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Economic Watch

India

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Economic Analysis

Asia

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Taking stock of India's reforms to restart growth

- **After achieving near double-digit annual growth during 2002-07, India's economy has lost steam,** with growth falling to a decade low of 5% in 2012.

- **In addition to the weak global environment, the factors for the growth slippage are due to a number of inter-related domestic issues:** (i) a logjam in policy reforms; (ii) high and persistent inflation; and (iii) vulnerabilities from "twin" current account and fiscal deficits.

- **Warnings from ratings agencies of a possible downgrade to junk status have increased pressure on the government to reduce the stubbornly large fiscal deficit and to fast-track reforms.** Given this, and the urgency of stemming the slowdown in growth, the government has sought to accelerate reforms since last September with the aim of achieving fiscal sustainability, fostering investment, reducing the current account deficit, and improving governance.

- **Creating an environment for an upturn in the investment cycle would require the government to deliver on three fronts:** (i) fast-tracking approvals for big infrastructure projects; (ii) executing key legislative reforms, particularly land acquisition and environmental bills; and (iii) securing financing for infrastructure projects by mobilizing capital from global as well as domestic sources.

- **On the fiscal front, early implementation of structural tax reforms such as the goods and services tax and direct tax code is key,** along with ensuring that the momentum on subsidy reforms is substantiated despite political pressures.

- **To address external imbalances, apart from quick-fix solutions such as curbs on gold imports, it will be important to enhance export productivity and rationalize import demand** by allowing greater pass through of global commodity prices into domestic markets.

- **While policy implementation bottlenecks and limited fiscal support will weigh on near-term growth, we expect an improving outlook for India in 2013 with GDP growth pegged at 5.7% y/y from 5.1% in 2012,** led by an investment pickup in 2H13 amid looser monetary policy, continued reform momentum and higher capital spending ahead of the national elections in 2014.

Indian macro developments – a roller-coaster ride

India possesses the right ingredients to achieve double-digit growth

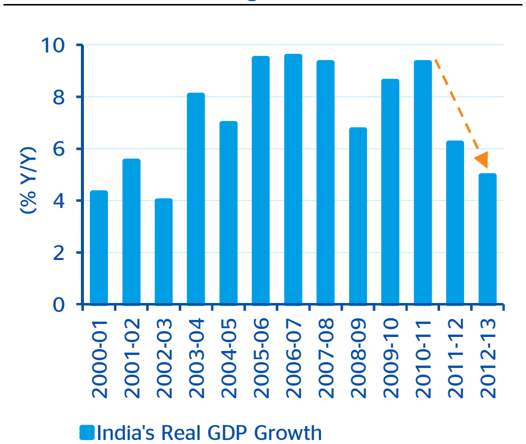
The Indian economy grew at an impressive 8.7% average annual rate during 2003-07 (Chart 1), the five year period prior to the Global Financial Crisis, placing it amongst the world's best performing economies. High growth rates were fuelled by productivity gains from structural reforms in the industrial, trade and the financial sectors from the mid 1990s. With a rising investment-to-GDP ratio (up from 27% in 2003 to 38% in 2007), benign inflation of around 5% and shrinking current account and fiscal deficits, India's growth outlook was among the most promising in the world. Robust fundamentals and room for countercyclical monetary and fiscal policies helped the economy to endure the global crisis relatively well.

However, a sub-optimal policy mix spoiled the party

While India's economic growth recovered to pre-crisis levels over the following two years, the rebound was led by excessive government spending even as monetary policy was tightened to address inflation risks. The government's fiscal accommodation during the financial crisis pushed the fiscal deficit to 6.2% of GDP in 2008-09 from 2.7% in 2007-08 (Chart 2). Thereafter, fiscal slippages emanating from rising fuel and food subsidy outlays reduced domestic savings and undermined efforts to narrow the current account deficit (Chart 3). The deficits also crowded out private investment and led to high public debt of 70% of GDP (general government). External vulnerability risks worsened as the current account deficit jumped to a record 5.3% of GDP in 3Q12, led by high oil and gold imports, weakening export growth, and investment income outflows due to rising recourse to external debt. Persistent inflation amid supply bottlenecks and loose fiscal policy kept the Reserve Bank of India from lowering interest rates, when other central banks were easing, resulting in tight liquidity conditions.

