

## PUNDIT'S CORNER

**YM DEOSTHALEE**

CHAIRMAN, L&T  
FINANCE  
HOLDINGS



# Plug Infra, Skilled Force Gaps

The Economic Survey speaks of India as the fastest growing major economy in the world. The estimated growth of 7-7.75% for FY17 projected by the survey seems realistic given the fact that the country was able to achieve 7.2% in FY15 and looks set to achieve 7.6% in FY16.

The growth figures, though commendable given the fragile global economic environment, still lag India's medium-term growth potential of 8-10%. To fill the gap and replicate China's growth trajectory, India will have to improve its business competitiveness. Major factors that constrain India's competitiveness are inadequate infrastructure, a non-conducive business environment and lack of skilled manpower despite India's large population. The country needs substantial measures to address these three problem areas.

The government seems cognisant of these as is evident from its 'Make in India' and 'Skill India' initiatives. Make in India has been credited in the survey for increasing FDI flows by 40% on a year-on-year basis since the launch of the programme. The 'Skill India' mission also seems to have got off to an encouraging start. While many will point towards the importance of adhering to the fiscal deficit targets, it needs to be kept in mind that the primary reason that the government is looking likely to achieve its fiscal deficit target of 3.9% this fiscal is due to the

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leeway provided by low oil prices. This allowed the government to increase indirect tax collections

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