power.

The setting was a glitzy corporate awards ceremony in Mumbai — the type of function typically characterised by fawning and self-congratulation among India's business and political elites. But with India in the grip of a sharp economic slowdown, Mr Bajaj suggested that many industrialists are too anxious about offending a notoriously prickly government to offer their honest assessments of what has gone wrong.

During the previous Congress administration, "we could criticise anybody", Mr Bajaj told three cabinet ministers, including finance minister Nirmala Sitharaman, on the dais. Today, "we do not have the confidence that if we criticise something that you will appreciate it".

Mr Modi's closest lieutenant, Amit Shah, sought to dispel these concerns. "Nobody needs to be afraid," Mr Shah, the home minister, said. "But if such an atmosphere as you are talking about has been created, we will also have to try and improve that."

On social media, though, other ministers displayed precisely the kind of defensiveness to which Mr Bajaj had alluded. Sharing a video of the exchange, Ms Sitharaman advised other potential corporate malcontents that there was "always a better way to seek an answer than spreading one's own impressions, which can hurt the national interest."

Former top diplomat Hardeep Singh Puri, now minister of housing and urban affairs, tweeted, "that Mr Rahul Bajaj could stand up to Amit Shah's face, express himself freely, instigate others to join him, clearly indicatesthat freedom of expression & democratic values are alive & flourishing in India". Few business leaders openly endorsed Mr Bajaj's comments. But there can be little doubt that corporate India's former ardour for Mr Modi has cooled, amid dismay about his government's economic stewardship, and its apparent hostility towards critical policy feedback.

Since Mr Modi's dramatic 2016 cash ban, his administration has claimed that it is waging a war against crony capitalism, necessary to purify the economy after decades of corrupt practices during the socialist-era “license raj” and thereafter. Few established Indian corporate houses have such unsullied pasts that their controlling families can sleep peacefully, without worrying what skeletons a vindictive government could unearth from their closets.

In private, businessmen talk of receiving phone calls from irritated ministers if they are seen to be publicly questioning government policies. Little wonder that many industrialists feel it is best to lie low, rather than risk being targeted by thin-skinned politicians, in a country where investigative agencies have been used to settle political scores.

Fear of the government’s intolerance (and possible retribution) is so strong that even when called to meet top leaders behind closed doors, some businessmen are still reluctant to speak frankly. But the Modi government can ill-afford such an anxious, alienated business community. After six consecutive quarters of economic deceleration, New Delhi needs a coherent recovery plan, which first requires a vigorous debate about why the economy is going off the rails.

Private industry must be part of that discourse. Mr Modi’s government must recognise that silencing the flow of honest policy feedback, whether intentionally or not, is ultimately self-defeating.

Noted industrialist Adi Godrej warned in July 2019 that rising intolerance, hate crimes and moral policing can ‘seriously damage’ economic growth of the nation.

“It's not all a rosy picture now. One must not lose sight of the massive impoverishness plaguing our nation which can seriously damage the pace of growth going forward and prevent us from realising our potential," Godrej warned while addressing a gathering to celebrate the 150th anniversary of his alma mater St Xavier's College. [9] He said unemployment is at 6.1 percent, a four-decade high, and needs to be tackled at the earliest. N. R. Narayana Murthy (Co-founder of Infosys) said that “Looking at what is happening at different parts of the country today, the youth need to stated bluntly that this was not the country for which our forefathers fought for.”

Economy hit by lack of political consensus

Maruti Chairman R C Bhargava has said that lack of political consensus is slowing down the Indian economy which in turn is limiting the ability of India Inc to make new investments and create fresh jobs. The need of the hour is to draw up long-term industry-focused growth strategies.

“Growing of the economy and growing of manufacturing has to be the priority.

[9] ‘Rising hate-crimes, intolerance to seriously damage growth, warns Adi Godrej’(13 July 2019)Economic Times https://economictimes.indiatimes.com/news/politics-and-nation/rising-hate-crimes-intolerance-to-seriously-damage-growth-warns-godrej/articleshow/70205075.cms?from=mdr

> We need political consensus on how to grow the economy. There have been so many measures that got stuck in Parliament and in the Rajya Sabha. It has an impact on the economy. It is in everybody's interest. We have not reached a national consensus on what is the method of growing the economy. We need to accelerate our rate of growth. Unless the rate of growth increases, investments will not be made. Remember that jobs will be created only when we have a growth in manufacturing.As far as Maruti is concerned, we are not able to make any firm long-term plans. We don't know what we are supposed to do."

The depressed sentiments in the auto industry have seen Maruti's parent Suzuki giving a bleak outlook for this fiscal as it said that sales in India could fall by 20% against the previous estimate of 4% growth. He said that investment plans of the industry are not robust in view of the difficult economic growth climate. New investments will come once we see the demand pick up. Everybody makes investments according to requirements. He further said that there is a need to have long-term strategies rather than rolling out short term boosters. Longer term plan is required. The government needs to provide inputs and the rest has to be done by the industry.

Source: Times of India (1 January 2020).

- Telangana Governor Tamilisai Soundarajan said that agriculture has a key role to play in helping the country achieve its goal of becoming a USD five trillion economy. The Central and State governments are focusing on formulating a cash crop and export-centric farming system.
- An alternative way of thought is provoked in an article titled as 'Let this be India's goal for this decade-$5000 per capita income by 2030' where it mentioned that though there is still a long way to go to before we reach developed country levels like that of the USA ($60,000 per person) or even China ($10,000 per person), but we can now at least aspire to $5,000 per person by 2030. This goal requires the following:
- Investor confidence: simple, business-friendly policies
- End of bullying by regulators/bureaucrats/taxmen/politicians who love to assert(or abuse) their power
- Feeling of harmony and safety in the country
- Stable rates/levies/taxes that do not change say each time the GST council meets in Goa.

Economic Situation 'bad', 5% growth estimate 'imaginary': Yashwant Sinha

Former Union Finance Minister Yashwant Sinha on 8 January 2020 questioned estimation that the economy will grow at 5% in 2019-20, saying the figure is 'imaginary' and raised doubt about the current government's capability of tackling economic issues.

