



**Confederation of Indian Industry**

# **PRESS CONFERENCE**

**Mr T V Narendran, President CII**

**17<sup>th</sup> June 2021**



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# **Economic Outlook**

## **SECOND WAVE IMPACTS GROWTH..**

- The second wave has had an impact on economic activity in the April-June quarter.
- High proportion of employees across businesses have been affected by Covid 2.0.
- Rising medical expenditure has squeezed incomes and demand.

## **.. BUT RECOVERY IS ON THE CARDS**

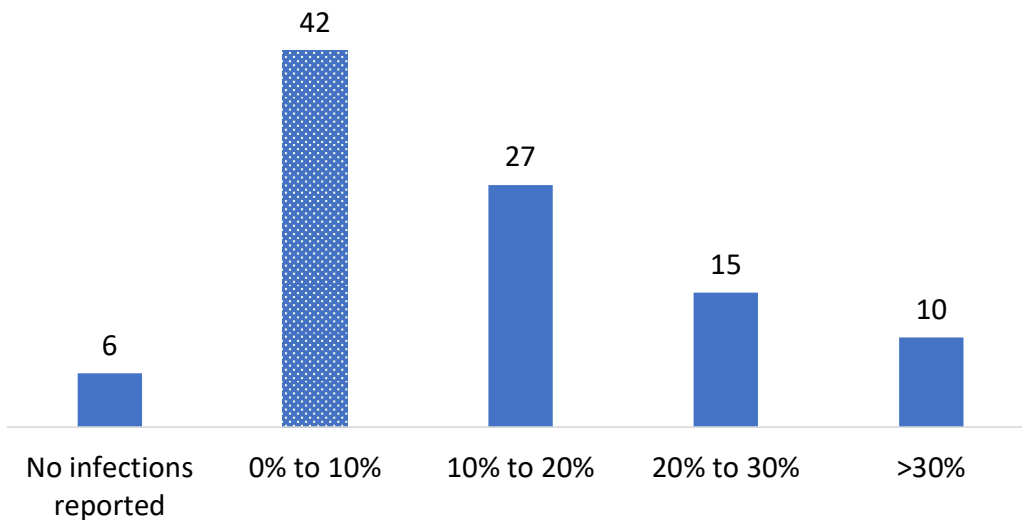
- Global growth and macroeconomic stability will support trade and investment flows.
- Acceleration in vaccination programme

# CII survey shows impact on business

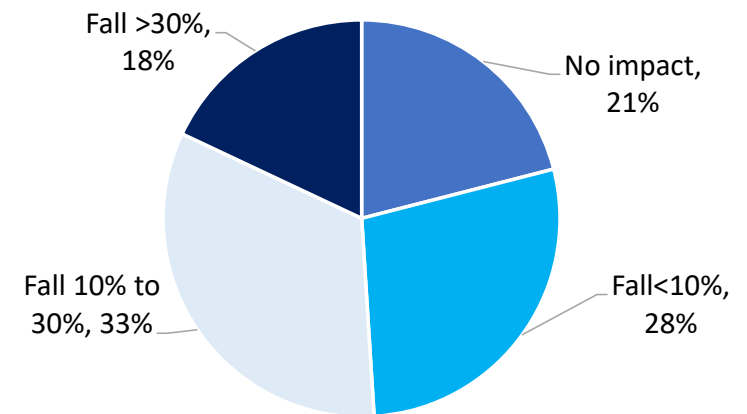


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**Proportion of Staff or family members affected by COVID 2.0 (% of respondents)**



**Impact on production/sales (% of respondents)**



Significant majority of respondents reported infections among staff or their family  
As a result, 51% expect adverse impact on production/sales in Q1FY22

# Sectors tracked by CII showing moderation



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Indexed over same month of 2019-20 = 100

