

Failed on land, labour reforms, says N K Singh

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New Delhi, 17 May

Expressing concern over muted private investments, 15th Finance Commission Chairman N K Singh on Friday said in order to push economic growth, the new government should take on the challenge of introducing reforms in areas including land and labour.

He also noted that fiscal rectitude is important for sustaining long-term economic growth and is the core of long-term macroeconomic stability.

Macroeconomic stability is one of the things that will guide India's high growth trajectory, he said at an event organised by ASSOCHAM here.

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The 15th Finance Commission chairman wants the next govt to focus on reforms

production — labour, land and capital. We were unable to achieve success on reforming factors of production," said Singh. Labour laws remain extremely complicated and there is need to bring reform by revisiting some of the issues like long-term contracts and dis-

pute resolution, he said.

Besides, there is a need to visit the area of cost, procedure and processes of land acquisition, he said, adding that the cost of capital remain high which needs to come down so that business become globally competitive.

"The fact that our economy is not competitive is... connected with inability of successive governments to be able to take on this difficult challenge. In terms of the wishlist for any new government it would be that in this first year in office will they look to this... it needs political will." "That is why I think the sagacity of the Indian people to elect strong, stable government will be one of the important factors which will bring reform in some of the factors of production," he added.

New govt must bring in land, labour reforms for economic growth: NK Singh

Macro economic stability is vital for high growth trajectory, says finance panel chief

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Expressing concern over muted private investments, the 15th Finance Commission Chairman NK Singh on Friday said in order to push economic growth, the new government should introduce reforms in areas such as land and labour.

He said fiscal rectitude is an important inter-gradient in sustaining long-term economic growth and is the core of long-term macro economic stability.

Macro economic stability is one of the things that will guide India's high growth trajectory, he said at an event organised by *Assocham* here.

On the reforms front, Singh said "one single thing that we could not reform was factors of production – labour, land and capital. We were unable to achieve success on reforming factors of production." Labour

laws remain extremely complicated and there is need to bring reform by revisiting some of the issues like long-term contracts and dispute resolution, he said.

Besides, there is a need to visit the area of cost, procedure and processes of land acquisition, he said and added that the cost of capital remains high and needs to come down so that business become globally competitive.

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NK Singh, Chairman,
15th Finance Commission

will be one of the important factors which will bring reform in some of the factors of production," he added. With regard to high debt-to-GDP ratio, he said, this ratio is misaligned with other peer group countries.

The effort of the government is to bring this down and both Centre and State governments are well on track to bring debt-

GDP ratio to prescribed level, he added. He also said the Fiscal Responsibility and Budget Management (FRBM) Committee 2017, has suggested bringing down the debt-to-GDP ratio to 60 per cent by 2024-25. The FRBM committee, which was headed by Singh, also recommended that the States should bring down their debt-to-GDP ratio to 20 per cent by the same period.

Debt to GDP ratio

The Central government debt is estimated at 48.9 per cent as a percentage of GDP for 2018-19. It is expected that Central government liabilities will come down to 47.3 per cent of GDP this fiscal, as per Budget 2019-20.

The outstanding liabilities of the State governments stand at 23.4 per cent of Gross State Domestic Product (GSDP) at end-March 2017, with a range of 46.3 per cent in Punjab and 15.1 per cent in Chhattisgarh, as per an RBI study on State budgets.

New govt must undertake reforms in land, labour, capital: NK Singh

With committed expenditures rising and tax revenues slowing down, the Centre extended by a year (to FY21) adherence to the 3% fiscal deficit target set under the Fiscal Responsibility and Budget Management (FRBM) Act

FE BUREAU
New Delhi, May 17

THE INCOMING GOVERNMENT should take on the challenge of introducing reforms in land, labour and capital to boost private investments, chairman of the 15th Finance Commission NK Singh said on Friday. "We were unable to achieve success on reforming factors of production," Singh said at an Assocham event here.

Labour laws remain extremely complicated and there is need to bring reform by revisiting some of the issues like long-term contracts and dispute resolution, he said. There is a need to visit the area of cost, procedure and processes of land acquisition as well as the high cost of capital, which needs to come

down to make businesses globally competitive, Singh said.

With manufacturing, agriculture and small services faltering and the government spending slowing, the gross domestic product (GDP) grew at a five-quarter-low rate of 6.6% in the September-December period (Q3) of FY19. The Central Statistics Office has also revised downwards the growth rate for FY19 to 7% — a five-year trough — from 7.2% in the first advance estimate released in January. Private investments have been languishing for a while; of late, there are signs of a slump in private consumption too.

