

NIRMALA SITHARAMAN, UNION FINANCE MINISTER

'India's Back on the Growth Path, at a Level No One would have Imagined'

A recovery from the Covid lows aided by proactive government steps is gathering pace, and inputs to sustain it are welcome, says the FM. She assures India Inc lessons have been learnt from earlier crises and there is no going back to 'Aatmanirbhar of the socialist era'

INDIA ON REVIVAL PATH
We need to recognise that India's growth is definitely on the higher growth benchmark and also that it is sustained. It is sustained since it started in July and after that a bit slowly but now the frequency is far higher than what anyone else would have thought. It is important now, therefore, to recognise those factors which are indicative of the positivity that we have felt, smelt and also spoken about. They are not just from nowhere. The indicators, whether it is PMI manufacturing, PMI services, e-way bills, rail freight, GST collections—all of them have a consumption, all of them are indicating that this positivity and this absolute sense of "no, it is happening, we are reviving" is not based on nothing. The world economic outlook as was spoken by the International Monetary Fund, even in January, is revising estimates, revising upwards gladly. So you see today, even the global growth path is having a positive impact but in that India's growth path is being pitched a notch higher and I am glad for it because the first quarter of 2020 we all knew what was the impact of the lockdown, which was necessary because we placed a premium on the lives and a bit later on livelihoods also.

RBI BULLETIN AND THE SERVICES SECTOR
The recent monthly bulletin of the RBI also spoke about services sector recovery. With the bulletin which has come out, we are assured that even the services sector and its revival is distinctly felt and, honestly, I was so pleased and touched by the wordings which the RBI bulletin had and I want to share that with you. I quote here: "There is a restless urgency in the air in India to resume high growth."

PRIVATISATION
I think that the combination of the three Aatmanirbhar packages, 13% of GDP, the announcement on February 1 of a budget which sets a landscape for the next 15-20 years, clearly does not shy away from saying what this country needs. No more, if I may say, disinvestment alone but matter of fact taxpayers' money and the worth of what is being identified for spending the taxpayers' money, leading us to fairly openly say that privatisation is one of the things. What does privatisation in the policy that I have announced mean? We are allowing the Indian private sector also to seek an opportunity in reviving many of these units where further infusion of taxpayers' money is not possible and may not even because it does not have a corollary of government managing it better. We need professionals managing it better and such



money is coming in which becomes more and more sharply accountable.

VACCINE CAPABILITIES

One thing which stands out in India is, unlike many of the developed economies, thanks to the way this country over the decades placed emphasis on development in vaccines and the pharma sector. Today, we are in a very comfortable position as regards vaccine supply—not one, not two, probably even more. Some of them getting manufactured, companies (making) arrangements for some formulations which have been done outside and some which are formulated in India, manufactured in India.

MINING POLICY

The mining policy in coal sector, which gives private sector participation a big chance in exploring minerals, exploring mines... it is on a revenue-sharing model. It's not quickly rusted up mining sector reforms, very much of little detailing has been done... These small things, which appear small, but can be of great incentive

ON ECONOMY

We are allowing Indian private sector to seek an opportunity in reviving many units where further infusion of taxpayers' money is not possible

ON VACCINE SUPPLY

We are in a comfortable position as regards vaccine supply... Some are getting manufactured, companies (making) arrangements for some formulations done outside

and motivation for the private sector.

DECIMINALISATION

I also want to highlight the fact that having heard industry repeatedly tell me that decriminalisation of the Companies Act is very critical. People are really worried about the aspect that if you start criminalising every one of those little offences... [it's] too much of a nuisance, even that has been decided. The Companies Act is being completely changed... and that will declog the NCLT to that extent—so more awareness building.

ON SHIPPING INDUSTRY

Shipping has gone through a major change. Flagging of merchant ships in India is a big deal. Global tenders floated by ministries and CPSEs (central public sector enterprises) are areas in which Indian shipping will be getting incentives and concessions. Ship recycling capacities also being improved and that will be doubled by 2024, creating about 1.5 lakh more jobs.

