

Opinion

SUNDAY, JULY 21, 2019

WHILE SPEAKING ON Budget 2019-20 in the Rajya Sabha, I said, “If the nominal growth rate of GDP is 12%, the size of the GDP will double every six years. If the nominal growth rate is 11%, it will double every seven years.” I urged the Finance Minister to not stop with the goal of a \$5 trillion economy in 2024-25 but also point out that the size of economy will become \$10 trillion six or seven years thereafter and it will become \$20 trillion six or seven years thereafter.

It was not my intention to mock the goal of a \$5 trillion economy. It is a *fair goal* (and we shall be happy when we reach that milestone), but it is not an *extraordinary* goal. Why do I say so?

Simple math

The nominal growth of the Indian economy has been, on average, 12% a year for the last 10 years. Please note it is *nominal* growth. If you do your math and multiply 100 by 11 or 12% once for every year you will arrive at the following table:

	at 11%	at 12%
Base Year	100	100
+Year 1	111	112
+Year 2	123.21	125.44
+Year 3	136.76	140.49
+Year 4	151.81	157.35
+Year 5	168.51	176.23
+Year 6	187.04	197.38
+Year 7	207.62	

Of course, to measure in USD, the exchange rate has to remain reasonably stable. If the rupee-dollar exchange rate remains between ₹70-75 a dollar, the Indian economy that was at the level of \$2.75 trillion in 2018-19 will reach the level of \$5 trillion by 2024-25. In fact, the Economic Survey has assumed that the rupee may depreciate up to ₹75 per dollar while estimating that the size of the GDP will be \$5 trillion by 2024-25. But why stop there?

The size of India's economy that was \$325 billion in 1991 doubled by 2003-04, doubled again by 2008-09, and doubled again by September 2017 to \$2.48 trillion. In future too, the GDP will double every six or seven years. Each milestone will be a matter of satisfaction but not an extraordinary achievement.

Crucial questions

- The more important questions are:
1. How do we quicken the rate of nominal growth from 11 or 12% to 14% (which is when India will achieve the double digit GDP growth rate of 10%)?
 2. What will be the rate of increase in the per capita income of the average Indian?
 3. Will inequality between the poorest 10% and the richest 10% widen or narrow?
- We need answers to these questions and we need policies that will address the underlying reasons for low nominal growth, low rise in per capita income, and

ACROSS THE AISLE
P Chidambaram



Toward \$5, 10, 20 trillion economy



Finance minister Nirmala Sitharaman

growing inequality. Unfortunately, the Finance Minister avoided a review of the macro-economic situation and her assessment of the present state of the economy.

Some answers to the questions can be found in the Economic Survey 2018-19.

According to the Chief Economic Adviser (CEA), the key to higher growth is greater private investment. A few days ago he reiterated that domestic resources for investment alone would not be sufficient and, hence, the importance of foreign investment.

Searching for resources

The CEA has good reason to be worried about the insufficiency of domestic resources. Government/public investment can be made only out of tax revenues and public sector surpluses. Of these, tax revenues are under pressure. 2018-19 was a particularly dismal year; yet the government has set aggressive targets for tax revenues in 2019-20. Evidently, the CEA does not share the

government's optimism.

The table above justifies the CEA's concerns.

If the ambitious tax revenues are not realised, the government's total revenues as well as capital expenditure will come under pressure — as it happened in 2018-19 when the government 'lost' ₹1,67,455 crore of tax revenue and its capital expenditure was hit.

The CEA is right. Absent greater investment, the growth rate of GDP will be about 7% in 2019-20. Hence the ambiguity in the official documents about the inflation-adjusted growth rate of GDP — 7 or 8%!