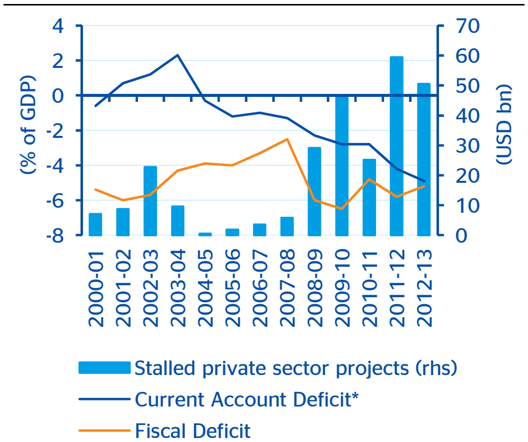
In a span of three years, India's high GDP growth sputtered to the lowest in a decade, to 4.5% y/y in 4Q12. The rupee tumbled in real effective terms and against the US dollar at 57.1 in June 2012 (Chart 4), reflecting investor concerns over rising twin deficits and an uncertain policy environment. In this context, warnings from rating agencies of a possible downgrade to junk status stoked capital outflows, heightening pressure on the Indian government to fast-track investment and fiscal reforms.

Chart 1
A deceleration in GDP growth momentum



Source: RBI and BBVA Research

Chart 2
"Twin" deficits have dented investor confidence

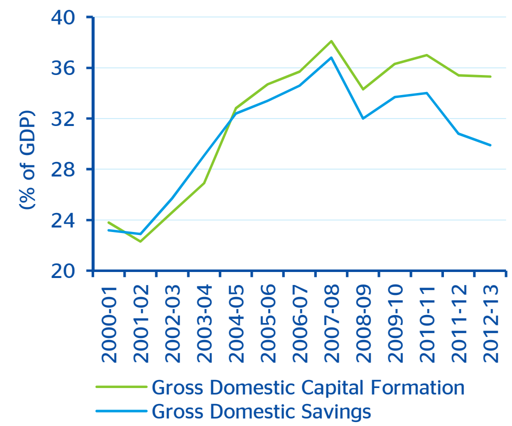


* Fiscal and current account deficit are for fiscal year - April to March.
Source: RBI and BBVA Research

Efforts to push policy reforms are encouraging but not yet sufficient

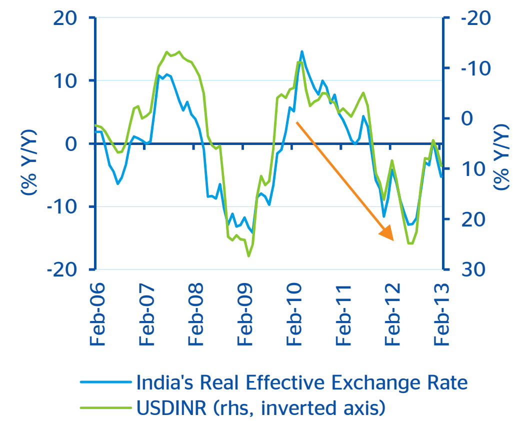
Since September 2012 the government has sought to revive growth through broad policy initiatives. The reform process aims to deliver on four counts: 1) achieving fiscal stability, 2) stimulating investment, 3) correcting external imbalances, and 4) improving governance. Against a challenging global macro backdrop, below we gauge India's domestic policy initiatives on their rationale, status, and effectiveness.

Chart 3
Domestic savings and investment ratios have weakened



Source: RBI and BBVA Research

Chart 4
Sputtering growth and external vulnerability risks have weighed heavily on the rupee



Source: RBI and BBVA Research

Steps to tame India's fiscal deficit

Against a backdrop of political opposition and upcoming elections, India's efforts to contain the fiscal deficit within budgeted levels have achieved success so far (see chart 5). Furthermore, the government has outlined a fiscal consolidation path to lower the deficit from 4.8% in FY14 to 3.0% in FY17. However limited progress on structural measures to widen the tax base and improve buoyancy remains a drag on long term fiscal sustainability. Below, we delve deeper into key fiscal reforms (see appendix table-1),

1. Fuel price reforms – maintaining positive momentum is key

Fuel subsidies on diesel, kerosene and LPG, which together account for one-third of the total subsidy bill, weigh heavily on India's public finances. Furthermore, the absence of pass through of international oil price to domestic prices distorts price signals, preventing much needed adjustment in final demand. To address these issues, the government decided to rationalize fuel subsidies by: 1) announcing a 12% diesel price hike last September, 2) allowing oil marketing companies to raise diesel prices by Rs 0.5/ltr per month until losses are recovered, 3) mandating bulk users of diesel to pay market prices, and 4) capping the number of subsidized LPG cylinders to 9 per year while hiking prices of non-subsidized cylinders. Looking ahead, given the government's intent to move towards a gradual deregulation of domestic gas prices we expect hikes in natural gas prices in 4Q13.

