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Khullar says current crisis reminiscent of '89

Reckons today's situation more difficult, as India doesn't know how to deal with the high-growth monster it has unleashed

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While Finance Minister Pranab Mukherjee today asserted steps would soon be taken to revive growth, it was Commerce Secretary Rahul Khullar who gave a candid assessment of the problems India faced today, equating those with the ones the country stared at in 1989, a couple of years after which several big-bang reforms were carried out.

It was much more difficult to fix these problems today, because the country didn't know how to deal with the high-growth monster it has unleashed, Khullar said at the Confederation of Indian Industry (CII)

annual general meeting and national conference 2012, while clarifying these were his personal views.

He said among the problems India faced in 1989 were fixing the power sector, as state electricity board losses were spiralling out of control, lowering

fertiliser subsidies, improving the coal sector, sorting oil sector problems and narrowing fiscal deficit.

"The year was 1989 and now it is 2012. We all know 23 years have gone by. It is a sense of déjà vu, because it is the same problem all over again," Khullar said.

He said, "When you are chugging along at three, 3.5 and four per cent growth rates and somebody comes along and says you could be doing six per cent, it is a counter-fact, unbelievable. The issue is different today because India has achieved eight, 8.5, nine per cent growth rates. It is no longer a counter-fact. If now it goes down to five, 5.5 or six per cent, India is willing to believe all

the reasons for why growth has slipped, namely the government is corrupt, there is no governance etc." This made life much harder for industrialists and those in the government, he said.

"We are not able to deal with the monster we have unleashed and it is



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(From left) CII president-designate Adi Godrej, Finance Minister Pranab Mukherjee and CII president B Muthuraman, at CII's annual general meeting and national conference 2012, in New Delhi on Tuesday. PHOTO: SANJAY K SHARMA

impinging on decision-making both for you (industrialists), as well as for us. That is why it is much harder to deal with the same sort of problems today," he said.

He added there were a lot of things one had to candidly confess, like the need for foreign capital in multi-brand retail, civil aviation, banking and insurance. "Why are we dodging

these? In 1991, we were candid enough to take these decisions. The quicker we take these decisions, the better it would be, instead of trying to be like ostriches," he said.