

## Important Vocab For the Editorial

1. on the edge (of) (phrase) – on the brink of, on the verge of a situation; at a crucial or critical point.
2. slowdown (verb) – economic decline, recession, slump/depression.
3. far-reaching (adjective) – important, major, significant.
4. inevitable (adjective) – necessary, compulsory, required.
5. stall (verb) – slow down, stop making progress.
6. Gross domestic product (GDP) (noun) – a measure of economic activity in a country. It is the total value of a country's annual output of goods and service.
7. year-on-year (adjective) – year over year (for comparison).
8. slid past & past participle of slide (verb) – sink, fall, drop, plunge/decline.
9. disconcertingly (adverb) – discomfitingly, unsettlingly, disturbingly.
10. mainstay (noun) – central component, centrepiece, chief support, backbone.
11. consumption spending/expenditure (noun) – the spending by households on goods and services, excluding new housing.
12. slump (verb) – decline, worsen, slide/fall.
13. decelerate (verb) – slow down, reduce speed, slack up.
14. preceding (adjective) – previous, prior, earlier.
15. proxy (noun) – a number used to indicate the value of something in calculation.
16. meagre (adjective) – small, little, modest.
17. indicator (noun) – measure, index, gauge.
18. moderation (noun) – weakening, reduction, decrease.
19. contraction (noun) – decline, decrease, reduction.
20. gross value added (GVA) (noun) – it is a measure of total output and income in the economy. It provides the rupee value for the amount of goods and services produced in an economy after deducting the cost of inputs and raw materials that have gone into the production of those goods and services. It also gives sector-specific picture like what is the growth in an area, industry or sector of an economy. On the other hand, GDP or gross domestic product is a measure of economic activity in a country. It is the total value of a country's annual output of goods and service.
21. fiscal (adjective) – financial.
22. consumer durables (noun) – manufactured products/goods (such as TV, fridge, AC, motorbike, car & etc) which last for an extended period of time.
23. plunge to (verb) – fall sharply/steeply, plummet, drop rapidly, slump.
24. gauge (verb) – measure, determine, ascertain.
25. appreciably (adverb) – considerably, substantially, significantly.
26. respondent (noun) – litigator, opponent, disputant.
27. discretionary (adjective) – optional, non-compulsory/non-mandatory, voluntary.
28. shrink (verb) – lessen, reduce, decrease.
29. cognisant (adjective) – aware, well informed about, familiar with.
30. gravity (noun) – seriousness, importance, profundity, significance.
31. slew of (noun) – a large number of, lot, range.
32. foreign direct investment (FDI) (noun) – Investment from one country into another (normally by companies rather than governments) that involves establishing operations or acquiring tangible assets, including stakes in other businesses.

33. **relieve** (verb) – alleviate, mitigate, assuage/appease.
34. **debilitating** (adjective) – weakening, exhausting, impairing/paralyzing.
35. **sweeping** (adjective) – thorough, complete, total.
36. **consolidation** (noun) – strengthening, reinforcement, stabilization.
37. **luxury** (noun) – blessing, benefit, advantage.
38. **faltering** (adjective) – indecisive, irregular/unsteady, fluctuating.
39. **ill afford** (phrase) – ill-affected, ill-afford.
40. **headwinds** (noun) – (in business) situations or conditions that make growth harder/difficult. Whereas tailwinds describe a situation or condition that will move growth, revenues, or profits higher.
41. **low income trap** (noun) – the phenomenon of an economies stagnating at low-income levels (of per capita income) and failing to graduate into the ranks of middle or high-income countries.
42. **mercurial** (adjective) – unpredictable, volatile/moody, changeable.
43. **deficit** (noun) – shortfall, deficiency, shortage.
44. **engender** (verb) – cause, produce, create (a situation).
45. **shortfall** (noun) – deficit, inadequacy/deficiency; shortcoming/defect.
46. **kharif crops/sowing** (noun) – monsoon crops; seeds sowing in the beginning (Jun) of the monsoon and harvesting at the end of the season (Oct) in the South Asia.
47. **incentivise** (verb) – encourage, motivate, galvanize.
48. **headroom** (noun) – scope, clearance, extent.
49. **lose no time** (phrase) – be quick, hurry up, move quickly, go fast.
50. **spectrum** (noun) – range, gamut, sweep; a wide range of positions, opinions, etc. between two extreme points.
51. **prescription** (noun) – (authoritative) recommendation, method, measure.
52. **reinvigorate** (verb) – revive, bring back; fortify, strengthen.

## On the edge: On economic slowdown

### Far-reaching reforms may be inevitable to keep the economy from stalling

India's deepening slowdown has now left the economy on the verge of stalling. The latest estimates for GDP show year-on-year growth in the April-June period slid for a fifth straight quarter to 5%, the slowest pace in more than six years. Disconcertingly, the mainstay of demand — private consumption spending — slumped to an 18-quarter low, with the expansion decelerating sharply to 3.1%, from 7.2% in the preceding quarter and 7.3% a year earlier. Gross fixed capital formation (GFCF), a proxy for investment activity, grew a meagre 4%, less than a third of the 13.3% growth it posted 12 months earlier. The RBI had, in its annual report released on Thursday, noted that indicators of GFCF had shown either moderation or contraction in the fiscal first quarter and pointed specifically to gross value added (GVA) by the construction industry, which government data revealed had eased to a 5.7% pace, from 9.6% in the year-earlier period. With demand for

manufactured products ranging from cars and consumer durables to even biscuits having sharply diminished, manufacturing GVA growth plunged to an eight-quarter low of 0.6%. In fact, save mining, electricity and other utility services and public administration and defence, all the five other contributors to overall GVA weakened from a year earlier. And as the RBI observed in its last monetary policy statement, consumer confidence gauged by its July survey has worsened appreciably, with 63.8% of respondents expecting discretionary spending to stay at the same level or shrink one year ahead. The comparable reading in June 2018 was 37.3%.

That the government is cognisant of the gravity of the situation is evident from its recent slew of policy pronouncements including tweaks to investment norms to draw more Foreign Direct Investment, moves to relieve the debilitating sales slump in the auto sector and a sweeping consolidation of public banks. Any beneficial impact from these measures will, however, take time to feed into the economy and time is a luxury that the faltering economy can ill afford, especially given the global headwinds. With the farm sector still stuck in a low income trap and this year's mercurial monsoon rains, leaving some parts flooded and others still facing deficits and engendering a shortfall in kharif sowing, rural demand is unlikely to return any time soon. Also, with the RBI's four interest rate reductions since the start of 2019 having, so far, failed to incentivise credit-fuelled consumer spending and business investment to any significant degree and with limited fiscal headroom to try and prime the pump with increased expenditure, big, bold structural reforms may be the only way out. The government must lose no time in consulting with the widest possible spectrum, including the Opposition, and then implement the agreed-on reforms prescriptions to reinvigorate demand and investment.