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15th Finance Commission chairman NK Singh

to take on this difficult challenge. In terms of wish list for any new government, it would be that in the first year in office will they look to this... it needs political will."

"That is why I think the sagacity of the Indian people to elect strong, stable government will be one of the important factors which will bring reform in some of the factors of production," he added.

Singh, who will submit the 15th Finance Commission report by October on how the Centre's tax revenues would be devolved to the states for five years through FY25, noted

that the Centre should ensure fiscal rectitude to sustain long-term economic growth and long-term macroeconomic stability.

"Macroeconomic stability is one of the things that will guide India's high growth trajectory," he said. With committed expenditures rising and tax revenues slowing down, the Centre extended by a year (to FY21) adherence to the 3% fiscal deficit target set under the Fiscal Responsibility and Budget Management (FRBM) Act.

With India's debt-to-GDP ratio misaligning with peer group countries, Singh said the effort of the government has to be to bring it down both at the Central and state government level to the prescribed level.

The Singh-led FRBM Committee 2017 had suggested to bring down the general debt-to-GDP ratio to 60% by FY25 (40% for the Centre and 20% for the states). The Centre's debt-GDP ratio is estimated at 48.9% for 2018-19. The outstanding liabilities of the state governments stood at 23.4% of the gross state domestic product (GSDP) at end-March 2017.

'Land, labour reforms to push economic growth'

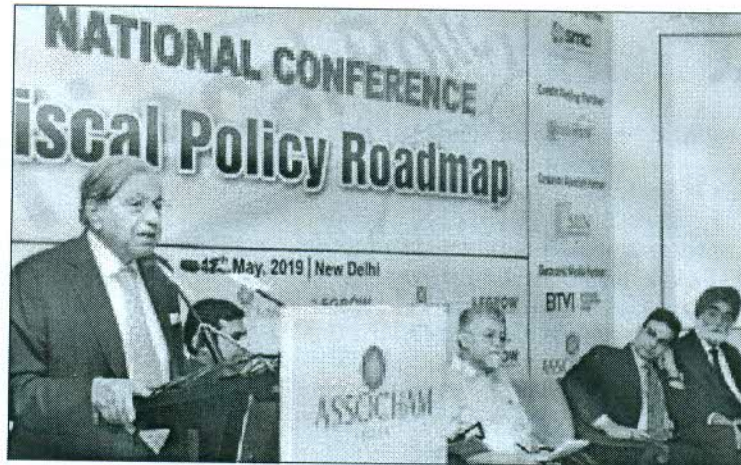
NEW DELHI, May 17 (PTI)

EXPRESSING concern over muted private investments, 15th Finance Commission Chairman N K Singh on Friday said in order to push economic growth, the new Government should take on the challenge of introducing reforms in areas including land and labour.

He also noted that fiscal rectitude is an important intergradient in sustaining long term economic growth and is the core of long term macro economic stability. Macro economic stability is one of the things that will guide India's high growth trajectory, he said at an event organised by ASSOCHAM here.

On the reforms front, Singh said "one single thing that we could not reform was factors of production -- labour, land and capital. We were unable to achieve success on reforming factors of production."

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The 15th Finance Commission Chairman N K Singh speaks during a seminar on National Conference on Fiscal Policy Roadmap, in New Delhi on Friday. (PTI Photo)

of the issues like long term contracts and dispute resolution, he said. Besides, there is a need to visit the area of cost, procedure and processes of land acquisition, he said and added that the cost of capital remain high which needs to come down so that business become globally competitive. "The fact that our economy

is not competitive is connected with inability of successive Governments to be able to take on this difficult challenge. In terms of wishlist for any new Government it would be that in this first year in office will they look to this. It needs political will".

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strong, stable Government will be one of the important factors which will bring reform in some of the factors of production," he added. With regard to high debt-to-GDP ratio, he said, this ratio is misaligned with other peer group countries.

The effort of the Government is to bring this down and both centre and state Governments are well on track to bring debt-GDP ratio to prescribed level, he added. He also said the Fiscal Responsibility and Budget Management (FRBM) Committee 2017, has suggested bringing down the debt-to-GDP ratio to 60 per cent by 2024-25.

The FRBM committee, which was headed by Singh, also recommended that the states should bring down their debt-to-GDP ratio to 20 per cent by the same period. Central Government debt is estimated at 48.9 per cent as a percentage of GDP for 2018-19. It is expected that Central Government liabilities will come down to 47.3 per cent of GDP this fiscal, as per Budget 2019-20.