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INSIDE TRACK
COOMI KAPOOR

Snatch and grab

According to conventional thinking, the BJP will not have sufficient votes to pass contentious legislation, such as the triple talaq Bill, till next year, when it could gain a majority in the Rajya Sabha with the help of allies and sympathisers. But Amit Shah has mounted an ambitious gameplan to trigger enough defections in the Upper House by the year end. The operation began with four of the six TDP MPs switching to the BJP, followed by the lone INLD MP. Now, Neeraj Shekhar, son of the late prime minister Chandra Shekhar, has resigned from the Samajwadi Party. The BJP is focused on Uttar Pradesh since any MP who resigns will automatically be re-elected to the Upper House on a BJP ticket with the help of its large numbers in the state Assembly. Two BSP MPs and two SP MPs have been earmarked as potential targets. The two PDP MPs, Nazir Ahmed Laway and Mir Mohammad Fayaz, are also being wooed. Significantly, neither MP criticised the extension of President's rule in Kashmir. In fact, Ahmed felt that Shah's visit would bring new light to the Valley. Both probably realise that in the present scenario, any association with the PDP is unproductive.

Glasnost at home

The Capital's journalists find it tough to get exclusive news breaks, since the usual sources are increasingly fearful of being seen talking to journalists. When the Finance Ministry restricted access to PIB-accredited newspersons at its North Block offices, many feared that this was the prelude to a blanket ban on journalists in all government offices and possibly even in Parliament's Central Hall. But reassurance that no such prohibitory order is in the offing came from home minister Amit Shah, finance minister Nirmala Sitharaman's neighbour in North Block. Shah assured reporters that he would not prohibit their entry. "I am a large-hearted man, I don't impose such restrictions."

As you sow

What goes around comes around. Goa MLA Vijay Sardesai, whose Goa Forward Party won three seats in the 2017 Assembly elections, had assured Digvijaya Singh, then Congress general secretary in-charge of Goa, that his party would support the Congress, which won 17 out of 40 Assembly seats. But next morning, when Singh telephoned Sardesai to ask him to reach the Governor's house, he discovered that Sardesai, a former Congressman whose main target was the BJP during the election,

had switched off his phone. Shortly afterwards, the Congress discovered that the BJP, with just 13 MLAs, had managed to cobble together a government with the help of the Goa Forward Party and some others. Sardesai was appointed planning and agriculture minister and his two colleagues were also rewarded with ministries. In a coup this month, the BJP succeeded in luring 10 of the 17 Congress MLAs to its side. Secure in its solid majority, the BJP promptly and most unceremoniously dumped Sardesai and his two MLAs, who were taken totally by surprise. Incidentally, not everyone in the Goa BJP is pleased with the recent developments. The old-time BJP workers are furious with the entry of eight Catholic MLAs, most of whom they had fought against bitterly during election campaigns, calling them all kinds of names.

Club class

As minister for urban development, Kamal Nath was notorious for demanding out-of-turn memberships for his high-flying friends at the exclusive Delhi Golf Club. But even in Modi raj, some hardcore Sangh Parivar members are not averse to backdoor entry to the posh club, though they may not know the difference between a birdie and a bogey.

A different mould

The BJP's new general secretary, organisation, B L Santhosh, is not in the mould of his predecessor, Ramlal, who continued for over 13 years by being amenable and non-interfering. He is also unlike Govindacharya, who was a law unto himself and undermined both Atal Bihari Vajpayee and Murli Manohar Joshi. Nor can he be compared to Sanjay Joshi, who had a longstanding tiff with Narendra Modi. Santosh is on the same page as both Shah and Modi, his major differences are largely with B S Yeddyurappa, since both are from Karnataka. The 52-year-old Santhosh was virtually in charge of Karnataka when Yeddyurappa left the party eight years ago. After Yeddyurappa's return, friction between the two was inevitable. Santhosh and his youthful coterie of Hindutva hardliners did not cooperate in Yeddyurappa's earlier attempts to bring down the H D Kumaraswamy government. Some believe that Santhosh, like Modi, another former pracharak loaned to the party, may eventually join politics full time. He could be a possible successor to Yeddyurappa despite the handicap of being a Brahmin in a state whose politics is dominated by Lingayats and Vokkaligas.

An ornament to cricket

Through his grace, Kane Williamson was so influential that even Ravi Shastri doffed his hat

RINGSIDE VIEW

Shamik Chakrabarty



IN A CRAZY World Cup final, there was a winner and no loser. England won in Super Over on boundary-count and lifted the trophy. It was very tough on Kane Williamson's New Zealand. But the manner in which they conducted themselves after the heartbreak struck a chord with everybody who believe cricket is a gentleman's game and should always remain like that.