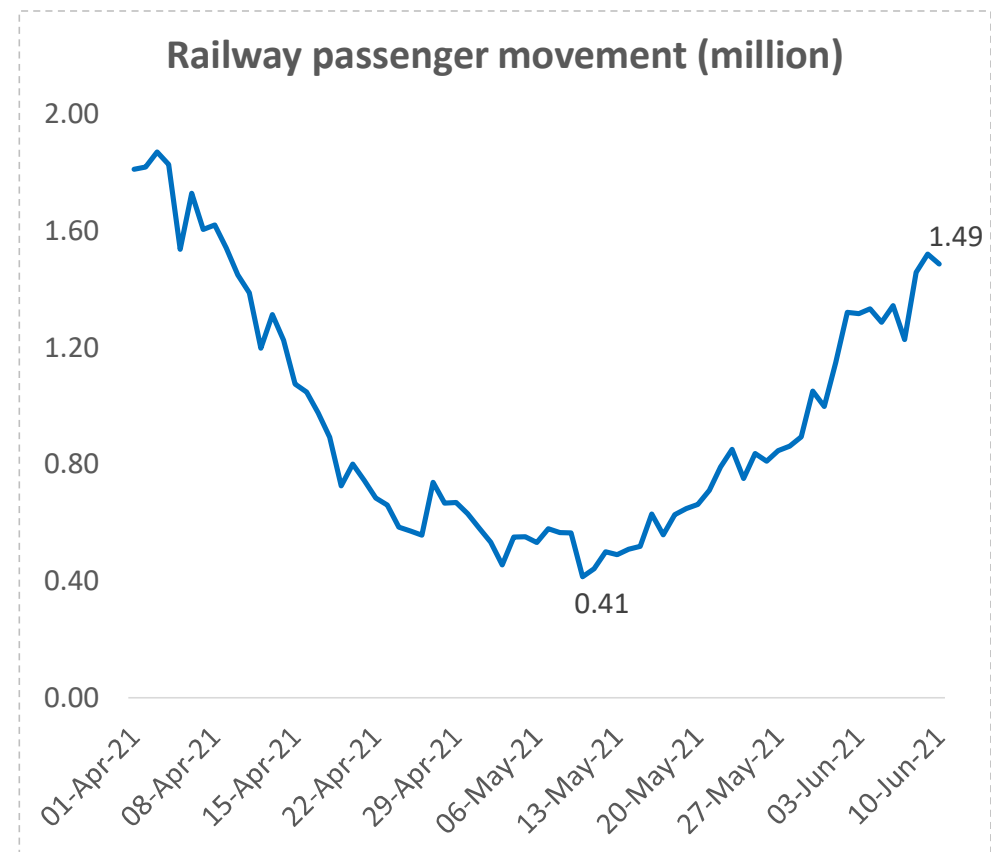
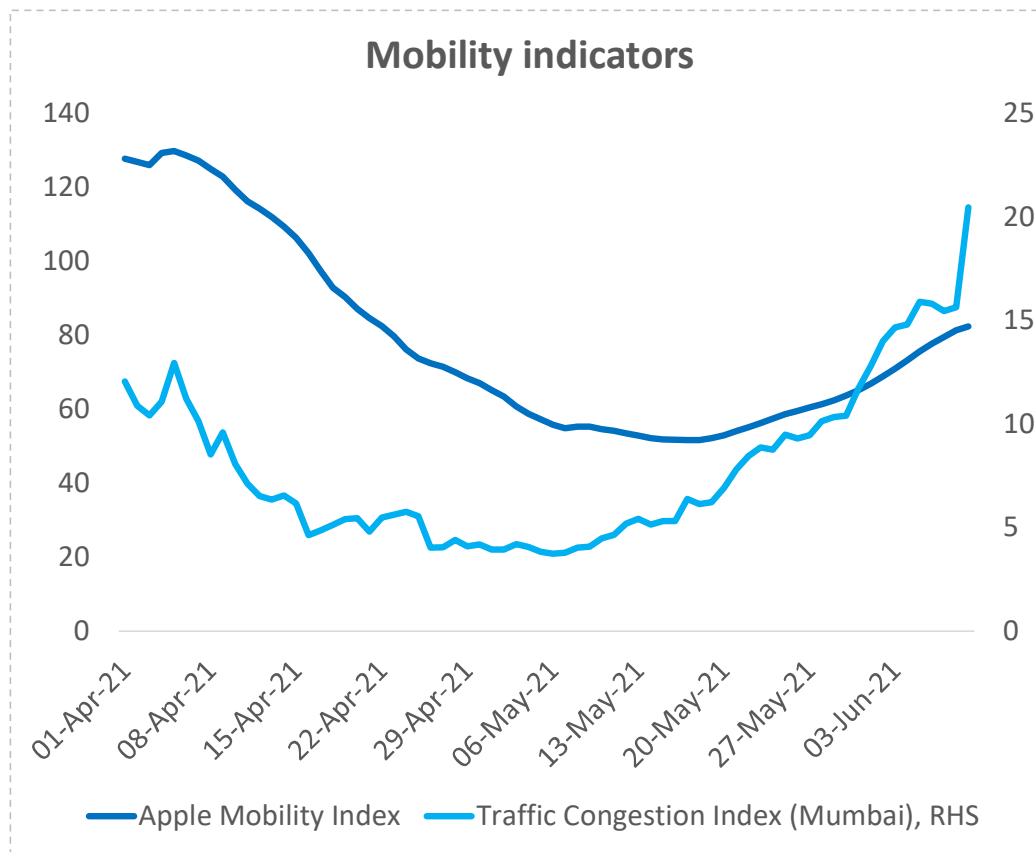
	Tractor Sales	Two wheeler	Passenger Vehicles	Construction Equipment	Air Passenger Traffic
Apr'2020	20.6	-	-	4.7	0.1
May'2020	104.0	16.2	43.3	31.5	2.6
Jun'2020	122.4	61.4	47.0	76.8	16.5
Jul'2020	138.5	84.8	91.0	103.4	17.4
Aug'2020	174.7	103.0	114.2	121.5	24.2
Sep'2020	128.3	111.6	126.5	136.7	34.9
Oct'2020	107.7	116.9	114.2	123.2	43.2
Nov'2020	151.3	113.4	104.6	140.3	49.8
Dec'2020	143.1	105.8	113.6	129.1	57.1
Jan'2021	146.7	106.6	111.1	127.3	61.3
Feb'2021	131.1	110.2	117.9	125.2	64.2
Mar'2021	272.4	172.7	203.4	350.5	102.5
Apr'2021	110.6	60.7	105.7	84.9	52.4
May'2021	95.7	20.4	38.8	NA	NA