INTERACTION WITH THE FINANCE MINISTER

"I will ensure that the rights of workers are ensured," says FM Nirmala Sitharaman. In a Q&A session with CEOs, which included Sajjan Jindal, chairman, JSW Group, SN Subrahmanyam, CEO, Larsen & Toubro, Amit Agarwal, country head, Amazon India and Vibha Padalkar, CEO, HDFC Life, moderated by Bodhisatva Ganguli, executive editor, The Economic Times, Sitharaman elaborated on the rationale behind the increase in import tariffs under Aatmanirbhar Bharat. Edited excerpts:

ET: You've moved into the implementation mode fast. The Insurance bill has already made its way to the Parliament. Would the government be able to follow the same path when it comes to privatisation of PSBs and insurance companies, where you might face political opposition?

FM: I hope to engage with all those who have reservation or hesitation on this. My privatisation is not something which is going to end up selling for closure. I'm selling for the business to continue... because I can't run it efficiently. Secondly, I don't have more monies of the quantity that I need, the scale I need to invest.

When I privatise, I want that activity to continue efficiently, continue with more money and that could come in from the private sector, so that is one of the principles. The second principle is that the rights of the workers, the prerequisites of the workers, and all the commitments which have been made by the government for the workers... are ensured. So if these two principles are there I think I should be able to take forward the agenda.

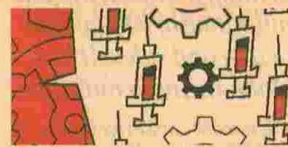
ET: What kind of risks to recovery do you see because of the resurgence of Covid cases?

FM: I'm grateful that the prime minister has engaged with the chief ministers to say that all of us will have to work together on this to ensure that... where there is a spike, that has to be immediately addressed. There is also this planning for ramping up the vaccine being given to the citizens, both from the supply and the execution point of view. With further such efforts, we will be able to address the concerns about the spike in cases.

Sajjan Jindal: In this post-pandemic time when crude oil is going through the roof, what kind of impact it will have on inflation? Would you continue the benign interest rates regime?

FM: The petroleum ministry is keen on looking for alternative sources of crude supply. That's not going to affect the price, but at least the supply will be sustained. But, that said, the price is something on which I've been open in speaking about. However, both the Centre and states will have to talk about it. I think we have to look at the consumer, and overall, again, not just the consumer, but also the ripple effect it can have on the economy itself. But whether that is going to have an immediate effect I'll have to wait and see when the GST Council meets.

But food and food-related inflation, I think the group of ministers empowered to look at this... is meeting often and making sure that supply distortions because of any seasonal changes or because of crop patterns or because of output, are all managed well in advance.



When I privatise, I want that activity to continue efficiently, continue with more money and that could come in from the private sector, so that is one of the principles

We are closely monitoring that...

And on the commodities, even the core sector products, there is a lot of concern... especially when the economy is struggling to revive and this is where the demand should be consistent and business planning should not be affected. I'm sitting in consultation with a lot of people to see how best I can handle that.

SN Subrahmanyam: Can we apply our mind to see whether a better system can be found to settle disputes in infra sector across the table? How do we find an effective solution for long-term capital for financing infra projects?

FM: I don't know whether I can get into greater details of talking about it now, but that is an area in which we are working to make sure that commercial contracts, commercial agreements are all respected, and what is it that we can do in such a situation for quick redressal through dispute mechanisms which can address such disputes as they arise.

But as far as financing for long-term infrastructure building and also for projects which are long term in nature, I think we have indicated more than one step, whether it is the forming of the DFI, we are getting it to the Parliament at the earliest. We are also giving space... for the private sector also to come into funding long-term projects. We are engaged with a lot of sovereign funds, we are also talking to globally large pension funds because they have the patience to endure long-term investment. Tax benefits have been given for many of these sovereign funds. So I think that work will set the pace for infrastructure and project financing in India.

Vibha Padalkar: What role do you see for long-term money managers like insurers and pension companies and what reforms can we expect? The way credit bureaus have helped NBFCs, banks, small finance banks really take off and grow. Can we have a repository of medical information, portability between different retirement solutions, like EPF to NPS?



