

“All macro indicators point to a sharp slowdown in the Indian economy. Even as pundits debate over what led to the slowdown, it is undeniable that the Indian economy has faced quite a few disruptions over the past few years, starting with demonetization. Some of these disruptions, such as the introduction of the new bankruptcy laws and GST, are very likely going to benefit the economy in the long run, but in the near term, businesses have struggled to cope. Consumption has plummeted; credit growth has slowed down; unemployment has crept up. Most importantly, it appears that people’s confidence in the Indian economy is shaken. Some steps have already been taken to address the situation: the Union government has cut corporate taxes and the RBI has reduced the policy rate five times. But things haven’t yet looked up. So, coming at a difficult time, Budget 2020 has a lot of expectations riding on it. Job creation takes time. Even so, the government must redouble efforts to create new jobs. To ease things in the near term, the government should consider ways of putting more money in people’s hand. Consumption cannot be allowed to slide. A cut in both direct and indirect taxes should be considered, and to mitigate its impact on tax revenues, the government should turn to alternative sources such as privatization of state-owned enterprises. Most importantly, the need of the hour is to demonstrate to the people that the government has a long term plan with near term components to lift the economy out of its current difficulties. It is also important that our leaders earn people’s confidence that the government means business.”