# Economic recovery shows traction as second wave recedes



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Ultra-high frequency indicators show an uptick on ebbing of COVID infections



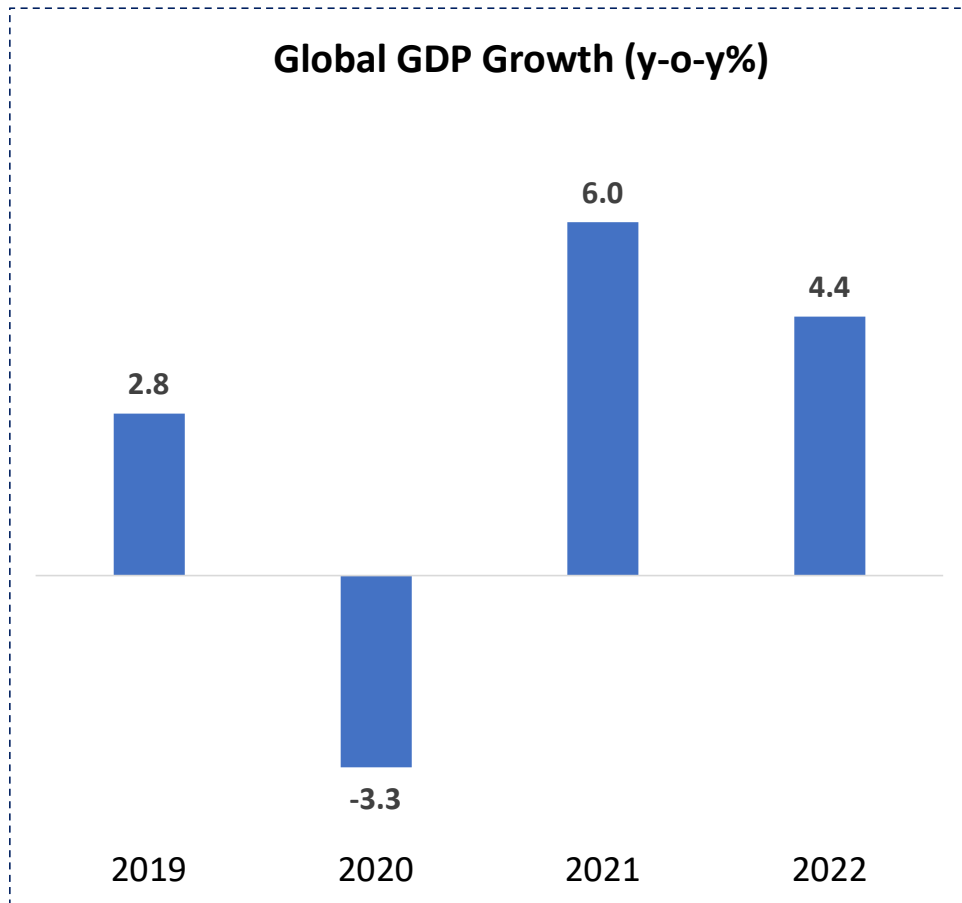
Source: Apple, Google & Rail Drishti

# Global growth is supportive

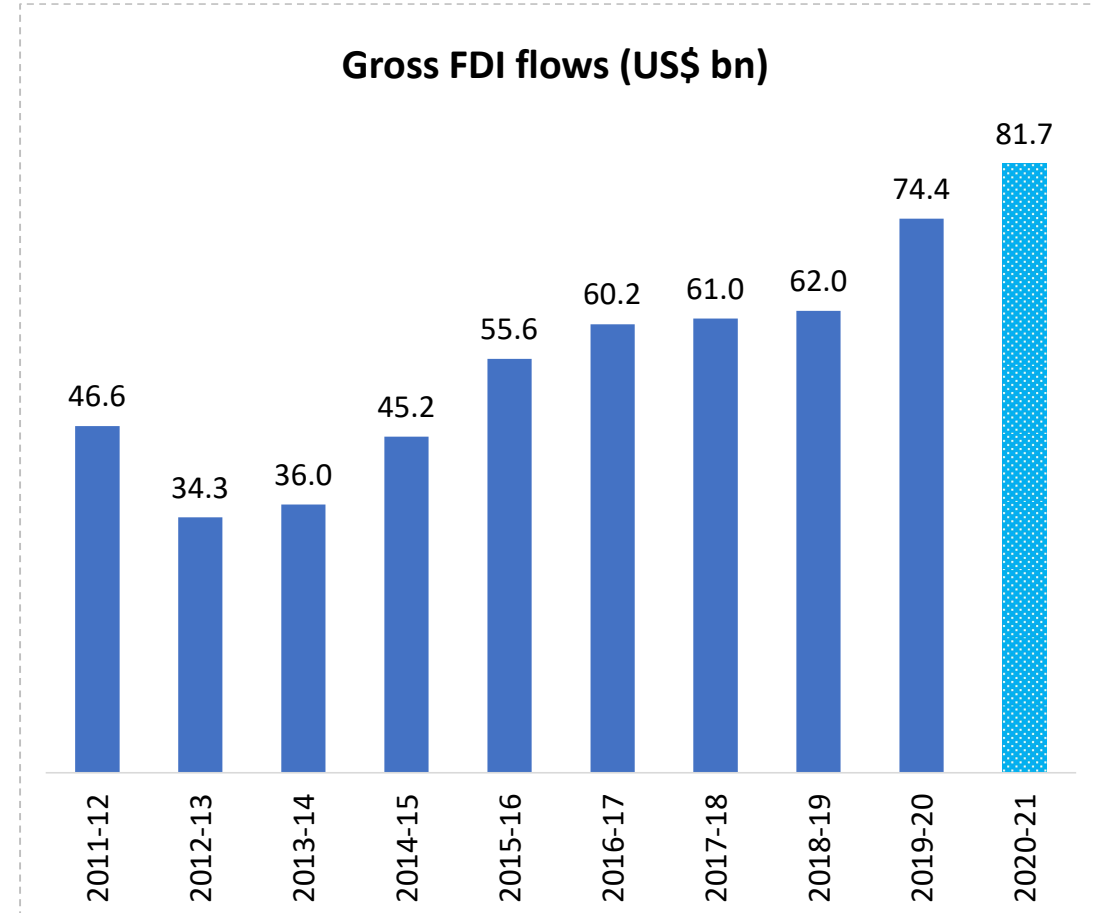


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## Global tide supportive for exports



## FDI flows hit an all-time high in FY21



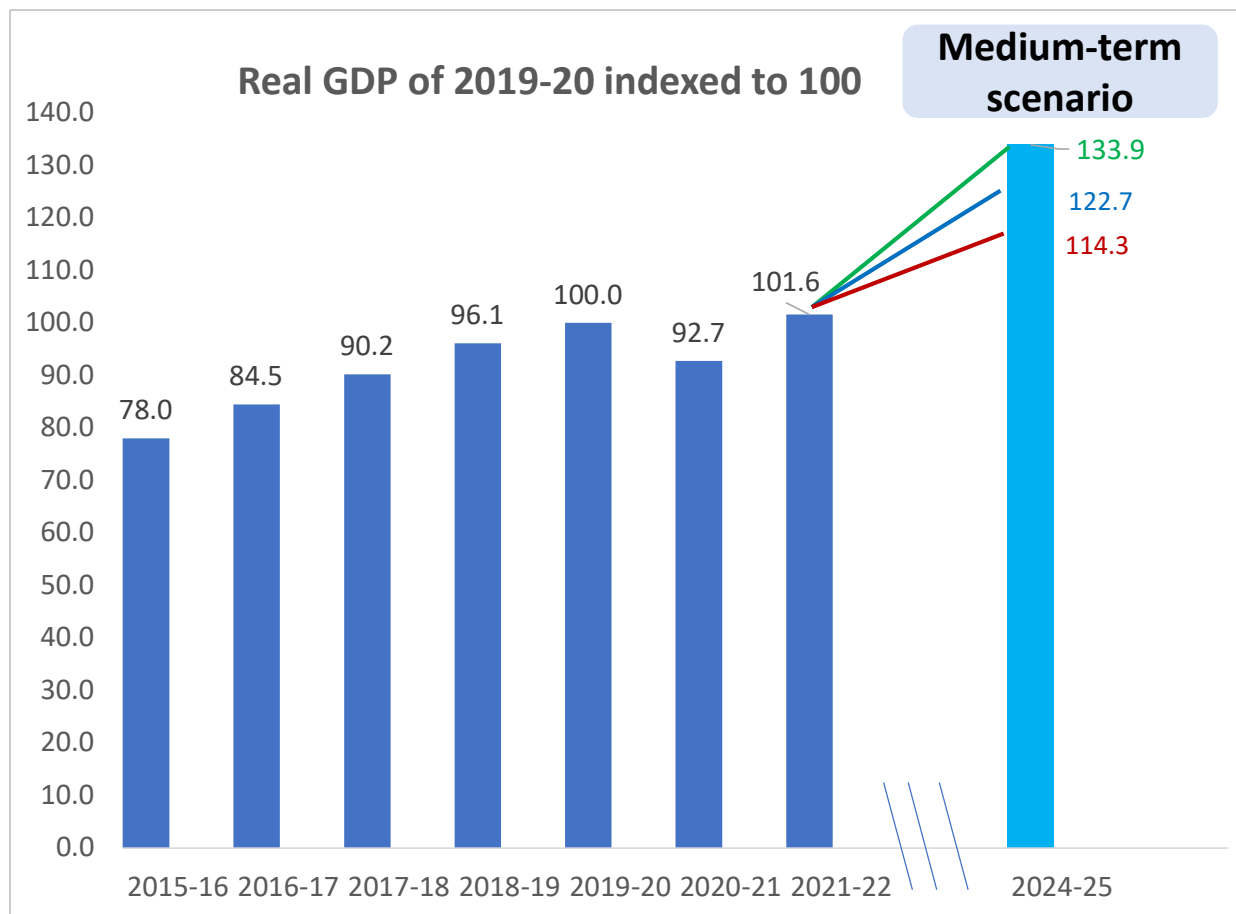
Source: IMF & Ministry of Commerce

# CII expects GDP to grow at 9.5% in 2021-22

## Acceleration required in the medium-term



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- CII expects GDP to grow at 9.5% in FY22. This will take the GDP to a level that is slightly higher than in FY20.
- Strong growth in the second-half will be supported by robust external demand and large scale coverage of vaccination allowing resumption of economic activity.
- In the medium term, the growth rate can pick up to 8-9% if positive actions are taken now. If not, a 5-6% growth scenario is also possible.