The petroleum ministry is keen on looking for alternative sources of crude supply. That's not going to affect the price, but at least the supply will be sustained

There's a benefit which I recognise on behalf of the government when engagements of such nature can happen with the industry. And I will tell you, during Covid, the Indian VC funds people kept engaging with us, telling us about the ways in which Indian money can come into investing in industry... There was a lot of sharing of thoughts, I would invite you to give me your thoughts on how best we can do this data-sharing and also on fungibility. It's an important point on which there is a discussion happening in the government.

Amit Agarwal: How do you envision the role of a global supply chain in realising the goal of an Aatmanirbhar Bharat?

FM: Value chain is something which can make or break possible opportunities which exist, and you, who have an exposure to the global value chain spread across several countries, can tell us your experiences elsewhere, can tell us about the experience of government and commercial enterprise interface where the best practices are available, where it is a win-win for everybody.

ET: There is talk of a repeat of taper tantrum of 2013 with the rise in US bond yields. A recent S&P report says India could be more vulnerable to a taper tantrum.

FM: We've learnt a lot of lessons. Not just us, the Reserve Bank of India has learnt a lot of lessons, post the 2013 taper tantrum... I think we've had quite a few sittings, discussing with the RBI. There is a greater sync between the RBI and the government. We are keeping a



During Covid, the Indian VC funds people kept engaging with us, telling us specifically about ways in which Indian money can come into investing in industry

good watch and I don't think India faces the risk of repeating the taper tantrum now. We are carefully monitoring the situation.

ET: Prof Arvind Panagariya has said that the process of liberalisation has been reversed. Do you see a kind of creeping import substitution happening and the dangers of that because we followed that for the first 50 years of our independent existence?

FM: No. The import substitution and the Aatmanirbhar we are talking about is something on which all of us have spent time... The Aatmanirbhar and the import substitution is not blindly saying, "Oh, stop every import." I want imports to come in, in the areas where they are intermediary goods, they are raw materials, something which is critical for my manufacturing to become competitive. I've been selective about the items on which I have raised tariff. They are final consumer goods which are being produced in India. I have not raised the tariff on intermediary or on critical raw materials. So, it is not Aatmanirbhar of the socialist era.

Spurring the Horses Forward

At the ET Awards, FM Nirmala Sitharaman highlighted some less-talked-about budget measures that have great potential. ET takes a look:

FARM TO HERBS

Financing facility to boost agri infra: ₹1 lakh cr

Animal husbandry infra development fund: ₹15,000 cr

Incentives for herb cultivation: 1 million hectares allocated

AEROSPACE & DEFENCE

FDI in defence production on automatic route

Measures for maintenance & repair operations for airlines

Cap fixed at 75% for foreign investment

Opening up of space activities

SAILING HIGH

Incentives for Indian shipping

Flagging of merchant ships in India

Measures for ship recycling

REAPING MINING WEALTH

Opening up mining in coal sector

Private sector participation in exploring minerals, mines

Revenue-sharing model with rebates for faster production

ROAD TRIP

National highways by March 2022:
Awarded: 8,500 km | Completed: 11,000 km

EASE OF DOING BUSINESS

Decriminalisation of the Companies Act

Private cos listing non-convertible debentures on bourses to remain unlisted



Front Row Bonhomie: (From Left) Sunil Mittal, Deepak Parekh, Mukesh Ambani, Kumar Mangalam Birla and N Chandrasekaran, 2017



The Terror Attacks, 2008: (Left) Rahul Bajaj, Nawaz & Gautam Singhania, Prithviraj Chavan, PRS Oberoi, Anand Mahindra, CB Bhavne and AM Naik pay homage to the fallen and (Right) Prime Minister Manmohan Singh speaks to Karambir Kang, general manager of the Taj Mahal Palace and Tower, Mumbai

"We were all ordinary people — be it at the Taj, Trident or Cama — with extraordinary courage, who went beyond the call of duty." — Karambir Kang, GM, Taj Mahal Palace and Tower, 2008



Veteran at the Show: Pranab Mukherjee with Mukesh Ambani, 2011