Source: Moneycontrol(8 January 2020)

Electoral Bond

On Electoral Bond, in Rajya Sabha on 10 December 2019 on the following questions, the reply was given as follows:

(1) Whether the Ministry was aware of the fact that the Reserve Bank of India (RBI) was against the decision of selling electoral bonds in bearer form;

(2) The list of reasons stated by RBI against the same in the meeting convened on October 11, 2017 and other communications

(3)Why did Ministry take such a step inspite of the RBI's disapproval of the scheme, the details thereof?

Statement referred to in reply to Rajya Sabha Starred Question No.*229 for answer on December 10, 2019 raised by DR SANTANU SEN regarding 'Selling of electoral bonds in bearer form'

(a) The Reserve Bank of India being a stakeholder was involved in extensive consultations with the Government at the stage of conceptualization. The Committee of the Central Board (CCB) of Reserve Bank of India (RBI) in its meeting held on 11th October 2017 indirectly agreed for electoral bonds to be issued if issued by SBI.

(b) The bank in the Committee of the Central Board (CCB) of Reserve Bank of India (RBI) meeting held on 11th October 2017and other internal fora would have discussed the multiple facets of the Electoral Bonds schemes. However, these are not mentioned in the proceedings that have been drawn up. Para 5 (b) of the proceedings of the 4040th weekly meeting of the Committee of the Central Board (CCB) of Reserve Bank of India (RBI) in its meeting held on 11th October 2017, mentions the following:

"The Chairman briefed the Committee on the management's discussions with the Government on Electoral Bonds post the letter the Bank had written in line with the decisions taken in the meeting of the CCB, on September 27, 2017. The CCB supported the Bank's stand on not issuing the EBs in scrip form and observed that if the Government decides to issues EB in scrip form through SBI, the Bank should let it be."

However, the Governor, Reserve Bank of India, in his letters dated 14th September and 27th September, 2017 raised certain concerns against the issue of electoral bonds.

These reasons focused on the aspects of the platform for issuance and possible risks of a bearer bond and were reflective of the Reserve Bank of India's conservative positioning.

(c) The main reasons for issue of EBs in bearer form are to bring in transparency to funding in the political system:

a. To protect identity of the donor: RBIs suggestion on issuance of EBs in electronic (Demat) format only with the bond holders sharing unique identifier with the political party may take away a key feature of the Scheme, which is to protect the identity of the donor from the political parties. The donors may apprehend that the system may not be able to ensure secrecy of the identity of the donor.

b. To ensure wider coverage of the Scheme: Physical scrips will help in popularizing EBs and cover people of all strata of the society. Small donors may not be familiar and comfortable with the digital processing and would like to get a physical bond.

Make in India

According to the 'Jan Gan Man ki Baat' (Episode 121) US Defence firm wants control over Tech in 'Make in India' plan; and the US firm has picked Tata Advanced Systems as its local partner under the defence ministry's new Strategic Partnership model under which foreign original equipment manufacturers (OEMs) can hold up to a 49% stake in a joint venture with an Indian private firm which will hold the majority of shares. The US-India Business Council (USIBC) wrote to India's defence minister last month seeking a guarantee that US firms would retain control over sensitive technology - even as joint venture junior partners.

Technology Transfer remains an issue

Without full tech transfer in previous arms deals, India's mainly state-run defence factories have largely been left to assemble knock-down kits even for tanks and aircraft produced under license from the foreign maker. The Government of India have vowed to change that, insisting on transfer of technology so that critical military equipment are designed and manufactured in India.

Quality issues

The USIBC also opposed a clause in the new rules that held foreign firms jointly responsible for the quality of the platforms provided to the military, saying legal liability is a significant factor in business decisions.Lockheed did not respond to a request for comment. Boeing, which is bidding for a separate contract to sell its F/A-18 Super Hornets for India's aircraft carrier fleet, declined to comment on the USIBC letter, but the company's India president, Pratyush Kumar, said there were concerns about Indian private firms' lack of experience in the aerospace sector.[10]

[10] 'US defence firms want control over technology in 'Make in India' plan'(19 September 2017) Livemint https://www.livemint.com/Industry/LyscMTtryJ3ii4gMdJFVmN/US-defence-firms-want-control-over-

Only state-run Hindustan Aeronautics Ltd had made planes under license, while some private players were starting from scratch, having never built even an aircraft component. Kumar said he could not find a single example worldwide of a private enterprise with limited experience building out a plane under transfer of technology.India's defence ministry offered no response to the concerns expressed by the trade lobbying group on the strategic partnership model, which will also apply to building submarines and helicopters as part of a $150 billion modernisation drive. But an official, referring to sensitive technology, said the government has made clear in the past that foreign firms can be allowed to increase their stake beyond 49% if the technology they bring in is state-of-the art. "It can be done on a case-to-case basis," the official said. Mukesh Aghi, president of the US-India Strategic Partnership Forum, said that despite the starting problems, defence manufacturing looked set to be a breakthrough area in ties between India and the United States. "It's the next big thing. There is strong support from the (US President Donald) Trump administration to take this forward. "Look at Turkey, look at Japan, look at Brazil - look at multiple countries. In all cases there is a fine balancing act of co-opting the capabilities of both public and private enterprise," he said.

How to do the right Diagnosis for an ailing Economy?

- A business cannot flourish on its own. Its fortunes are tied to the health of the economy within which it is embedded. Viability of a business depends on the vitality of the economy in which it is embedded. It points to the importance of what economists refer to as 'aggregate demand,' without which neither the benignness of the regulatory environment nor the entrepreneurial capability of businessmen can make much of a difference to their fortunes. Our economic policymakers would today be making a mistake if they spend all their energy on improving the ease of doing business while ignoring the state of aggregate demand in the economy.
- Despite improvement in the Ease of Doing Business Ranking of India in recent years[11], this has done little for private investment, which when measured as share of GDP, has remain unchanged since 2014. The recent surge in India's ranking on the ease of doing business has come at a time of a distinct slowing of growth.
- During 2008-09, in the wake of the global economic crisis, the fiscal deficit was hiked from 2.5% to 6% of GDP. As a result we did not encounter the steep decline in growth observed in parts of the western hemisphere. However, as soon as the deficit was taken back to levels dictated by the Fiscal Responsibility and Budget Management (FRBM) Act, 2003, the growth rate declined compared to what it had been before the fiscal stimulus.

