

Important Vocab For the Editorial

1. **stimuli** (noun) – stimulus, incentive, impetus/fillip.
2. **on the horizon** (phrase) – imminent, impending, approaching.
3. **yearn** (verb) – desire, want, wish.
4. **come true** (phrase) – be fulfilled, be realized, happen, occur.
5. **resuscitate** (verb) – strengthen, revive, revitalize, improve the condition of something.
6. **live up to** (phrasal verb) – satisfy, fulfil, achieve.
7. **hype** (noun) – publicity, promotion/advertising, propaganda.
8. **spook** (verb) – frighten; make nervous, panic, unnerve.
9. **fragile** (adjective) – weak, shaky/risky, feeble/unsound.
10. **short of** (phrase) – less than.
11. **piecemeal** (adjective & adverb) – a little at a time, bit by bit, in stages.
12. **fiscal** (adjective) – financial.
13. **lend** (verb) – give, provide, offer.
14. **dent** (noun) – reduction, depletion, deduction.
15. **norm** (noun) – standard, convention, regulation.
16. **tap** (verb) – obtain money from; draw on, utilize, make use of.
17. **bottleneck** (noun) – a condition which appears as not solvable and so delays the process; snag, difficulty/problem.
18. **flailing** (adjective) – floundering, struggling, stumbling.
19. **cut across** (phrase) – pass so as to shorten one's route; transcend, go beyond, rise above.
20. **rely on** (phrasal verb) – depend on; resort to, bank on.
21. **couple with** (verb) – combine, integrate, mix, incorporate.
22. **wade through** (phrasal verb) – proceed with difficulty, labour, toil away at.
23. **stance** (noun) – attitude, outlook, point of view.
24. **a far cry** (phrase) – a very different one.
25. **radical** (adjective) – complete, total, entire.
26. **slowdown** (noun) – economic decline, recession, slump/depression.
27. **cyclical** (adjective) – recurrent, recurring, happening at regular intervals, regular.
28. **push through** (phrasal verb) – succeed in passing a law accepted by the people who oppose it.
29. **trajectory** (noun) – course, route, path.

Waiting for reforms: On the economic stimuli

The stimulus incentives hold promise, but structural reforms are nowhere on the horizon

People who have been yearning for major economic reforms from the Narendra Modi government, it seems, will have to wait to have their dreams come true. Finance Minister Nirmala Sitharaman on Saturday presented the third round of stimulus measures to resuscitate the struggling economy, but once again these have largely failed to live up to the initial hype around them. The previous two rounds of the stimulus plan, presented at

press conferences held by the Minister over the last few weeks, focused primarily on reviving the automobile sector, boosting the confidence of foreign investors who were spooked by the Budget announcements in July, and improving the health of dangerously fragile state-owned banks by doing everything short of privatising them. This time around the focus has been on helping out the underperforming export and real estate sectors through piecemeal fiscal reforms. Among other things, Ms. Sitharaman announced a new tax refund scheme and greater priority sector lending for the export sector to incentivise exports. It is expected that the new tax breaks to the exports sector will cause a dent of up to ₹ 50,000 crore to the government's revenue. Further, external commercial borrowing norms have been eased to make it easier for Indian real estate companies to tap funds from abroad, and funds worth ₹ 10,000 crore have also been allocated to aid the completion of affordable housing projects. With lack of demand and major supply-side bottlenecks being the primary issues facing exports and real estate, it is doubtful whether the present measures will be enough to revive these flailing sectors.

Overall, cutting across all three stimulus rounds announced till date, the government has been relying almost entirely on providing fiscal relief, in the form of tax cuts coupled with a tiny amount of government spending, to wade through what seems like a structural crisis in the economy. The hope seems to be that these measures combined with a looser monetary policy stance adopted by the RBI will boost spending and revive growth. This is, however, a far cry from what many expected from a government that promised radical structural reforms when it rose to power in 2014. Without enacting any major supply-side reforms like land and labour reforms that can raise potential growth, it is also hard to see how greater spending can raise growth for very long. The government may believe that the present slowdown, marked by five consecutive quarters of dropping growth, is merely a cyclical one. But given the size of its victory in two consecutive elections, the government should aim higher by trying to push through long-pending structural reforms that can raise India's growth trajectory to the next level.