Although inflationary over the near term, these price adjustments should ease financial stress for public sector oil companies, eliminate price distortions, and enhance domestic production. The resulting fiscal improvement should provide greater room for the RBI to support growth going forward. Reassuringly, the government has stuck to its plan with three diesel price hikes already into effect. That said, implementing period price hikes would be challenging in the run up to elections next year, testing India's commitment on reforms.

2. Direct cash transfer program (DCT) – need to ensure robust structures

On January 1, 2013 the government launched direct cash transfers (DCT) of subsidies and social security endowments. The DCT is an electronic cash transfer system, which ensures direct benefits to poor households from social welfare schemes, scholarships, pensions, health benefits and other income support programmes. The new measure aims at enhancing efficient subsidy targeting, transfers and social welfare payments by plugging leakages. Launched in 43 districts so far, the DCT aims to cover 20% of the country by July 2013. However, total cash disbursements have been slow so far (USD 7.2 mn), highlighting the need to address operational inefficiencies, bottlenecks and a lack of coordination between ministries and the banks.

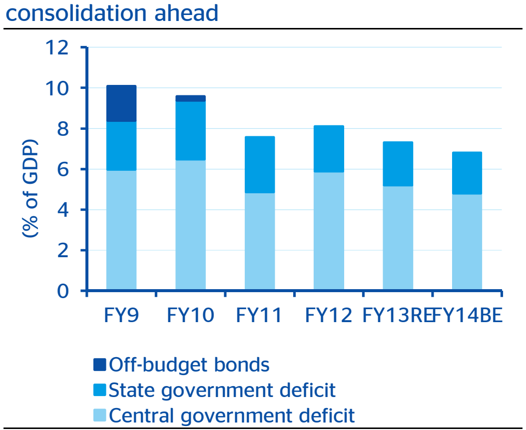
3. Goods and Services Tax (GST) – crucial to build consensus amongst states

The GST is a nationwide value added tax that will subsume most indirect taxes in India, enable voluntary tax compliance and facilitate investment decisions independent of tax considerations. Expected to be implemented over a two to three year horizon, the GST will ensure equitable taxation, improve tax collections and logistics efficiency and simplify the tax structure. We expect a delayed roll out of the GST to beyond June 2014, as several issues related to operation, infrastructure and consensus amongst individual states need to be resolved.

4. Direct Tax Code (DTC) – upcoming elections deter smooth passage

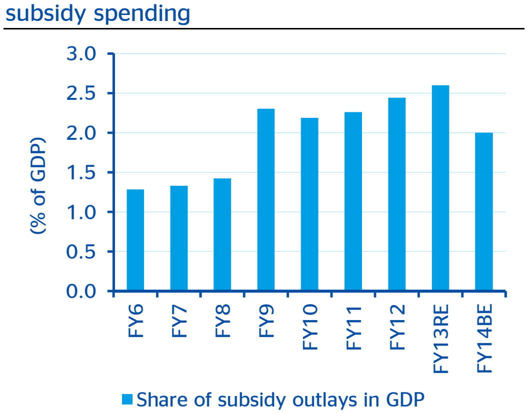
The Direct Tax Code aims to simplify the direct tax structure in India, improve tax buoyancy and widen the tax base, eliminate tax exemptions, alter income-tax rates, and amend norms for capital gains, housing rent allowance and tax on companies. The DTC bill is slated to be discussed in the on-going budget session of the parliament, although a successful passage looks less likely given political considerations ahead of upcoming elections across states.

