

Opinion

SUNDAY, JANUARY 20, 2019

THE CHRISTMAS-NEW Year-Pongal/Sankranti holidays and festivities must have rejuvenated the hard-working people of India (except members of Parliament who were called to work during many of those days!). A new year effectively began on January 15. I have a hunch that the year will mark a turning point for the polity and the economy of the country.

Four months from today, a new government will be in office (according to the people's verdict). Nothing that the present government will do between now and April 30 will alter the state of the economy radically. Hence, the position at the beginning of 2019 is likely to be the position when the next government takes office. So, let's take stock of the economy.

Fiscal stability

The two most commonly used indicators are worrisome. The government did not meet the targeted fiscal deficit (FD) last year and is unlikely to meet the target of 3.3% in 2018-19. It is apparently falling short on net direct tax collection and the Centre's share of GST. It hopes to garner some money by dipping into the GST compensation reserve, by faux-disinvestment and by 'persuading' the governor of the RBI to part with ₹23,000 crore as interim dividend.

The current account deficit (CAD) is a lost battle. As against a CAD of 1.9% of GDP in 2017-18, it will certainly be between 2.5 and 3% in 2018-19. Merchandise exports in December grew by only 0.34%, imports declined by 2.44%, yet the trade deficit was \$13.08 billion.

The next fiscal year will start with more debt and less foreign exchange reserves.

Low growth rate

Demonetisation was on November 8, 2016, in the third quarter of 2016-17. In the eleven quarters ending December 2016, the rate of growth of GDP had been 7.7%. The rate of growth in the subsequent seven quarters ending September 2018 declined to 6.8%. In the first half of 2018-19, the rate was 7.6% but the CSO has estimated that in the second half it will decline to 7%.

The low growth rate is because of the low investment rate, especially by the private sector. In the last three years, the rate of Gross Fixed Capital Formation has been stagnant at 28.5%, and it will be about the same in 2018-19. The low growth rate is the main cause of lack of new jobs. If we believe the CMIE numbers, there is not only growing joblessness, 11 million jobs were lost in 2018. The current unemployment rate is 7.3%.

Farm sector distress

Every indicator of the agriculture sector underlines the distress faced by farmers. The sectoral growth rate in the four NDA years has been -0.2, 0.6, 6.3 and 3.4%. The Economic Survey 2017-18 admitted that, after four years, 'the level of real agricultural GDP and real agricultural incomes has remained constant'. The anguished cry of the farmers reflects the reality: wholesale prices of farm produce are depressed (latest example is onion); MSP is a chimera and not available to most farmers; the crop insurance scheme has robbed farmers and enriched the insur-

ACROSS THE AISLE

P Chidambaram



Taking stock at beginning of year



Indian two thousand and five hundred rupee banknotes are arranged for a photograph in Mumbai

BLOOMBERG

ance companies; MGNREGA is no longer demand-driven and is underfunded; gross capital formation in agriculture was -14.6% in 2015-16 and rose by 14% in 2016-17, meaning that it remained at the level of 2014-15; mounting debt has crippled farmers, making farm loan waiver an imperative; and the average monthly income of a farmer household of ₹8,931 captures their poverty.

Industry and exports

The way to become a middle-income developed country is through industrialisation. Agriculture cannot sustain 45% of the work force; nor can it be the main source of livelihood for 60 per cent of the population. It is industry and exports that will create jobs. Both are languishing today. The Index of Industrial Production has remained between 122.6 in April 2018 and 126.4

in November 2018. Approximately 927 projects are stalled, of which 674 are in the private sector.

According to the CMIE, investment intentions have declined from ₹25,32,177 crore in 2010-11 to ₹10,80,974 crore in 2017-18. It seems that as far as the industry sector is concerned, banks are unwilling to lend and promoters are unwilling to borrow. Since April-June 2016, credit growth to industry has been appallingly low. It was negative in four successive quarters and crossed 2% only in two of the ten quarters.

The performance of exports is worse. Merchandise exports have not crossed \$311 billion in any of the NDA's four years. Relative to the peak of \$315 billion in 2013-14, the growth rate has been negative. Among the worst hit during this period are the two job-creating sectors of 'textiles & allied prod-

ucts' and 'gems & jewellery'.

How the world views India

The world has recognised India's potential but is dismayed by the current state of the economy. In 2018-19, up to January, FPI and FII have pulled out

₹94,259 crore, divided almost equally between equity and debt. The sovereign bond rate on December 31, 2018, was 7.3%. Evidently, the boast of 'fastest growing economy' has few takers in the rest of the world.

