

ROUNDTABLE DISCUSSION WITH ARUN JAITLEY

Ocean Dial was invited to a closed-door, roundtable discussion with Arun Jaitley, India's Finance Minister, during his latest trip to London en route to the World Economic Forum in Davos. Mr Jaitley is the second most important figure in Indian politics, and a trusted associate of the Prime Minister within the BJP. The session covered multiple issues concerning India's economy and the political effort being exerted to revive growth, of which the key takeaways are summarised in this note.

Challenges facing the economy

- World environment; exports have fallen for 13 consecutive months
- Inadequate rainfall for two Monsoons is hurting rural purchasing power
- Private investment is still sluggish and the banking system is under stress
- The first factor is largely out of the Government's control. The financial inclusion drive includes pushing insurance to the rural economy, which will help mitigate difficulties in agriculture. The next Budget (29 February) will announce measures to tackle stressed assets in the banking sector, especially amongst smaller public sector banks. He refused to provide any specifics on this until then.

The legislative agenda – three areas of focus

- **GST** – all parties but one now agree on the current format of the Bill. The latest version is a big improvement and he is confident it will pass in the next session of Parliament
- **Bankruptcy Code** – he ensured that the bill was submitted to a joint committee of both Houses of Parliament to prevent excessive delays. The committee must make its report by March and he will table it for passage in the next session of Parliament
- **Companies Act** – following feedback from Indian businesses, an amendment will be tabled to streamline and simplify the previous Government's legislation
- Beyond these areas the Government will focus its reforms outside the scope of Parliament such as in financial inclusion, infrastructure revival and digital connectivity

Measurements to track execution

- Clean India – endorsed by several entities, Government and CSR spending is now showing results
- 100 Smart Cities – has moved from planning stage with partners identified, work has begun
- Alternative energy – transition to LED lighting underway, funding being gathered for 100GW of solar by 2022

As ever with political roundtables, there was a greater emphasis on rhetoric rather than specific details. We await further clarity, particularly with regards to the public sector banking space, in the next Budget. The Finance Minister stressed that the electorate's aspirations mean that the constituency of voters demanding economic reform is now far greater than the noisy minority opposing change. The Government is responding to this by creating a stable tax regime, using technology to address corruption and devolving fiscal responsibility away from the central Government to empower decision making at a more local level. He concedes that the Government can no longer be viewed as "new", but is confident that results from efforts made to date, as well as from initiatives in the pipeline, will be far reaching.

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