

Bitter pill needed for economic health

SHOWING a spark of the steely resolve that had seen the Indo-US nuclear deal through intense political opposition but has since rarely put in an appearance, Prime Minister Manmohan Singh supported the government's decision to hike petrol-fuel prices. The prime minister expressed himself by saying that excessive populism won't be allowed to derail prosperity. He also said that all fuel prices save those of kerosene and cooking gas would be decontrolled as well. The government ensured that the poorer sections are affected to the least possible extent that's the reason why kerosene and diesel prices still remain regulated.

The PM put forward the sizeable role he played in setting the tone and substance of the final communiqué of the fourth summit of the Group of the world's 20 most significant economies.

The Toronto summit which was attended by our prime minister proved to be useful in that it clarified how best countries could move from recession fighting fiscal expansion to growth stabilizing fiscal consolidation. The Toronto summit acknowledged that the global recovery that has materialized over the last one year remains fragile and that a one-size fits-all approach to fiscal consolidation would disrupt the process.

India being a sovereign government decides its affairs on its own, but there is such a thing as macroeconomic coordination that will be that to what extent a country is willing to subject itself to the discipline of such coordination will be known not immediately, but when the International Monetary Fund completes an ongoing exercise to assess the quantitative and qualitative changes required in the policies of member governments.

Source: Economic Times.