Chart 5
FY14 budget outlined gradual fiscal consolidation ahead



Source: CMIE and BBVA Research

Chart 6
Budget focus on significant reduction in subsidy spending



Source: CMIE and BBVA Research

5. Fertilizer subsidy reforms

India's fertilizer subsidy burden has reached a record high of nearly INR 1 tn amid rising fertilizer consumption, only marginal increase in Urea retail prices, and rising prices of imported fertilizers and related inputs. In this context, the government proposed a 10% hike in the price of urea fertilizer in January but the move was deferred amid political opposition. Furthermore it plans to include fertilizer subsidy under direct cash transfer scheme (DCT) and has announced a revised urea investment policy for unclogging greenfield and brownfield urea projects. The move will help restore nutrient balance (presently skewed in favor of nitrogen based fertilizers like urea), reduce urea subsidy bill (1/3 of total fertilizer subsidy bill) and reduce inefficiencies in the current fertilizer subsidy regime through better targeting and fewer leakages. A move towards DCT is, however, unlikely in the near term with the government preferring to test the program on a pilot basis for other schemes before extending its scope.

Concerns over the fiscal deficit have receded modestly following a series of measures, particularly on subsidy reduction (chart 6) coupled with easing commodity prices. This also bodes well for India's current account imbalance. However, risks remain as the new Union budget was based on relatively optimistic assumptions for nominal GDP growth, revenue and expenditure. Furthermore, the new budget has fallen short of incorporating big structural reforms to boost tax revenues, stimulate growth and attract greater foreign capital.

Investment reforms – implementation is the key

Investment reforms have yielded only modest results so far

India's investment reform agenda has the dual objectives of reviving investor sentiment and addressing structural issues that have undermined investment growth in individual sectors. Having achieved early success in inspiring investor confidence, delays in project implementation and consensus decision making are beginning to dampen business sentiment. The World Bank currently ranks India 132 in ease of doing business among 185 economies.

Issues related to land acquisition, environmental clearances, and energy (coal and fuel supply and power purchase) have led to an overhang of stalled infrastructure projects, hampering the investment climate (Chart 7).

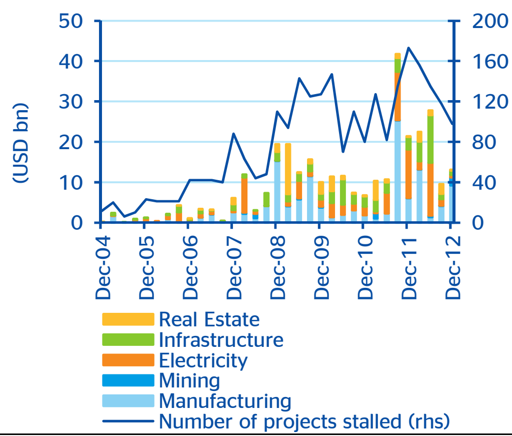
While the project completion rate has improved since the commencement of reforms in 4Q12, several projects, particularly in the private sector still remain stalled. Furthermore, new project announcements (see Chart 8) are yet to see a discernible pick up. Below is a list of reforms, which we believe are the most crucial in reviving India's investment cycle (see appendix, Table 2, for a more detailed list).

Key steps to revive the investment cycle:

1. Cabinet Committee on Investment (CCI): The government has set up a high level committee led by the Indian Prime Minister to expedite decisions on approval and clearances of big ticket infrastructure projects. While the CCI will not be able to directly clear projects without approval of individual ministries and the environmental ministry, it will have the authority to intervene in the event of delays. The CCI would thus act as a single window clearance for a number of stalled projects. While much needs to be achieved, the CCI has met with fair success so far. Encouragingly, key infrastructure and energy projects worth USD 13.7 bn have been cleared so far in 2013 with an additional 31 oil and gas projects expected to be taken up for clearance this April.

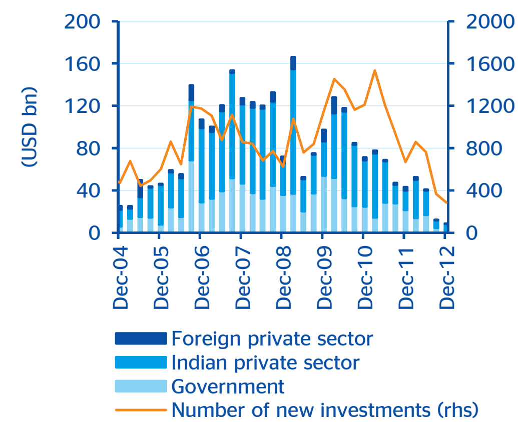
2. National Manufacturing Policy: Bottlenecks in land acquisition, archaic labor laws, poor physical infrastructure, less favorable tax rules and tight regulations have been deterrents to manufacturing sector growth. In this context, the government has approved a national manufacturing policy (NMP) to increase manufacturing's share in GDP from the current 16% to 25% in a decade. The NMP intends to address regulatory bottlenecks, expediting manufacturing projects by proposing a single window clearance mechanism, simplify exit mechanisms for closure of units while protecting labor interest, and establish seven National Investment Manufacturing Zones (NIMZs).

