



## IMPACT OF THE ECONOMIC MEASURES ANNOUNCED BY THE GOVERNMENT OVER THE WEEKEND:

The measures signal government's intent to stem the panic that had gripped the currency market. However, impact of most of these measures would be felt not immediately but over the next few months. What the government needs to focus on is how to address the structural deficiencies that have plagued export competitiveness of various sectors and what has hampered indigenous development of sectors such as electronics and capital goods that has led to surge in their imports adversely impacting trade & current account deficit. Lastly, rather than focusing primarily on how to fund the growing CAD policy makers need to think on how to contain it. Many countries with growing twin deficits are experiencing meltdown in their currencies, rising bond yields and swooning equity markets in these times of heightened risk aversion. Government must strictly adhere to fiscal prudence & its budgeted deficit target as well as resist the urge to embrace populism in an election year or else the typhoon of tumult is bound to batter the Indian shores again.

**- Ajay Bodke**  
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