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New Delhi: **No big bang stimulus package but a series of sector specific, calibrated announcements with minimal fiscal impact. This, in a nutshell, is what Finance Minister Nirmala Sitharaman offered to a struggling Indian economy last evening while also promising more announcements in the coming weeks.**

Friday's announcements came just a day after the government's Chief Economic Advisor K Subramanian had caused some heartburn by speaking about India Inc's tendency to "privatise profits and socialise losses" and warning industry against expecting a sector-specific stimulus package. There had been other, conflicting statements from different government functionaries on whether fresh measures should come from the government to kickstart economic growth.

India's economy has been in a deepening slowdown for months now with economists differing on whether this slowdown is cyclical in nature or more structural. There have been widespread demands of an expensive fiscal stimulus package from various quarters since Sitharaman presented the Budget on July 5, with experts pointing out that a monetary stimulus has already been provided by the Reserve Bank of India (RBI) through successive rate cuts. But the economists were also warning of an already precarious fiscal situation and the fact that the FM had very narrow fiscal room to offer a stimulus.

But with the FM's announcements last evening, it is clear that she has sought to improve sentiment, encourage increased buying in some sectors, address liquidity concerns and she has done all of this without the new measures having any significant impact on the country's finances. The expected revenue implication of the removal of surcharge on foreign portfolio investors (FPIs), for example, is a mere Rs 1,400 crore.

Sitharaman's deft maneuvers deserve praise. But one cannot help but notice that in her tight balancing act between saving the country's precarious fiscal health and offering a stimulus, many of the proposals she had made in her maiden Budget speech just last month have been either withdrawn or postponed.

The much reviled additional FPI surcharge and angel tax provisions stand withdrawn; deadlines for vehicles powered by fossil fuel engines and those which run on BSIV fuel, one-time vehicle registration charges etc have been pushed back.

So while the FM has accepted major demands of the automobile sector and caved in on even a scrap page policy (where old vehicles can be retired and a

concession offered for vehicle purchases against these) and is likely to address concerns of some other sectors going forward, proverbially speaking she has had to eat some of her words too.

So will the economy get the much-needed booster dose immediately, now that the government has unleashed the first barrage of steps? There is widespread belief that business sentiment may improve as demand picks up in key sectors and market experts believe that the removal of FPI surcharge and some other measures like enhanced liquidity to banks etc should lift equity markets when they open next week.

Automobile manufacturers may see some positive impact since not only has clarity come on vehicle fuel etc, the government has also decided to lift the freeze on its own purchase of vehicles and promised to consider a scrappage policy. But the jury is out on whether all these measures would revive the economy by themselves. Do we need incremental, big bang reforms for the necessary push? This remains to be seen.

Here's a list of what the FM has proposed:

1) For wealth creators or the rich: CSR violations no longer criminal offences; enhanced surcharge on long/short term capital gains from transfer of equity shares/units withdrawn; Angel Tax withdrawn.

2) For Banks and finance companies: More liquidity by frontloading Rs 70,000 bank recapitalization; banks to offer lower rates for housing and vehicle loans; one-time settlement policy for medium and small enterprises (MSMEs) since this sector appears to be most affected by the current slowdown; additional liquidity support to housing finance companies; fast tracking of pending GST dues to MSMEs.

3) For increasing capital flows: Government will establish an organisation to provide credit enhancement for infrastructure and housing projects to increase debt flow towards such projects; Aadhaar-based KYC to be permitted for opening demat accounts and investing in mutual funds

4) Automobile sector: Vehicles running on BSIV fuel to remain operational for the entire period of their registration; enhanced one-time registration fee to be deferred till next fiscal; additional 15% depreciation for all vehicles; lifting the ban on government purchase of vehicles and devising a scrappage policy.

No announcements were made for the biscuit industry (along the line of the automobile sector) despite much commentary in recent days about the falling sales of biscuits in rural markets and how this was a sure sign of stagnating rural consumption.

Sitharaman said that not only was she not empowered to make unilateral changes to GST charged from biscuit makers (lowering the GST rate was a key demand from the big biscuit makers like Britannia and Parle Products), no GST was applicable to a bulk of the biscuit makers who sold unbranded products. All eyes would now be on what other rabbits Sitharaman pulls out from her hat next week, as she promised to return with some more announcements.

(Author is a senior journalist. Views are personal)