# \$5 trillion GDP possible by FY26 with 9.0% growth in the medium term

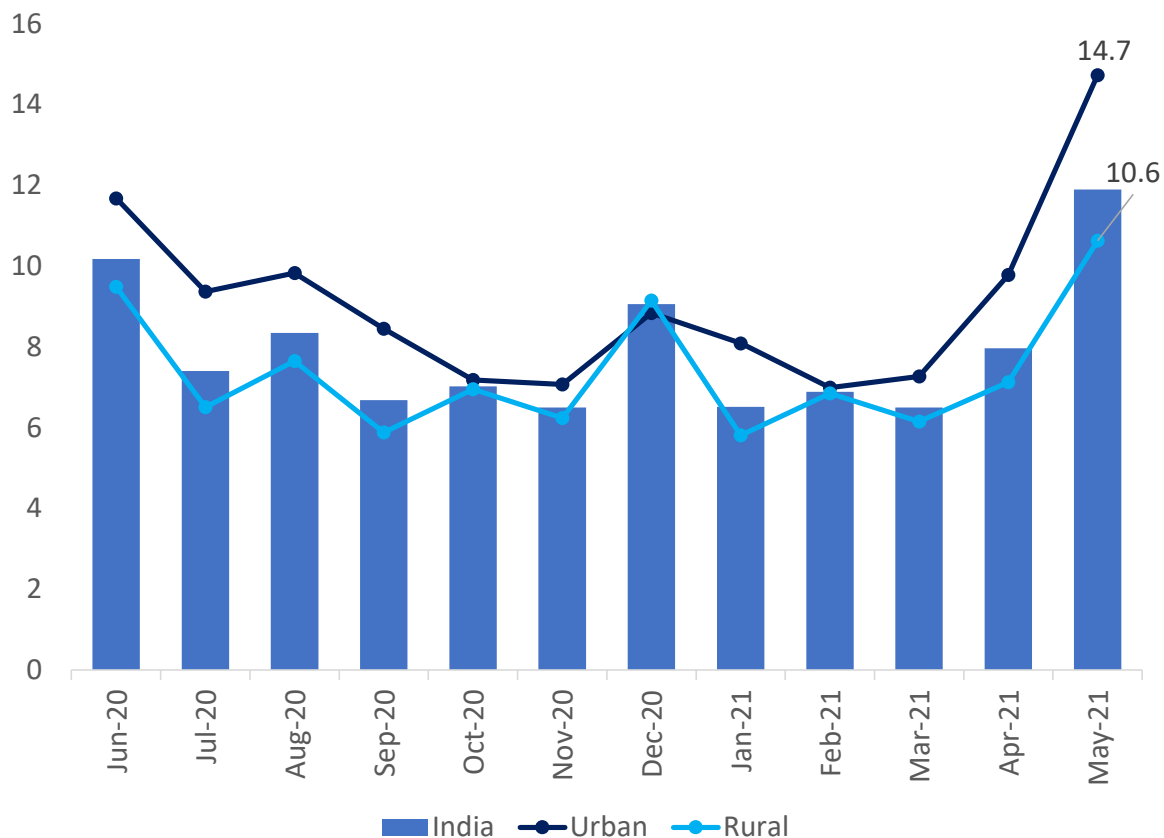
BUSINESS-AS-USUAL	OPTIMISTIC	PESSIMISTIC
<b>GDP growth: 6.5%</b>	<b>GDP growth: 9.0%</b>	<b>GDP growth: 5.0%</b>
Most of the population vaccinated fully	Most of the population vaccinated fully. Herd immunity kicks in	A third wave of COVID-19 occurs with a significant impact on both lives and livelihoods
Government announces few big-ticket reforms	Big ticket reforms announced in the area of factor markets, financial sector and EoDB will be growth supportive.	No significant reforms are announced
Fiscal support to the economy is limited by lack of fiscal space	Government announces generous fiscal support for the economy	Further fiscal push to growth remains negligible
Global growth remains largely supportive	Global growth remains very supportive	Global economies witness turbulence due to geopolitical tensions etc

# Livelihoods have been impacted by the second wave



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Unemployment Rate (%)



Source: CMIE

- The second wave has had a debilitating impact on livelihoods. The CMIE all-India unemployment rate has risen to a high of 11.9% in May 2021 from 8.0% in the previous month.
- Both rural and urban unemployment have shot up to double digit levels, impacting livelihoods across the country.
- Suitable fiscal measures to alleviate the stress on livelihoods are the need of the hour.

