



Restarting the economy

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Liquidity is clearly a prime focus of the recently announced stimulus package. Liquidity is a central issue for many key sectors today due to the rising risk aversion in the system. The government has generally adopted a positive attitude saying that it will continue to be engaged with industry as it copes with the inevitable stress of the times. A positive outcome of this crisis is that its intensity has led to a rare consensus in Indian politics on the broader need and direction of reforms. Policymakers are thus given a (relatively) free hand to push through difficult propositions in this scenario of prolonged uncertainty. The stimulus may have disappointed the stock market, but that is really not much of an indicator of its innate potential. The Finance Minister has presented an innovative stimulus package to gradually restart the economy. Needless to say, the litmus test of its success lies in its implementation.

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