Chart 7
Stalled investment projects



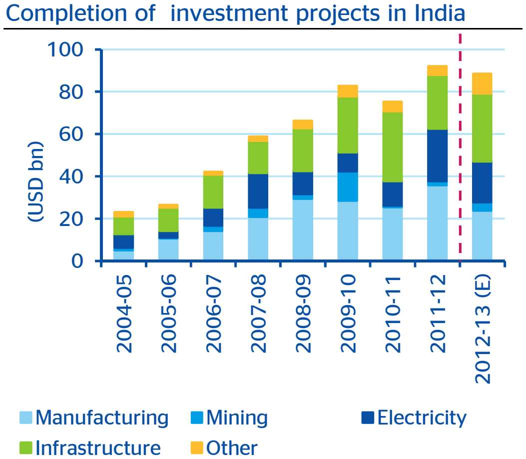
Source: CMIE and BBVA Research

Chart 8
New investments by ownership



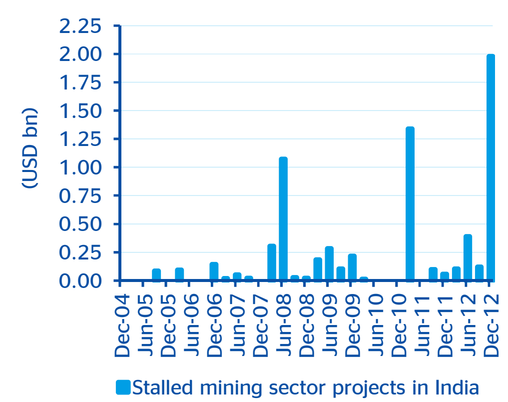
Source: CMIE and BBVA Research

Chart 9
Completion of investment projects in India



Source: CMIE and BBVA Research

Chart 10
Mining projects stalled on environmental issues



Source: CMIE and BBVA Research

3. Boosting the mining sector: Closure of mining activity due to environmental, land acquisition and governance issues has severely dented the balance sheets of India's mineral rich states. A record USD 2 bn worth of mining projects were stalled during the quarter ending December 2012 (Chart 10). Passage of the Land Acquisition Bill would be a step forward by fast-tracking commercial land acquisition and rehabilitation. The pending bill is slated for discussion and passage in the ongoing budget session of the parliament, which ends on May 10. The bill would help expedite infrastructure development, boost the mining sector and foster India's urbanization process while protecting the rights of affected people through fair and timely compensation and rehabilitation. Meanwhile, in a move to enhance transparency and boost private investment in the mining sector, the government plans to auction coal/non coal mineral mining licenses via competitive bids.

4. Tackling India's energy supply shortage: Tight supply of coal has undermined industrial growth while increasing reliance on expensive coal imports. Highlighting the gaps in India's energy infrastructure, last July India suffered its worst power failure in a decade for two consecutive days, a blackout which shut down essential services and impacted 600 million people across several states. To address these issues, the government was working towards boost domestic coal supply by facilitating coal imports as an option. It was proposed to unify domestic and international coal prices and uniformly share the burden of expensive coal imports amongst states. The mechanism would have ensured uniformity in coal prices across the country and augment domestic coal supply. Also, proposed tariff hikes would have alleviated financial strains of distressed power distribution companies and help make them viable.

However, in a major set-back to power producers (particularly those commissioned since 2009), the government shelved the coal price pooling proposal as a consensus on the likely impact on tariff could not be reached. With coal price pooling on the back-burner, we expect India's energy supply shortages to persist. Meanwhile, on a positive note, in a move to address financial strains of power distribution companies, the government is expected to start restructuring their debts of nearly USD 36 bn from 2Q2013 with six states having agreed to the restructuring plan. Additionally, to enhance transparency in the sector and boost private investment in the sector, the government plans to auction coal/non coal mineral mining licenses via competitive bids.