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technology-in-Make-in-In.html and 'Jan Gan Man ki Baat' (Episode 121) https://www.youtube.com/watch?v=C7Z1TROROL4

[11]India's rank improved from 142 in 2014 to 77 in 2019.

- The higher fiscal deficit should ideally be directed towards capital formation that would have both increased aggregate demand and raise the potential supply of the economy. The fixed investment rate (ratio of gross fixed capital formation to GDP) is estimated at 29.7 percent in Q1 of 2019-20, as compared to 30.0 percent in Q1 of 2018-19. The growth in real fixed investment is estimated at 4.0 percent in Q1 of 2019-20, as compared to 13.3 percent in Q1 of 2018-19.[12]

‘**Modi govt’s USD 5-trillion GDP target by 2024 looks unimaginably ambitious**’

India would need to grow at 9 per cent to achieve the target of USD 5 trillion economy by 2024, which currently looks “unimaginably ambitious”, eminent economist R Nagaraj said on 12 January 2024.[13] India’s GDP is currently estimated at around 2.8 trillion.
The Indira Gandhi Institute of Development & Research (IGIDR) Professor R Nagraj stated the following:

“The target appears exceptionally daunting, if not impossible, going by the record of the current decade. Last July 2019, as per my estimate, India needed to grow on average at 9 per cent per year in real terms from the fiscal year 2020 to 2024 to achieve the target of 5 trillion dollar economy. With the growth rate slumping, the goal looks unimaginably ambitious.”

Asked whether a fiscal stimulus is the only way out of the slowdown, he said that lowering of interest rates over the last few years has not helped and there is a need for a fiscal stimulus.

Source: Economic Times (13 January 2020).

Soil Health Card Scheme

Soil Health Card Scheme is a scheme launched by the Government of India in 19 February 2015. Under the scheme, the government plans to issue soil cards to farmers which will carry crop-wise recommendations of nutrients and fertilisers required for the individual farms to help farmers to improve productivity through judicious use of inputs. All soil samples are to be tested in various soil testing labs across the country. Thereafter the experts will analyse the strength and weaknesses (micro-nutrients deficiency) of the soil and suggest measures to deal with it. The result and suggestion will be displayed in the cards. The scheme aims at promoting soil test based and balanced use of fertilisers to enable farmers to realise higher yields at lower cost. also the main objective is to aware growers about the appropriate amount of nutrients for the concerned crop depending on the quality of soil.

[12]Department of Economic Affairs; latest August 2019 Report.
[13]Economic Times (13 January 2024).

Critic of the Soil Health Card scheme

In February this year, Prime Minister Narendra Modi launched an ambitious Rs 568 crore Soil Health Card (SHC) scheme.

The objective of the three-year scheme is to issue soil health cards to 14 crore farmers spread across India. The cards will be given out after determining the quality of soil, identifying its macro- and micronutrients as well as its acidic level and organic content.

On the basis of these determinants, farmers are expected to receive guidance on the fertilisers to use and the soil amendments to make in order to improve the quality of soil on their farms.

The loopholes in the scheme, however, appear to have been altogether missed or ignored by agricultural experts. Consider this: the basic parameters of the grid system of soil sampling in which the scheme is grounded is a controversial and flawed method.

Under this system, only one soil sample is taken from an area of 10 hectares in rain-fed land, and 2.5 hectares in irrigated land. The critics of the scheme argue that this sort of over-generalisation of soil and ignoring its diverse characteristics are going to be of little help to farmers for improving their land productivity.

In India, the average landholding per farmer varies between 0.8 hectares and 1.1 hectares. So, soil testing in rain-fed land would entail marking out an area of 10 hectares involving 10 to 15 farmers.[14] From among these farmers, soil samples would be taken from just one land. The findings of the soil testing from this particular land would then be made applicable to the lands belonging to all other farmers who fall within that particular grid. Similar logistics would be applied in sampling irrigated land soil as well.

The grid system of soil testing goes against the very logic of fertility of agricultural land which is contingent upon varied factors: the type and number of crops, differences in landholdings and the inputs made by farmers as well as their financial status.

To go back to the history of the scheme, the idea of grid soil mapping happens to be the brainchild of India's top research body, Indian Council for Agricultural Research (ICAR). ICAR's assistant director general, Dr SK Chaudhari, who was closely involved in developing the scheme, says "What is recommended is based on scientific calculations. If you see villages in India, mostly one or two crops are grown and there is a uniform crop pattern. You would hardly find farmers growing variant or different crops, fearing that his crop will be stolen or consumed by cattle."[15]

But many other top soil scientists in the country working in research institutions and state

[14] 'Unearthing the loopholes in Modi government's Soil Health Card scheme'(7 October 2015)DNA India https://www.dnaindia.com/analysis/column-unearthing-the-loopholes-in-modi-government-s-soil-health-card-scheme-2132191

[15] 'Unearthing the loopholes in Modi government's Soil Health Card scheme'(7 October 2015)DNA India https://www.dnaindia.com/analysis/column-unearthing-the-loopholes-in-modi-government-s-soil-health-card-scheme-2132191

agricultural universities differ with Chaudhari's analysis. Most of the scientists described the exercise as scientifically "useless" for farmers. It may help governments in political mapping but won't serve any real purpose forfarmers, they said.[16]

Ironically, only the retired soil scientists agreed to come on record with their criticism of the project. Dr J Venkateswarlu, a noted soil scientist, who retired as director of Central Arid Zone Research Institute, said, "Mere chemical analysis for N (organic carbon), P, K, and micronutrients only indicate their availability without reflecting on the soil fertility. It does not tell us about soil productivity that includes soil-water relationships, management systems, etc."

Here then is the question we need to ask: how tough would it really have been for the government to go for soil testing for individual farms? Simple calculations reveal that with this approach, the government would have had to cough up Rs2660 crore, given the existing cost computation of paying Rs190 per soil sample. Besides, given the existing infrastructure that include just 1206 soil testing laboratories in the country with an analysing capacity of around 128 lakh soil samples per annum, it would have taken the government over 10 years to complete the project.

