

FNCCI Interaction Program

Current Financial Situation and Potential Impacts on the Real
Sector

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- ▶ The context
- ▶ The Issues
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- ▶ The way ahead

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The Context

- ▶ Liquidity has dried
- ▶ BoP is negative
- ▶ Interest rate has increased
- ▶ Hurdle rate to do business has gone up
- ▶ In addition to
 - Security issues
 - Perceived political risks
 - Labor related issues

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The Analysis

- ▶ Reactive Vs Proactive
- ▶ Lack of Consistency
- ▶ No priorities

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Reactive Vs Proactive

- ▶ The margin lending story
- ▶ The gold story
- ▶ The real estate story
- ▶ The energy story

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Lack of Consistency

- ▶ Changing rate of returns
- ▶ Changing environment to do business
- ▶ Changing priorities

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Prioritization

- ▶ Do we know what we want?
- ▶ Do we know how we will get them?
- ▶ Do we know it will not change?

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The Way Ahead

- ▶ Environment conducive to business is non-negotiable
 - No Enterprises
 - No Labor
 - No Revenues

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- ▶ Areas of priority identified with the private sector and work upon
- ▶ Use past reports and work done to look at priority sectors in
 - Industrial policy
 - Trade policy
 - Bank licensing and Interest rate mechanisms
 - Export policy
 - Hydropower policy
 - Capital Market Policy

- ▶ Review key decisions taken in the past 36 months and make corrective changes like
 - Margin lending
 - Real estate lending
- ▶ Consistency Please!

Thank you

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