We place our hope and trust in the government that the people will elect in May 2019.



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INSIDE TRACK

COOMI KAPOOR

Enemy within

The recent rumbles in H D Kumaraswamy's government, nicknamed Operation Lotus, have not been caused by the BJP, which knows it is well short of a majority. It was due to the infighting between Congress stalwarts, former CM Siddaramaiah and senior minister D K Shivakumar. Siddaramaiah, who was once in the JD(S), feels Kumaraswamy has marginalised him. At one point, Siddaramaiah reportedly suggested Rahul Gandhi that it made better sense to pull out from the government since the non-performing JD(S) will handicap the Congress in the parliamentary polls. Because of Siddaramaiah's manoeuvres, some seven Congress MLAs went missing. A panicky CM approached a few BJP MLAs to counter Siddaramaiah's move. In a bid to guard its flock, the BJP whisked all its MLAs to a resort in Gurugram. The topple bid ended with the MLAs resurfacing. But Siddaramaiah made his point that he can be ignored by the ruling alliance at its peril.

Caste aside

It is a mistake for the BSP-SP alliance in UP to count its chickens before they hatch. The *gathbandhan* may have the arithmetic of caste on its side, but there are other imponderables. True, chief minister Yogi Adityanath has proved to be a liability unable to enforce law and order, but BJP chief Amit Shah does have some aces up his sleeve. Most assume that the BJP will prioritise the Hindutva card, but in fact the focus of the campaign is more likely to be development. In the last eight months, the central government has made a big push to fast-track the Prime Minister's key programmes in Uttar Pradesh, in co-ordination with select state ministers. The funds for building toilets, houses for the poor and gas cylinders have shot up. UP power minister Shrikant Sharma, who is in regular touch with the PMO and power ministry in Delhi, has been remarkably successful on the electricity front, increasing the state's supply in peak season and ironing out problems in the grid and power distribution to the remote interiors. Union communications minister Manoj Sinha points out that for the first time in 70 years the UP farmer can sleep at night during the sowing season because pumps now work during the day because of the availability of electricity. The Opposition counters that the farmers now stay awake at nights chasing away cows from their fields.

Inner circle

Akhilesh Yadav refers to Mayawati

as *bua*, but the BSP leader's real *bhatija*, Akash Anand, is often seen by her side of late. The cherubic-looking bespectacled Akash dressed in western clothing has proximity, but only time will tell whether the MBA from London also has clout. Another who has recently joined Mayawati's inner circle is Mohammad Jamil Akhtar. He is seen as a replacement for Naseemuddin Siddiqui, once described as the BSP's muslim face. Naseemuddin was expelled more than a year ago reportedly for unauthorised fund collections. Akhtar, a former journalist, who authored a biography of Mayawati, knows that to survive in the BSP, he must keep a low profile and remain tight-lipped. His former colleagues in the profession have a tough time extracting any information from him.

Wait your turn

The old order in the Congress has not yielded to the new, as was expected after the takeover of Rahul Gandhi as party president. Kamal Nath, 72, beat Jyotiraditya Scindia, 48, to the post of chief minister of Madhya Pradesh, and Ashok Gehlot, 67, bested an over-eager Sachin Pilot, 41, for chief ministership of Rajasthan. Gehlot remarked smugly that it had taken him 14 years after being appointed state president to become chief minister. Similarly, Anand Sharma's appointment as publicity incharge for the 2019 campaign means that the high-profile, opinionated youngsters in the Congress media cell, from Randeep Surjewala, who heads the division, to social media in-charge Divya Spandana find their noses slightly out of joint. Sharma believes that a media campaign has to rely more on conventional communication through television and newspapers, rather than social media sites such as Twitter and Facebook, which are viewed by only a minor segment of voters. He is also keen that an overall media policy is adhered to by all spokespersons, so that mavericks do not cross the line.

Looking elsewhere

The Congress was made such a paltry offer by Mayawati in UP that the grand old party felt it was beneath its dignity to accept. It believed it could do better fighting on its own. But veteran Congress leaders from UP appear pessimistic about their prospects. Both Raj Babbar, UP Congress president, and former cricketer Mohammad Azharuddin, the working party president in Telangana, are reportedly keen on contesting instead from the Mumbai north west constituency, since Priya Dutt has opted out.