Yogendra Kumar, a farmer for the last 21 years in the Shamli district, said, "How can I accept a soil health report when the soil from my farm is not tested. My neighbour uses lots of chemicals in sugarcane. I don't. This is absurd! Rather than doing this shoddy work, it's better if the government doesn't give a card."[17] Similarly, Karamvir Singh of Kaserwi Kala village said, "If you take the example of sugarcane, the yields vary from 300 to 1300 per quintal even in small areas of 10 hectares. So how can you recommend the same fertilisers for every farm? If this is the science, the government should keep it with them."[18]

Even as the agriculture ministry claims that SHC parameters were decided after due consultations with state governments, Uttar Pradesh Planning Commission member Sudhir Panwar seems to have serious differences with the central government. Panwar, also a professor at Lucknow University, said the proposed limit of 10 hectares for soil health card would not serve any useful objective. In order to be effective, the test, Panwar maintained, needs to take into account the specific variations that are observed at the field level. There is no one method of treating the soil that is applicable to all farmers. The basic soil quality varies depending on the crop cycle, different soil treatments that affect the micronutrients and the micro-fauna/flora.

The fact is that Soil Health Cards is not a new scheme. Soil testing has been going on in India for over a decade. It was initiated during the UPA regime. The difference is that under the UPA, state governments were given partial financial support for soil testing. Now the scheme is wholly sponsored by the Centre. Most importantly, a comparison of the schemes of the UPA and NDA regimes reveals that unlike the NDA's grid system, soil testing under the UPA was carried out for each farmer and each field.[19]

It is indeed ironic that at a time of agricultural crisis and increasing farmer suicides, the

[16]ibid.
[17]Ibid.
[18]ibid.
[19]ibid.

government has refurbished an old scheme, only to make it less effective. Even if farmers are forced to accept Soil Health Cards, they are unlikely to get any proper analytical feedback on their land.

What is happening in India's 'Make in India's Programme?

The Make in India initiative was launched by Prime Minister in September 2014 aiming to transform India into a global design and manufacturing hub. However, as discussed in the succeeding part of the paper, many projects are getting delayed for various reasons, and there is lack of clarity about the success of the programme. One apparent drawback is lack of room heaters this winter (December 2019) which is discussed in detail below:

Heaters in short supply as NCR battles unexpected cold[20]

Most shops across the city are out of heaters and sellers say that since the heaters and some parts of the heaters are imported from China, there is no quick solution to this demand-supply gap. The chill is so severe that customers are even ready to pay more than the MRP for some models. With the mercury already down to 2.4 degree Celsius at the Safdarjung observatory and dropping even lower in other areas.

'We've refused 20-30 customers in the last two days because our stock is over'

Sellers say that they were not prepared for this surge in demand for room heaters this winter. And consequently, their stock, which usually lasts the season, was over by mid-December. Ranjeet Chaudhary, a salesman in an appliance store in CP, says, "In previous years, the number of room heaters sold has been as per expectations, but this year, our stock was over before mid-December. We have refused at least 20-30 customers in the last two-three days. Now, we'll put up a board saying we don't have heaters."

Jasmine Haobijam, a resident of Mayur Vihar, says, "Most shops either have just one or two heaters or none at all. When you ask for something specific, the reply is, 'You're getting a heater, that's more than enough'. And after wasting a lot of time looking for the kind of heater I wanted, I decided to just get whatever was available."

<u>Appliance store managers say that there is no quick solution because either heaters or some parts of the heaters are imported from China</u>. And these orders are placed two months in advance.

Sharaf Ahmed, a salesman at an appliance store in Okhla, says, "These room heater orders are placed in August-September. There's no way we can get them immediately. In December-January, we start preparing our inventory for fans and ACs, so we can have them in-store by March. We are now telling customers where they can still find heaters in places such as Gaffar Market and Karol Bagh, because they get so furious when they hear that we have run out of heaters."

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[20] 'Heaters in short supply as NCR battles unexpected cold' (30 December 2020) Times of India.

Sellers say the demand is so high that instead of bargaining for a better price, customers are ready to pay extra cash for a heater.

Amrit Prasad, the owner of a small electric appliance store in Mayur Vihar, says, “Usually, we have customers quoting online prices, asking for discounts. But right now, people are ready to pay extra for some models. A customer paid Rs 500 extra for a fan heater, another was ready to pay Rs 1000 extra for a heater with a remote. But the bottom line remains that we are still unable to meet the demand.”

Bikash Asthana, a resident of Pitampura, says, “It’s difficult to find heaters online as well. I had placed an order online, which was delivered after a week, but it was a damaged piece. Placing another order meant that I would have to wait another week for the delivery. I decided to go to the market so I wouldn’t have to wait for the stock to be available online but even there they were out of stock. So I went to search online again, but most of the better heaters will only be back in stock next week.”
Source: ‘Heaters in short supply as NCR battles unexpected cold’ (30 December 2020) Times of India.

Infrastructure Project delays

The Ministry of Statistics and Programme Implementation monitors infrastructure projects worth Rs 150 crore and above. Of these 1,623 projects, 355 reported cost overruns and 552 time escalation in November 2019.

Total original cost of implementation of the 1,623 projects was Rs 19,33,390.22 crore and their anticipated completion cost is likely to be Rs 23,21,502.84 crore, which reflects overall cost overruns of Rs 3,88,112.62 crore (20.07 per cent of original cost) as in November 2019.

Expenditure incurred on these projects till July 2019 stood at Rs 9,47,571.45 crore, which is 40.82 per cent of the anticipated cost of the projects.

No. of Projects and delays (in months)

Sl No.	Number of Projects	Delay in Month (Average)
1	187	12
2	121	24
3	132	60
4	112	61 months and above
Total	552	29 month (on average)

Source: Economic Times (10 November 2019).

Reasons for the delay

Some typical reasons encountered are delays in land acquisition and/or land transfer for project execution; statutory approvals such as environmental compliances, forest clearances and coastal zone clearances; and project funding constraints.