5. Fostering financial inclusion and enhancing competition in the banking sector: In mid-January, three key banking bills were enacted which aim to facilitate foreign bank entry in India, foster financial inclusion, capital raising by banks and improvements in regulatory compliance. The most significant amongst these is the Banking Laws (Amendment) Bill, which enhances the Reserve Bank of India's (RBI) regulatory powers, eases capital raising norms for banks, strengthens voting rights for investors, and paved way for the RBI to release its eagerly awaited new guidelines on issuing banking licenses, with potential positive implications for foreign investors. On February 22nd 2013, the RBI released the long awaited new guidelines for issuing bank licenses in the domestic private sector. Looking ahead, we await RBI's final guidelines on bank licenses to foreign banks through the wholly owned subsidiary route, allowing them to raise capital locally.

Steps to correct India's rising external imbalances

India's current account deficit widened to a record 6.7% of GDP in 4Q12, far above what is considered to be a sustainable level, widely viewed to be around 2.5% of GDP. Since then, despite price moderation of oil and gold prices and some easing of the current account deficit still stands at at an uncomfortably high level (BBVA est -3.7% in Q1 2013). In its recent speeches the RBI has flagged the worsening current account balance as a key risk to macro stability amid rising external vulnerability concerns.

At the heart of the current account deficit is a trade deficit which has been growing due to poor competitiveness and high dependence on oil and gold imports, which together account for around half of total imports. Boosting merchandise exports through greater diversification across destinations and products is essential to bridge the trade deficit, but this cannot be achieved without boosting labor productivity and enhancing transportation infrastructure, especially ports. Apart from a reduction in the fiscal deficit and favorable global demand, recent steps to foster savings, stimulate exports and curb gold imports should help improve India's current account balance. The government intends to curb gold investment demand by raising import tariffs while boosting India's household financial savings rate (down to 7.8% of GDP, lowest since 1990) by providing incentives to households for monetization of domestic gold holdings. Below, we examine measures to reduce India's external vulnerability concerns in greater detail:

1. Export incentives: India's FY14 foreign trade policy eased norms for setting up special economic zones (SEZs), relaxed regulations on capital good imports and provided export incentives to labor intensive sectors. However, these and other efforts (see appendix, Table 3) to boost exports have been limited so far as several measures are largely administrative and essentially encompass an extension of existing schemes. In this context, the government needs to expedite the setting up of National Investment Manufacturing Zones (NIMZ) as detailed in the national manufacturing policy (as explained above). Furthermore, with Indian exports heavily dependent on growth in the developed markets, a global economic recovery will be crucial for a pick up in Indian exports.

2. Curbs on gold imports and incentivizing financial savings: Import duties on gold and platinum were raised from 5% to 6% in a move to restrict rising imports of the unproductive physical asset. Furthermore, stricter KYC norms on gold purchase have been laid out, while encouraging, households to channel their physical savings to financial savings by offering incentives on equity investments. Besides, policymaker plan to offer inflation indexed bonds, which will offer an alternative inflation hedge to investors besides gold and enhance financial savings of households

3. Higher FDI in key sectors: With capital raising a priority amid rising external imbalances, in 4Q12 the Indian government eased foreign direct investment (FDI) limits across sectors including to allow multi-brand retail (51% FDI permitted subject to state approval), single brand retail (100% FDI permitted with FDI beyond 51% needing 30% sourcing locally from small scale Indian industries), civil aviation (up to 49%) and power exchanges (up to 49%). In a recent major setback, the proposal to raise FDI limits in the insurance and pension sector to 49% (from 26% presently) was rejected by the opposition. Steps are needed to ease FDI limits across a broader spectrum of industries including media, insurance, banking, telecom services and transportation. That said, easier FDI limits are not a sufficient condition for attracting stable flows and a step up in infrastructure development and greater ease of doing business is critical.