Reality bites

Yes, the Indian football team qualified for the 2019 Asian Cup after a gap of eight years, but there's no structure in place that will ensure its steady rise

RINGSIDE VIEW

Shamik Chakrabarty

FORMER MOHUN BAGAN secretary Anjan Mitra has a funny bone. He, at times, also reveals in his sarcasm. When the Indian Super League (ISL) was launched in 2013—the first season took place next year—to grow the game of football in the country, Mitra took it with a pinch of salt. "Indian football can't move forward without Mohun Bagan and East Bengal. By the way, India won't qualify for the World Cup finals in the next 100 years (unless they host it)," he had said then.

As Stephen Constantine's India crashed out of the 2019 AFC Asian Cup, Mitra's words felt prophetic. The 4-1 victory against Thailand was an aberration. The match against Bahrain was the reality.

India's qualification for the Asian Cup proper after a gap of eight years

was basically a smokescreen. Truth hid behind it. All India Football Federation (AIFF) officials were having a junket in the desert sun. Newbie fans, with very little idea of what ails the sport in this country, were going gaga on social media. They should be forgiven, for their love for football is mostly restricted to watching the Premier League and supporting their 'adopted' clubs. That the current AIFF officials are prisoners of their ignorance is a far bigger concern. The football federation of late has presided over the systematic destruction of the club culture in Indian football. They take pride in promoting a glorified reality football show, the ISL, that is.

Thanks to Constantine, the 23-member India squad for the Asian Cup had only one player from the I-League. Jeje Lalpekhlua, with hardly any game time in the ISL, was picked at the expense of the likes of Jobby Justin, a consistent performer in the I-League. The Federation's abject apathy towards the 'second-tier' seemingly had a rub-off effect on the head coach as well.

The AIFF roots from the ISL, happily ignoring the fact that the teams play-



An AFC Asian Cup soccer match between UAE and India at Zayed Sports City in Abu Dhabi, UAE, earlier this month

ing in the tournament care a hoot about the development of Indian football. Do they have a proper youth structure? Where's talent scouting? The questions have to be asked. The ISL, at times, feels like a soap opera—a league

that has a final!

Mitra was right... Football in India doesn't exist without Bagan and East Bengal. One still remembers how noted cricket statistician and broadcaster Andy Zaltzman got excited about

watching a Kolkata derby at the Salt Lake Stadium when England played a Test at Eden Gardens in December 2012. An early finish on Day Five—England won—gave Zaltzman and his English press colleagues an opportunity to turn up for the Bagan versus East Bengal I-League fixture. David Hopps, working for *The Guardian* then, decided to write a feature on Kolkata football.

How moronic that the AIFF and ISL organisers kept the two Kolkata giants out of the tournament just because they didn't meet the franchise criteria. Bagan and East Bengal are not franchises; they are football institutions attached to the community. Football is a community sport played in the streets. At the grassroots, it nurtures young kids through under-height tournaments. The fashionable football schools set up by European clubs in metro cities are completely cut off from the grassroots. It would be interesting to know the AIFF's youth policy, if it has any.

Bagan, East Bengal and Mohammedan Sporting are the reasons why football became popular in India. And not only the 'holy trinity' from Kolkata, JCT in Punjab, Dempo SC and Vasco SC in Goa, Mahindra United from Mumbai and Kerala Police used to be the football nurseries in their respective parts. Institutionalised destruction of the club structure has forced them to shut shop.

The ISL is going to be Indian foot-

ball's official mainstream from the next season onwards. How ludicrous that it has only one club from the north-east at the moment! Football is still the number one sport in that region. ISL's five-year venue exclusivity clause—only one team is allowed from one city—beggars belief. Premier League nerds should inform the Federation that six clubs from London—Arsenal, Tottenham Hotspur, Chelsea, West Ham United, Crystal Palace and Fulham—feature in the league. With some leeway, Watford would qualify as the seventh London club playing in the English top-tier this term.

The ₹15-crore franchise fee is another example of how oblivious Indian football's governing body is to reality. Without a sponsor, even a big club like Bagan is struggling to clear salaries. At the moment, it's running on a backlog. Mind, the clubs won't get any share of the broadcast rights revenue if they enter into franchise football.

India rose in the Fifa rankings during Constantine's second spell in-charge as the senior national team coach. They qualified for the 2019 Asian Cup proper. But there's no structure in place that will ensure India's steady rise. There's every possibility that things would go downhill from here on. So don't shout from the rooftops that Indian football is hale and hearty. It would be a silly attempt to escape reality.