In addition to the typical reasons, as India starts implementing mega projects**, Jai Prakash Shivahare, Managing Director, Dholera Industrial City Development Company (DICDL),** shares some of the less talked about butstill quite common reasons that result in delays: "Unrealistic expectations of project timelines, which get mandated in the contract; delays in invoice payments by owners; contractors not adequately understanding or prepared for the bid; and lack of use of internationally accepted contractual standards such as FIDIC[21](which is especially important in international tenders)."[22]

Devendra Jain, Executive Director and CEO, Dilip Buildcon, views project delays from two perspectives: That of the company or contractors, and that of the client (government agencies). "There are external scenarios such as compensation to land owners, arbitration over ownership of land and impediments despite 80-90 per cent of the land being in place," he points out. Jain drives the point that if contractors have the capacity and ability to commission the project on time, the government should support them by putting permissions in place. He adds, "At times, when in-house project engineers or independent agencies identify some discrepancies, government agencies take time in amending suggested changes."

Yogesh Jain, Managing Director, PNC Infratech, lays emphasis on, "delay in shifting of utilities and securing forest clearances for either diversion or tree cutting also contribute to considerable delays." Devendra Jain adds, "PSU banks are reluctant to fund these projects. While banks have their own NPA issues to sort out, they are unable to provide the required funding for working capital."[23]

With regard to funding, **Dr Ritesh Chandrashekar Tiwari, Director-Highways & Structures, Egis India,** says, "Lack of clarity leads to conflict and lack of funds. And, in some way, both are intertwined. There is a lack of central planning for cities, which can look at long-term plans, say for the next50 years, and then start allocating funds and resources." Once this is in place, the implementing bodies could be empowered to take on day-to-day operations to complete the project.

In the view of **Sandeep Upadhyay, Managing Director & CEO, Centrum Infrastructure Advisory,** financial stress is something that actually has to circle back with the model of the government. "We are definitely better on thepolicy side but issues of land acquisition, approvals and clearances have been languishing for the past four to five years. This will result in immense financial stress for the contractors.

Adding to the list, **Dr A Sivathanu Pillai, President, Project Management Associates India**, says: "There is lack of review and corrective system. Also, project management

[21]Fédération Internationale Des Ingénieurs-Conseils, which means the international federation of consulting engineers.
[22]Construction world survey; https://www.constructionworld.in/articles/cover-story/How-india-is-losing-Rs-3-trillion-in-projects-/20141
[23]Ibid.

methods and techniques are not used. Project managers are identified on the basis of their functional/engineering experience and qualification, which may not have any correlation with their competence levels of successfully managing projects."

Weighing in, **Jagdish Salgaonkar, Senior Vice President-Major Programmes, Aecom,** says, "We lack accurate technology to execute the projects. Because labour is not expensive, we avoid the machines that could easily expedite the schedule."

RK Pandey, Member-Projects, National Highways Authority of India (NHAI), affirms, "While there are many issues pertaining to project delays, NHAI has taken a stand whereby we will award the project only if we acquire 90 per cent right of way. That is why we have awarded fewer projects during the year. Recently, we have also modified the documents for land acquisition and contractual terms."

Other reasons for project delays:

- Slow progress in civil works.
- Shortage of labour.
- Maoist problems.
- Court Cases.
- Project contract issues.
- Right of Use(ROU)/Right of Way(ROW) problems.
- Law and order situations etc.

Railways: In case of the railways, the total original cost of implementation of 375 projects when sanctioned was Rs 4,78,359 billion but this subsequently increased to Rs 7,25,343 crore, implying a staggering cost overrun of 51.6 per cent. Some major projects that faced delay and cost overruns included the Western Dedicated Freight Corridor. The project, worth Rs 1,65,000 crore, which commenced in 2007 is now facing an additional cost overrun of Rs 3,45,000 crore. The current project cost is around Rs 5,11,000 crore. Similarly,the Eastern Dedicated Freight Corridor Project, which was inaugurated with much fanfare in 2006, is facing an additional cost overrun of Rs 1,65,000 crore from its original cost of Rs 11,589 crore.

Road Sector: In the roads sector, out of 574 projects, 90 projects are delayed. Surprisingly, 368 projects do not have fixed dates of commissioning and 33 projects were sanctioned without any commissioning date but subsequently dates of completion were finalised. The total original cost of implementation of 574 projects when sanctioned was around Rs 3,86,925 crore, but this was increased to Rs 4,01,159 crore implying a cost overrun of 3.7 per cent.

Power: Power sector witnessed an overall cost overrun of 21.3 per cent to Rs 3,72, 525 crore as against the original cost of Rs 3,07,223 crore for 105 projects.

Urban development: Urban development, too, was privy to project delays and cost overruns. The total original cost of implementation of 61 projects, when sanctioned, was Rs 1,71,744 crore, but this was subsequently increased to Rs 1,79,453 crore, implying a cost overrun of 4.5 per cent.

RA Rajeev, Metropolitan Commissioner, Mumbai Metropolitan Region Development Authority (MMRDA), explains the downside of the current system in a nutshell. According to him, PPP is yet to evolve in India owing to policy changes every five to six years. However, his inclination towards EPC mode is evident as many projects in Maharashtra are based on cash contracts. However, owing to India's lopsided contractual agreements, not many international bidders participate, especially from Europe.

Upadhyay raises the red flag on India's contractual agreements as they mostly favour clients.

What is required weightage for technical competence, past history of timely delivery and core competence in contractual agreements. He cites the example of European countries where the lowest and highest bidders are eliminated during the pre-bid process. "Such practices must be implemented in India, especially for mega projects," he avers.

Looking to Slash Rs. 70,000 crore Arbitration Liability Via Conciliation: NHAI Chief

The National Highways Authority of India (NHAI) is looking to settle a majority of its arbitration cases with claims running over Rs. 70,000 crore, through conciliation. NHAI has around 180 cases in arbitration with claims over Rs. 70,000 crore.