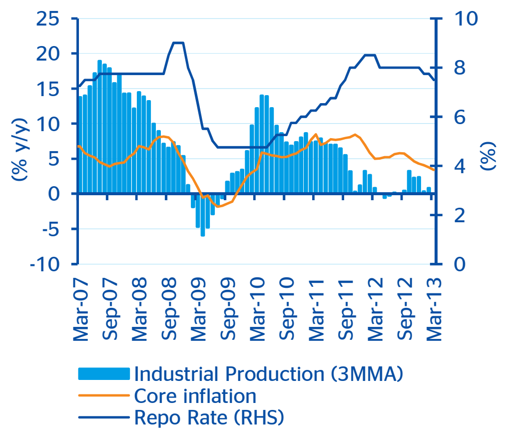
Social and governance reforms

Key reforms include the introduction of an anti-graft bill, a national food security bill, and enhancing social security, and legislative amendments to improve corporate governance, all of which, except the competitions (amendment bill) currently await parliamentary approval (see table 4). While these reforms will have long-term payoffs in terms of transparency and more equitable growth, in the near term they may create challenges. For example, measures such as the food security bill add to expenditure pressures. Under the scheme, up to 75% of India's rural population and up to 50% of urban population will be provided subsidized food-grains through the targeted public distribution system. In this context, India's new budget proposes to offset higher food subsidies by a significant reduction in fuel and fertilizer subsidies. Furthermore, passage of the Competitions (amendment) bill last December would ensure greater transparency in corporate governance, while the landmark anti-corruption legislation (Lokpal Bill 2011) awaits approval from the parliament. The Lokpal bill will help create India's first independent anti-corruption agency, responsible for cracking red-tape in India's bureaucracy by expediting investigations against allegedly corrupt government officials. Quick passage of the anti-graft bill would bode well for the economy's governance standards, and in turn for boosting foreign investor confidence.

Effective policy execution is key to reviving growth

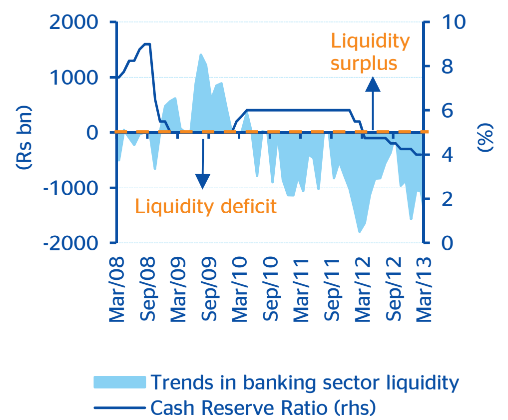
To conclude, it will be important to expedite pending reforms and implement those that have already been passed. On the fiscal front, early GST and DTC implementation are key while ensuring that the momentum on subsidy reforms is maintained despite political pressures. With regards to external imbalances, apart from quick fix solutions such as curbs on gold imports, it will be important to focus on enhancing export productivity, boosting the manufacturing sector and rationalizing import demand through efficient pass through of global commodity prices into domestic markets. Efforts by the RBI to promote capital inflows through a series of capital account liberalization measures are welcome in this regard as well. Overall, while the government's measures have been positive for investor sentiment, the benefits may prove to be short-lived without more fundamental policy reforms to address weak physical infrastructure, the wide savings-investment imbalance, lack of enabling environment for business operation, and a rising energy supply shortage. On a positive note, given India's strong structural fundamentals, characterized by rising urbanization, demographic advantage, a still high savings rate, skilled labor force and a robust financial and regulatory system, a sustainable growth revival looks imminent if the above issues are addressed.

Chart 11
Lower core inflation and fiscal consolidation provide room for RBI to ease monetary policy



Source: RBI and BBVA Research

Chart 12
RBI expected to address tight liquidity conditions, with further CRR cuts and open market operations



*Banking system liquidity refers to changes in banks balances held with the Reserve bank of India through liquidity adjustment facility
Source: RBI and BBVA Research

Appendix

Table 1
Fiscal Reforms

Fiscal Reforms	Rationale	Status	Evaluation
1) Fuel price reforms	Phased diesel price hikes. Cap on LPG subsidy	Ongoing	Positive for fiscal balance but near term inflationary
2) Direct cash transfer scheme	Efficient subsidy targeting, and welfare transfers	Ongoing	Long term positive for improving fiscal deficit
3) Goods and Services Tax (GST)	Nationwide value added tax that will subsume most indirect taxes in India	Pending	Ensure equitable taxation, improve collections, logistics efficiency.
4) Direct Tax Code (DTC)	Rationalizing direct taxation.	Pending	Improve tax buoyancy, widen tax base, and eliminate tax exemptions.
5) Disinvestment	Privatization of public firms.	Ongoing	Fiscal comfort. Improves operational efficiency
6) Fertilizer subsidy reforms	Urea price hike. Revised urea investment policy.	Ongoing	Restore soil nutrient balance, reduce fertilizer subsidy bill
7) Food subsidy reforms	Partial sugar price decontrol. Improve release mechanism for sugar	Pending,	Lower food subsidy bill, improve transparency
8) GAAR	Deferred implementation of anti-avoidance tax rules (commonly termed as GAAR) to April 2016.	Done	Transparency/clarity in taxation of foreign capital flows