# CII calls for measures to boost demand

## Fiscal stimulus of Rs 3 lakh crore required

Following measures would boost demand in the economy:

- ▶ Cash transfers to households through Jan Dhan accounts
- ▶ Enhance MNREGA allocation from the budgeted amount
- ▶ Short-term and focused GST cuts to boost demand
- ▶ Time bound tax relief/interest subvention/stamp duty concession for home buyers
- ▶ A LTC Cash Voucher Scheme like last year.
- ▶ Extend the Atmanirbhar Bharat Rozgar Yojana till 31 March 2022

## **.. And measures to support businesses**

### **ECLGS may be increased to Rs 5 lakh crore**



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Higher growth trajectory will be possible if the right measures are taken now:

- Ensure timely payment to companies including MSMEs
- Accelerate public works programmes to ensure implementation of NIP
- Timely clearance of dues to the industry especially MSMEs
- Increase ECLGS amount to Rs 5 lakh crore, extend the date to 31 March 2022 and the coverage to include sectors such as retail, machine tools, etc.
- Reduction in excise duty on fuel
- Inclusion of ATF and other fuel products in GST

# Provide fiscal stimulus of up to 1.3% of GDP



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Baseline fiscal deficit number for 2021-22 stands at 6.85% of GDP as compared to budgeted 6.8% of GDP. This estimation takes into account the following:

- (i) Windfall gain from RBI & FCI surplus worth Rs 0.95 lakh crore
- (i) Additional expenditure on food, vaccination and fertilizer subsidy worth Rs 1.14 lakh crore

	Scenario-I	Scenario-II	Scenario-III
Baseline fiscal deficit number for FY22 stands at 6.85% of GDP			
Fiscal deficit [% of GDP]	7.0	7.5	8.0
Fiscal deficit [Rs lakh crore]	15.60	16.72	17.83
Additional leg room for spending [Rs lakh crores]	0.34	1.46	2.57

There is room for administering additional fiscal stimulus of up to Rs 3 lakh crore

RBI should expand its balance-sheet in order to accommodate the increased stimulus so that lending costs remain contained

Source: CGA & CI Research estimates

# Implement reform agenda in the financial sector



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- ➔ Stick to and implement the reform agenda envisaged in the budget, including dealing with the problem of bad assets
- ➔ Re-capitalize Public Sector Banks to help them brace for the impact of higher NPAs and meet credit need of industry as the economy re-opens
- ➔ Creation of Pandemic Pool to cover risk of losses due to any future pandemics



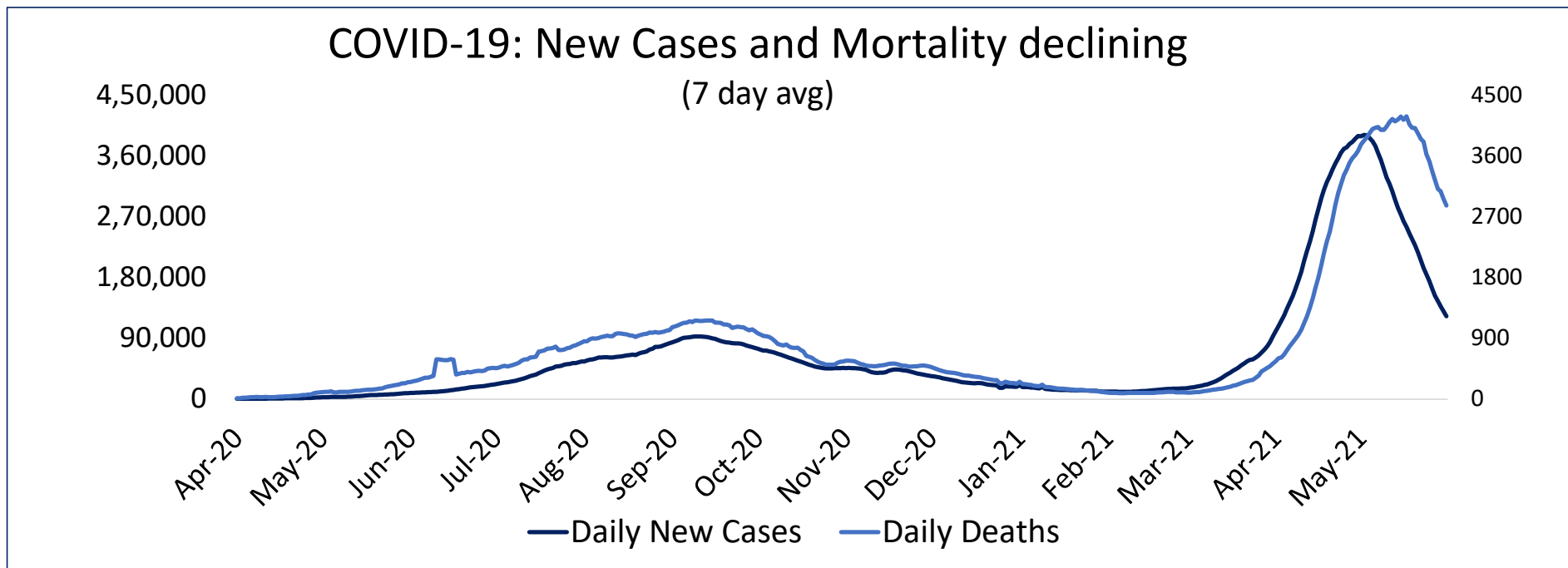
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# **The Health Imperative**