Earlier, in case of a tie in 50-over cricket, the team that lost fewer wickets had been declared the winners. The Super Over followed by boundary-count is the IPL's export to One Day Internationals. While finalising the playing conditions for the World Cup, the International Cricket Council (ICC) was seemingly oblivious to the difference between T20 and 50-over game despite both being limited-overs cricket. The uproar will usher in a change in due course, but that's hardly any consolation

to the Kiwis. A country of five million people winning the World Cup would have been a fairytale story. And they thoroughly deserved to win it, like Eoin Morgan's England, too, were worthy winners.

The trolling of England beggared belief. They didn't set the World Cup playing conditions. In fact, they have had been the best ODI team in the world for the past two years now. In fact, under Morgan and coach Trevor Bayliss, they have raised the bar for every other team to follow. They went to the World Cup as the favourites to win it and lived up to the expectations. They showed character to bounce back after losing to Pakistan, Sri Lanka and England. Also England's maiden World Cup triumph presented a bigger picture. The success might prompt cricket's return on the streets at the home of cricket, where football is king.

New Zealand, though, won a bigger prize. "You're a credit to the tournament... a fabulous bloke," former England captain Nasser Hussain told Williamson at the post-match presentation, after the New Zealand captain won the Player of the Tournament award.

Three days before the final, after



Kane Williamson receiving the runners-up trophy from former Indian cricketer Sachin Tendulkar at Lord's cricket ground in London, England

India had lost to the Black Caps in the semifinal, ex-New Zealand captain Brendon McCullum had posted this on Twitter: "Respect is hard earned. There has to be a winner and there has to be a

loser. It's how you carry yourself after both and when your emotions are raw that define you as a person and distinguish your character from..."

Williamson was broken but the way

he carried himself after the final was statesman-like. His team was at the receiving end of misfortune twice. A Martin Guptill throw had accidentally deflected off Ben Stokes's bat in the 50th over to the boundary, which brought the equation down to three runs from two balls. Misinterpretation of the Law by on-field umpires Kumar Dharmasena and Marais Erasmus had added an extra run to England's total. It should have been five runs rather than six and it's a positive step that the Marylebone Cricket Club (MCC) has now decided to review the overthrow Law. The MCC is the custodian of the Laws of Cricket.

Coming back to the final, Williamson had enough reason to explode. But he put things in perspective. "The rule (deflection off Stokes's bat) has been there for a long time. You can't look at that and think that perhaps decided the match, there were so many other bits and pieces," he had said. The Kiwi skipper was asked about the boundary count-back rule as well. His response was: "I guess you never thought you'd have to ask about that rule and I never thought I would have to answer it."

He added: "While the emotions are raw, it is pretty hard to swallow; two teams worked really, really hard and when two attempts to separate them with a winner and loser still didn't shine with one side coming through; it is what it is. The rules are there at the start and

no one really thought I guess that we'd end up having to use it."

Pure class, and Williamson was given a standing ovation at the post-match press conference. Through his grace and dignity, the Black Caps leader was so influential that even the Indian team head coach Ravi Shastri doffed his hat. "Your composure and dignity viewing the sequence of events was remarkable. Your dignified grace and silence 48 hours since is simply remarkable. We know you have one hand on that WC. You not just Kane. You Kane and Able. God bless," Shastri tweeted.

Williamson's New Zealand have shown that cricket can be played without swearing and/or finger-wagging after scoring a hundred or dismissing a batsman. Even some senior Indian cricket board functionaries are impressed with Williamson to the extent that they now privately want the Indian team to behave the Kiwi way on the field. "There's no need to show off," said a BCCI functionary.

Hopefully, Williamson has done enough for the broadcasters and TV channels to retrospect. Or maybe, it's a wishful thinking that come the next ICC event, we won't see classless, tasteless promos like 'crown cricket *ka madam ji hum le jayenge*'...

England won the cricket World Cup. To paraphrase Neville Cardus, Williamson's New Zealand honoured cricket.