Conciliation would likely to put the payout less than Rs. 17,000-18,000 crore because arbitration is a long-drawn process and in conciliation the settlement is quicker according to the NHAI. The government wants to remove entry barriers for small investors in its asset monetization drive according to the NHAI, stating further that Engineering, Procurement and Construction (EPC) followed by monetization of projects within three years is most the suited form of managing assets. The government has put out the revised model concession agreement for Build-Operate-Transfer projects and NHAI will invite bids soon after receiving comments from stakeholders. NHAI plans to raise about Rs. 1 lakh crore through asset monetization by 2024. NHAI has raised about Rs. 2.2 lakh crore till December 2019. Right now, NHAI's main focus is to complete the first phase of Bharatmala, while ensuring that only financially viable projects are picked up. The first phase of Bharatmala program approved in 2017 includes construction of 24,800 km of national highways, in addition to 10,000 km balance road works under the national highways development programme. NHAI received Cabinet nod for its Infrastructure Investment Trust (InvIT) in December 2019. The authority has prepared a timeline for various processes involved and the funding instrument should be ready in four months. Under InvIT, highway projects will be bundled to form a special purpose vehicle (SPV) to be offered to investors.

Source: Economic Times(13.01.2020).

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Annexure

Negative Sectors

Sl No.	Items	Production in November2019	Growth in Nov'19 vs. Nov'18	Remarks
1	Coal	50.02 million tonne	-2.5%	For the period April- November 2019, the coal production stood lower by 7.8% at 330.08 million tonnes compared to 358.30 million tonnes in the corresponding period of previous year. Total offtake was 47.37 million tonnes in November 2019 compared to 51.26 million tonnes in November 2018.[24]
2	Steel	8.94 Metric Tonne (mt) In Nov'18, it produced 9.19 mt.[25]	-3.7%	Demand slowdown, increase in raw material prices are current issues facing the industry.[26]
3	Electricity	3,65,981 Mega Watt (MW)	-5.7%	Total thermal Installed capacity: 2,29,401 MW(62.7%) Hydro installed capacity: 45,399 MW (12.6%) Nuclear installed capacity: 6,780 MW (1.9%) Renewable Energy Resources installed capacity: 84,400MW(23.1%).[27]
4	Crude oil	34.2 million metric tonnes (MMT)	-6.0%	In November 2019, the price has increased to USD 62.54 per barrel ($/bbl) from $/bbl 59.70 from October 2019. The production remains subdued to 34.2 mmt in November 2019. The import cost may increase with the rise in crude oil price due to rising US-Iran tensions following demise of Iranian leader Qasser Soleminei.
5	Natural Gas	2563.41 MMSCM	-6.4%	The Natural Gas production (weight: 6.88 per cent) declined by 6.4 per cent in November, 2019 over November, 2018. Its cumulative index declined by 3.1 per cent during April to November, 2019-20 over the corresponding period of previous year.
6	Manufacturing	130.1 (index) INR 697,824 crore(2019-20:Q2) INR 705,617 crore(2018-	-1.2%	Pollyanna de Lima, principal economist at IHS Markit, however, sounded a note of caution about business confidence. "The degree of optimism signalled at the end of 2019 was the weakest in just under three years, reflecting concerns over market conditions, which could restrict job creation and investment in the early part of 2020," she said.[28]

[24] 'Coal India announces production and offtake performance for November 2019'(2 December 2019) Business Standard; https://www.business-standard.com/article/news-cm/coal-india-announces-production-and-offtake-performance-for-november-2019-119120200191_1.html
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[27]https://powermin.nic.in/en/content/power-sector-glance-all-india
[28]https://www.livemint.com/news/india/india-s-manufacturing-pmi-rises-in-december-11577944907659.html

		19:Q2)		
7	Automobile	11,736,976 units (Apr-Sept2019) *Passenger vehicle*: -23.56% decline *Two Wheeler*: -22.09% *Motorcycle*: -23.29 *Commercial Vehicles*: -39% *Medium & Heavy Commercial Vehicles (M&HCVs)*: -62%	-7.0%	The Indian automobile industry saw its worst-ever half-yearly performance (April-September 2019) as sales dived 17.08 per cent to 11,736,976 units. The passenger vehicles segment saw an overall decline in sales of 23.56 per cent at 1,333,251 units in this period. Two-wheeler sales also continued to fall, with monthly sales of 1,656,774 units in the first half of this fiscal, as compared to 2,126,445 units in September 2018, registering a dip of 22.09 per cent. Within the segment, motorcycle sales nose-dived 23.29 per cent, witnessing the worst fall in nearly two decades. the sales of commercial vehicles (58,419 units) witnessed the steepest dip of 39 per cent. Within the segment, Medium & Heavy Commercial Vehicles (M&HCVs) reported the first-ever decline of 62 per cent last month, with sales of 14,855 units, as compared to 39,210 units in the same month last year. Given the situation, the passenger vehicle segment's goal of reaching the 5-million domestic sales mark by 2020 looks distant at the moment, as it is set to shrink to around 3 million units in FY 2019-2020, down from about 3.4 million units in FY 2018-2019.[29]
8	Employment growth in manufacturing	56.4 million in 2017-18, declined from 59.8 million in 2011-12.	-1.4%	According to a paper by Azim Premji University, in 2019, there is 3.5 million decline in jobs in the manufacturing sector, which resulted in a fall in its share of employment from 12.6 to 12.1 percent.The states which ranked top by employment loss numbers during 2011-12 and 2017-18 include: Uttar Pradesh (3.2 million decline), Odisha (2.1 million), Gujarat (1.5 million), Andhra Pradesh (1.5 million), Rajasthan (1.5 million), Kerala (1.4 million), Jharkhand (1 million), Maharashtra (0.8 million) and Punjab (0.8 million).
9	Education Loans	NA	-1.6%	**Education loans** in **India** shrink 25% in 4 yrs. The number of students able to secure **loans** fell to 2.5 lakh as of March 31, **2019** from 3.34 lakh students as of March 31, **2019** from 3.34 lakh students as of March 31, 2015.
10	Loans against FD	NA	-24.1%	NA
11	Consumer Durables Credit	Rs 4600 crore	-12.7%	The industry, continued to face challenges in segments like TV panels and microwave, which failed to deliver a notable performance during 2019.The consumer durables industry, which received several incentives in 2019 from the government in form of reduction in customs duty on import of TV panels (open cells), among others.[30]
12	Loans against securities	NA	-20.5%	Over the past 18 months, corporate India and the world of finance or rather, overuse of a humble instrument called LAS (loan against shares) caught in a credit squeeze and a slowdown in traditional bank lending,