Source: BBVA Research

Table-2.1
Investment Reforms

Investment Reforms	Rationale	Status	Evaluation
1) Cabinet Committee on Investment (CCI)	Committee empowered to expedite clearances of big infrastructure projects.	Functional	Single window clearance. Key downside – not authorized to over-rule environment ministry
2.1) Infrastructure - Roads	Easier financial exit options, expedite legal disputes, infra firms allowed to raise tax free bonds	Ongoing	Ease funding woes of financially stressed developers, expedite road project clearances at regional levels
2.2) Infrastructure – Civil Aviation	Higher foreign direct investment (49%), ECB permitted up to USD 1 bn	Done	Alleviate financial stress of domestic airlines.
2.3) Infrastructure - Railways	Railway freight and passenger fare hike, dedicated freight corridors, coal mining connectivity projects	Ongoing	Restore financial health of railways, logistical efficiency, address supply side issues
2.4) Infrastructure - Telecom	Auction telecom spectrum, set up National Optical Fiber Network, broadband connectivity in rural areas	Ongoing	Boost government revenues, deeper penetration of financial, health, education services

Source: BBVA Research

Table-2.2
Investment Reforms

Investment Reforms	Rationale	Status	Evaluation

3) Manufacturing	National Manufacturing Policy to increase share in GDP from 16% to 25% in a decade, Investment allowance to manufacturing units	Ongoing	Long term measure. Address regulatory bottlenecks, expedite projects, establishing Greenfield integrated industrial townships and ease funding access
4) Mining	Land Acquisition Bill, Auction coal/non coal minerals licenses via competitive bids, Establish national mining regulatory authority	Pending	Fast-track commercial land acquisition and rehabilitation, enhance transparency, boost private investments, aid coal supply but also push up raw material cost
5) Electricity	Debt restructuring of State Electricity Boards, power tariff hikes, FDI (up to 49%) in power exchanges, extension of tax holiday	Ongoing	Improve financial viability of SEBs, Address domestic coal supply shortage but increase electricity tariffs, attract higher investment
6) Financial Services	Banking laws (amendment) bill, Anti-money laundering Bill, guidelines on issuance of new private bank licenses, tax breaks on interest on small housing loans, interest subvention scheme to private banks	Partially done, foreign bank license norms pending	Deeper banking penetration, foster financial savings, increase competition in the financial sector, and raise corporate governance standards
7) Retail	Higher FDI in - multi-brand retail (51%) subject to state approval), single brand retail (100%)	Done	Attract foreign capital, improve logistical efficiency, alleviate supply side price pressures, greater choice to consumers

Source: BBVA Research

Table 3
External Sector Reforms

External Sector Reforms	Rationale	Status	Evaluation
Steps to curb gold imports	Import duty hike on gold and platinum	Ongoing	Improve external balance
Steps to boost exports	1) Zero-duty Export Promotion Capital Goods scheme extended to all sectors. 2) Norway and Venezuela is added to the Focus Market Scheme. 3) Minimum land requirement has been halved for different categories of Special Economic Zones.	Done	Limited impact on boosting exports. Not a major proposal but an extension of already existing scheme. Global demand growth to largely determine India's export performance.
Boost financial savings	Plans to offer inflation indexed bonds	Pending	An alternative inflation hedge to investors besides gold
Discourage physical savings in gold	Stricter KYC norms on gold purchase, financialization of physical gold investment	Ongoing	Channelize household physical savings to financial savings

Source: BBVA Research

Table-4
Social Sector Reforms

Social Sector Reforms	Rationale	Status	Evaluation
Governance	Anti-graft Lokpal Bill	Pending	Long term impact, Improve governance
Corporate Governance	Companies (amendment) bill	Done	Ensures greater transparency
Social Security	Biometric unique identification card for every citizen	Ongoing	Long term impact. Widens social security net, reduces leakages.
Food Security Bill	Provide statutory framework for assured food security to about two-third of India's 1.2 bn population	Ongoing	Ensure sustainable and equitable longer term growth and reduce malnutrition. Presents upside risk to the fiscal deficit.

Source: BBVA Research

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