# COVID trajectory declining



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**Economic recovery dependent on accelerated vaccination programme.**



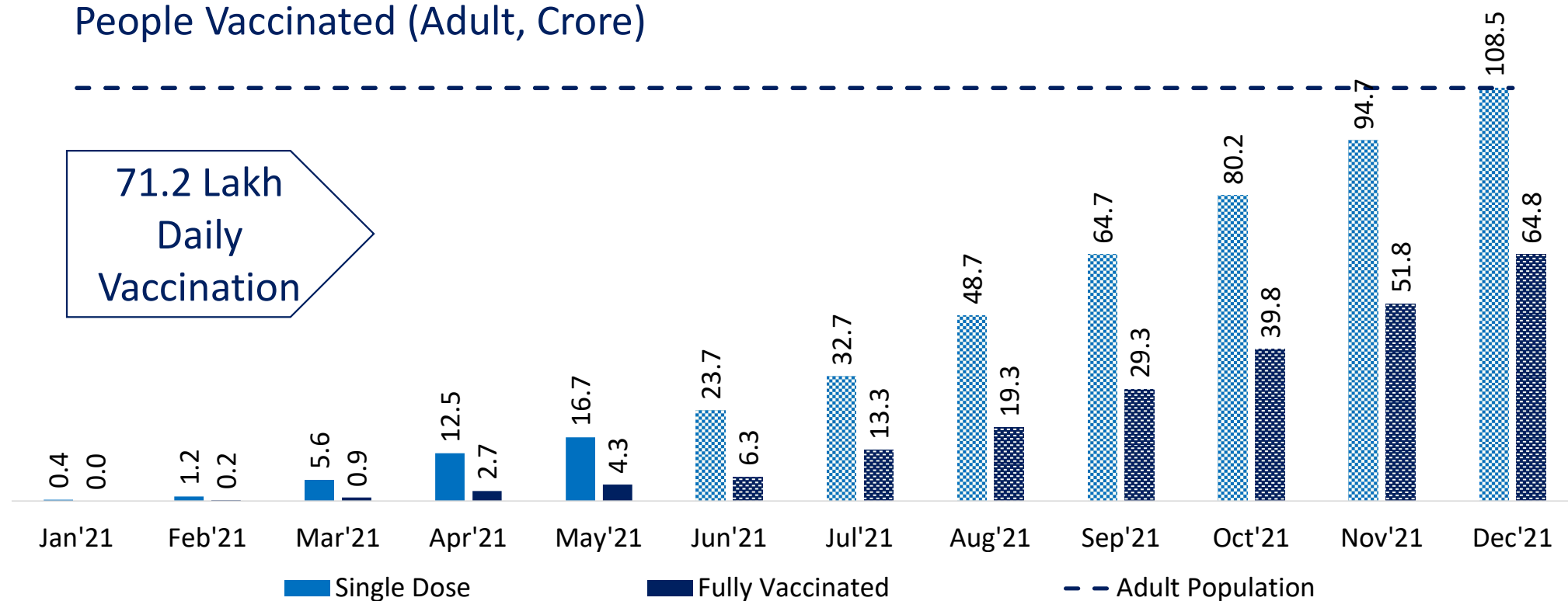
# Vaccination key to mitigate 3<sup>rd</sup> Wave



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**CII calls for minimum 71.2 Lakh average Daily Vaccination doses between now and December 2021 to cover entire adult population.**

People Vaccinated (Adult, Crore)



Source: JHU, UN-Pop, CII Research

# CII calls for Ramping up Domestic Vaccine Production to at least 175 crore doses by December 2021.

## **To enable the above CII suggests ;**

- ➔ Fast track all necessary licencing requirements.
- ➔ Vaccine IP owners to issue voluntary licenses along with transfer of technology.
- ➔ Advance purchase agreements,
- ➔ Capital subsidies and grants to incentivise production.

# CII suggestions to Combat Vaccine Paranoia



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## **To the Government ;**

- ➔ Engage social influencers – Film and sports personalities for awareness.
- ➔ Incentivize people to get vaccinated at two levels:
  - ▶ At the bottom of the pyramid, there should be cash/food/insurance incentive for those taking two doses.
  - ▶ For the relatively better off, government could offer rebate on air/train travel within the country.

## **CII Initiative:**

- ➔ CII to intensify its ongoing Vaccine awareness campaign across media platforms.

## ***Facilitate Vaccination of Industrial Ecosystem (workers, their families and members of the community)***

**CII is reaching out to its 3 lakh industry members to;**

- ➔ Aggregate demand by Industry (including select PSUs) for – Employee, Family and Community (1+2)
- ➔ Coordinate with Vaccine Manufacturers for demand mapping
- ➔ To get smaller hospitals registered with Vaccine manufacturers
- ➔ CII will work with Private sector and public sector to ensure that administration of vaccine is done efficiently.

# CII Advocates Appointment of Vaccine Minister for speedy coverage

- ➔ The Vaccine Czar should be empowered to undertake actions like in the UK on Daily campaign to;
  - ▶ Track domestic vaccine production and import supplies
  - ▶ Equitable distribution of Vaccines among States
  - ▶ Track progress on vaccine deployment & vaccine administration
  - ▶ Use a Dashboard approach and share progress reports daily.