[29]https://auto.economictimes.indiatimes.com/news/industry/no-growth-momentum-before-early-2021/72331846

[30]https://www.business-standard.com/article/companies/consumer-durables-report-steady-growth-in-2019-slowdown-a-threat-in-2020-119122300014_1.html

Positive Sectors

Sl No.	Items	Production in November2019	Growth in Nov'19 vs. Nov'18	Remarks
1	Irrigation	NA	4.9%	In August 2019, the total irrigated command area in 24 key states has increased from 55.38 million hectares (million ha) in 2015-16 to 63.94 million ha in 2017-18. Only three states - Uttar Pradesh, Gujarat and Bihar have irrigated command area of over 5 million ha.
2	Construction	98,204 units[31]	5.7%	Though real estate sector sees slowdown, and many projects face many issues, land acquisition and others , there are some growth in overall construction including roads, railways, ports, bridges etc.
3	Cement	297.56 million tonnes	4.1%	Cement production in India increased from 230.49 million tonnes in 2011-12 to 297.56 million tonnes in 2017-18. India's exports of cement, clinker and asbestos cement increased at CAGR of 10.54 per cent between FY12-FY20 (April-July 2019) to reach US$ 177.93 million.
4	Transport & Communication	10855 km National Highways (NH) is constructed until November 2019.[32]	7.1%	During 2018-19, projects in about 5,494 km length were awarded and completion was achieved in about 10,855 km length of roads. The rate of development of roads has increased significantly from about 11.7 km during 2013-14 to about 30 km now. During the current year, projects for 3211 km length have been awarded and 5958 km length has been constructed till November 2019.
5	Professional Services	NA	5.9%	Professional Services has increased due to many new developments like –AI, robotics, machine learning etc.
6	Fertilizers	415 LMT	13.6%	Urea dominates the total fertilizer production in the country. While India is the world's second largest consumer of urea, the Government of India is working toward increasing the production of urea so as to end imports by 2022 and achieve self-sufficiency in urea production. Out of the total fertilizer production India produces only 9%-11% of DAP which is the second most widely used fertilizer after urea. The Government is also encouraging SSP production as it is indigenous and is also considered as a substitute to diammonium phosphate (DAP), which is largely import based and costlier.
7	Forestry &	Rs 47,620 crore	2.0%	Fish and fish product exports emerged as the

[31]https://www.khl.com/international-construction/strong-growth-for-indian-construction-industry/137389.article
[32]https://pib.gov.in/newsite/PrintRelease.aspx?relid=196219

	fishing			largest group in agricultural exports and in value terms accounted for Rs 47,620 crore in 2019.
8	Housing Loan	NA	9.9%	Despite economic slowdown, credit to housing sector rises, mainly by HFCs/NBFCs. Many Cos are raising overseas funds e.g. Tata Capital Housing Finance to raise INR 2000 crore through NCDs .The base issue size of the Tranche 1 Issue is Rs. 500 crore . GoI promotes affordable housing projects.
9	Personal Loan	NA	11.4%	Personal Loans growth increases a lot, thus creating a bubble. But nonetheless, the delinquency rate is not showing much stress.
10	Vehicle loan	NA	2.9%	Auto loan delinquencies can be a problematic .
11	Credit Card Loans	NA	19.9%	Credit card loans have flourished but delinquency does not show imminent crisis.

All India annual inflation rates(%)for December2019

Sl No.	**Items**	**Inflation Index for December 2018**	**Inflation Index for December 2019**	**Inflation Rate(%)**
1	Cereals and Products	137.5	143.5	4.36
2	Meat and Fish	150.5	164.9	9.57
3	Egg	138.8	151.0	8.79
4	Milk & Products	142.1	148.1	4.22
5	Oils & fats	122.0	125.8	3.11
6	Fruits	139.4	145.6	4.45
7	**Vegetables**	**135.2**	**217.0**	**60.50**
8	**Pulses and Products**	**119.8**	**138.3**	**15.44**
9	**Food & Beverages**	**138.2**	**155.0**	**12.16**
10	Housing	146.5	152.8	4.30
11	Fuel & Light	142.7	143.7	0.70
	Consumer Food Prices Index (CFPI)	**136.0**	**155.2**	**14.12**

Source: Ministry Of Statistics And Programme Implementation National Statistical office, Press Release (13 January 2020).

Rank	Country	Shutdown Duration (Hrs)	Shutdown Total Cost (USD Million)	Internet Users (Million)
1	Iraq	263	$2,319.5M	18.8M
2	Sudan	1,560	$1,866.3M	12.5M
3	**India (specific regions)***	**4,196**	**$1,329.8M**	**8.4M**
4	Venezuela	171	$1,072.6M	20.7M
5	Iran	240	$611.7M	49.0M
6	Algeria	50	$199.8M	19.7M
7	Indonesia	416	$187.7M	29.4M
8	Chad	4,728	$125.9M	1.0M
9	Sri Lanka	337	$83.9M	7.1M
10	Myanmar – *Rakhine, Chin*	4,880	$75.2M	0.1M
11	DRC	456	$61.2M	7.0M
12	Ethiopia	346	$56.8M	19.5M
13	Zimbabwe	144	$34.5M	4.5M
14	Mauritania	264	$13.8M	0.9M
15	Pakistan – *Azad Kashmir*	88	$5.6M	No data
16	Egypt	24	$3.8M	43.9M
17	Kazakhstan	7.5	$2.6M	13.9M
18	Bénin	21	$1.1M	1.6M
19	Gabon	29	$1.1M	1.0M
20	Eritrea	240	$0.4M	0.1M
21	Liberia	12	$0.1M	No data

* *[1] Arunachal Pradesh, Assam, Jammu and Kashmir, Meghalaya, Rajasthan, Tripura and Uttar Pradesh only.*

Source:https://www.top10vpn.com/cost-of-internet-shutdowns/

Bank Credit to Different Sectors (in INR Crore) [from 1 April 2019 to 22 November 2019]

Sl No.	Sector	Bank Credit (INR Crore)	%Change (Y-O-Y)
1	Housing	12,74,747	9.9
2	Personal Loans	6,75,823	11.4
3	Vehicle Loans	2,07,996	2.9
4	Credit Card Outstanding	1,05,860	19.9
5	Education Loans	66,902	-1.6
6	Loans against FD	62,892	-24.1
7	Consumer Durables	5,499	-12.7
8	Loans against securities	4,982	-20.5

Source: Times of India (1 January 2020).

Core Sector Output Growth (%) [from April –November 2019]

Month	Core Sector Growth (%)
April	5.2%
May	3.8%
June	1.2%
July	2.6%
August	-0.2%
September	-5.1%
October	-5.8%
November	-1.5%

Sector-wise Growth Rates(%) in November 2019

Sl No.	Sector	%growth
1	Fertilizer	13.6%
2	Cement	4.1%
3	Refinery Products	3.1%
4	Coal	-2.5%
5	Steel	-3.7%
6	Electricity	-5.7%
7	Crude Oil	-6.0%
8	Natural Gas	-6.4%

Month	Mining		Manufacturing		Electricity		General	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
Apr	102.6	107.8	123.1	126.2	153.7	162.9	122.6	126.5
May	107.6	110.1	130.1	135.8	164.7	176.9	129.6	135.4
June	104.9	106.5	128.6	128.9	159.9	173	127.7	129.2
July	95.5	100.1	127.6	133.4	162	169.7	125.7	131.5
August	**92**	**92.1**	**130.6**	**129**	**167.2**	**165.7**	**128**	**126.6**
Growth for August	**-0.6**	**0.1**	**5.2**	**-1.2**	**7.6**	**-0.9**	**4.8**	**-1.1**

Agriculture, Forestry and Fishing

Quarterly GDP for Q1 2019-20 from ‘Agriculture, Forestry and Fishing’ sector grew by 2.0 percent as compared to growth of 5.1 percent in Q1 2018-19.

Mining and Quarrying

GDP for Q1 2019-20 from ‘Mining and Quarrying’ sector grew by 2.7 percent as compared to growth of 0.4 percent in Q1 2018-19.

Key Indicators of Mining Sector Growth (in Per Cent)

Year (1st Quarter)	Coal	Crude Oil	Natural Gas	IIP Mining
Q12019-20	2.7	-6.8	-0.5	3.0
Q12018-19	12.9	-2.4	0.1	5.4

Source: CSO

Manufacturing

IIP Manufacturing registered growth rate of 3.2 percent during Q1 of 2019-20 as compared to 5.1 percent during Q1 of 2018-19.

Electricity, Gas, Water Supply and Other Utility Services

Among all other Indices, only this index shows some silver lining.The key indicator of this sector, namely IIP of Electricity, registered growth rate of 7.2 percent during Q1 2019-20 as compared to 4.9 percent in Q1 2018-19.

Projects investment by major sectors

Sectors	Apr-June2019		July-Sept2019		Q-o-Q(%Change) Value
	Projects	INR Crore	Projects	INR Crore	
Manufacturing	464	51,133.57	224	25,683.84	-49.77
Mining	29	35,365.85	55	3,488.03	-90.14
Electricity	38	10,860.92	71	65,616.29	504.15
Services & Utilties	1,842	251,414.09	2,256	88,379.29	-64.85
Irrigation	37	6,452.27	82	9,630.80	49.26
All Sectors	**2,410**	**3,55,226.70**	**2,688**	**192,798.25**	**-45.73**

Source: projectstoday.com

Projects investment by ownership

Sectors	Apr-June2019		July-Sept2019		Q-o-Q(%Change) Value
	Projects	INR Crore	Projects	INR Crore	
Government	1,341	145,495.70	2002	104,568.32	-28.13
Central Government	347	74,683.10	275	39,126.39	-47.61
State Government	994	70,812.60	1,727	65,441.93	-7.58
Private	1,069	209,731.00	686	88,229.93	-57.93
Private(Indian)	1,041	204,971.73	666	78,827.78	-61.54
Foreign	28	4,759.27	20	9,402.15	97.55
Total	**2,410**	**3,55,226.70**	**2,688**	**1,92,798.25**	**-45.73**

Source: projectstoday.com

Bank Credit and Net Foreign Exchange Assets of the Banking Sector

(in Rs. Crore)

Sl No.	Item	2018	2019	2018 (Year-on-Year Growth)	2019 (Year-on-Year Growth)
1	Net Bank Credit to Government	43,87790	48,50300	5.4	10.7
2	Bank Credit to Commercial Sector	1,03,80,180	1,02,95,080	12.3	11.2
3	Net Foreign Exchange Assets of Banking Sector	30,70,840	32,70,040	11.3	11.5
4	Government's Currency Liabilities to the Public	25890	26000	1.3	1.2
5	Banking Sector's Net Non-Monetary Liabilities	2,43,33,820	2842060	12.0	16.2

Source: RBI

Gross Fiscal Deficit (as % of GDP)

Year	Gross Fiscal Deficit (as % of GDP)
2015-16	3.9
2016-17	3.5
2017-18	3.5
2018-19	3.4
2019-20	3.3.

Source: Department of Economic Affairs.

Production of Major Agricultural Crops (Million Tonnes)

Year	Rice	Wheat	Coarse Cereals	Pulses	Oilseeds	Sugarcane	Cotton
2012-13	105.2	93.5	40.0	18.3	30.9	341.2	34.2
2013-14	106.7	95.9	43.3	19.3	32.8	352.1	35.9
2014-15	105.5	86.5	42.9	17.2	27.5	362.3	34.8
2015-16	104.4	92.3	38.5	16.4	25.3	348.4	30.0
2016-17	109.7	98.5	43.8	23.1	31.3	306.1	32.6
2017-18	112.8	100.0	47.0	25.4	31.5	379.9	32.8
2018-19	116.4	102.2	43.0	23.4	32.3	400.2	28.7

Source: Monthly Economic Report, Ministry of Finance July 2019.

Stocks of Foodgrains (Million Tonnes)

Sl No.	Crops	1August 2018	1 August 2019
1	Rice	21.9	27.5
2	Unmilled Paddy	4.6	8.0
3	Converted Unmilled Paddy in terms of Rice	3.1	5.4
4	Wheat	40.9	43.6
	Total	70.5	84.5

Source: Monthly Economic Report, Ministry of Finance July 2019.