# PPP for Preparedness of Healthcare Infrastructure for COVID 3.0

- ➔ Decentralised Healthcare infrastructure – Government should tap into private sector expertise to setup
  - Covid care centres with stage 1 facilities in rural areas
  - Connect with district hospital for digital healthcare provision.
  - Diagnostic Centers by private sector in each district
  
- ➔ Special incentives to industry for setting up Medical care facilities in remote areas – Free land, deemed clearances and tax benefits.

# CII announces new taskforces to be better prepared

## **CII working on different tracks to cover areas like:**

- ➔ Risk Surveillance, with focus on early warning systems, stockpiling of necessary supplies like essential medicines, vaccines, oxygen, etc
- ➔ Science and Data, with focus on areas like genome sequencing, etc
- ➔ Disaster management, with an idea of setting up an institutional mechanism to deal with COVID like outbreaks and other such disasters
- ➔ The possible 3rd wave – looking at all aspects of readiness

# CII will set up E-ICUs in Rural Areas across 12 States.



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- ➔ CII has successfully piloted E-ICUs in Maharashtra and Haryana in PPP mode
- ➔ Based on this model CII will setup E-ICUs in rural areas of 12 States with
  - ▶ Testing and Diagnostics centre in Rural areas through the network of Asha and Auxiliary nurse midwife (ANMs).
  - ▶ Oxygen Generation Capacity
  - ▶ Capacity Building Training of ASHA's/ANMs



# Manage Oxygen Well for COVID 3.0



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## **CII's National Oxygen Action Plan reveals;**

**At 37.5 Lakh active Cases; We need  
10,100 – 11,500 Lakh TPD of Oxygen**

**At about 50 lakh active cases; We need 12,500 –  
14,000 Lakh TPD of Oxygen**

**At about 70 lakh active cases; We need 17,200 – 18,500 Lakh TPD of  
Oxygen**

## CII suggests National Oxygen Development Plan.

### CII Recommends;

1. Liquification capacities in major steel plants to Increase 5 to 10%.
2. Mandate on-site oxygen generating units in hospitals with >100 beds
3. Set up distributed LMO storage facilities across 15+ strategic locations.
4. Incentivise domestic manufacturing of Oxygen Concentrators
5. Reduce LMO average Turn Around Time to <3 days by creating Green Channels
6. Set up "Oxygen care centers" to reduce hospital load
7. Set up minimal waste protocols and prescribe quality standards for Oxygen

# CII Calls for Health Insurance for All Citizens by 2025

- ➔ Funding primarily through Consolidation of Government spending by Centre and State.
- ➔ Healthcare provision under the scheme to be governed by hospitals accreditation system.
- ➔ Nation Wide Campaign to follow Mutual funds campaign model.

# CII States Covid Preparedness Index (CSCPI)



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- ➔ CII developing an index to measure/ evaluate the state of preparedness by States to manage the Pandemic.
- ➔ States will be ranked based on a composite index of seven indicators;
  - ▶ Percentage Population with one / two doses of vaccination
  - ▶ Hospital Beds / with oxygen to Adult Population
  - ▶ Percentage Population with Beds with access to Oxygen generating plants and Oxygen concentrators
  - ▶ Percentage Population with ICU Beds
  - ▶ Access to Oxygen – Manufacture TPD in the State/ supply chain secured (TPD)
  - ▶ Oxygen cylinders available for transportation
  - ▶ Vaccination centres and capacity for daily administration of vaccines

# CII Code for Industry Staff Welfare



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CII to propagate voluntary code to be followed by industry to provide for;

- a. Vaccination for all Staff/ Employees/ Workers and their families
- b. Dependents of deceased employees/ staff due to pandemic;
  - ▶ Welfare Support: provide for Medical Insurance Coverage, Children Education
  - ▶ Income Support: Part or full payment of last drawn salary for a finite period or a lumpsum annuity investment with monthly income facility
  - ▶ Higher Education Support: Higher Education Scholarship for dependent children
  - ▶ Term Insurance: Full or Partial topup of the value of term insurance of eligible staff to be paid to the dependent family.
  - ▶ Contractual staff: Lumpsum Fund with equal / significant contribution from the Contractor





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# **CI Initiatives on Sustainability and Technology**

# CII to build technology led competitiveness



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- ➔ To help build competitiveness, CII is undertaking major initiatives through multiple 'Centres of Excellence (CoE)':
  - ▶ CII CoE for Artificial Intelligence
  - ▶ CII CoE on Design
  - ▶ CII CoE for IP Creation and Technology Management



# CII to build technology led competitiveness



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➔ In addition, CII to Launch;

- “CII Innovation Rating & Industry Competitiveness Index” and
- ASPIRE (Association with Premier Institutes of Research and Engineering)

# CII to shape Digitisation led Competitiveness



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- ➔ Digital penetration is crucial for remaining competitive in the manufacturing space
- ➔ Some of the initiatives by CII in this regard are:
  - CII in partnership with NITI Aayog is setting-up a Digital Capability Centre (DCC)
  - Handholding Industry in their transformation journey through Dxccl (CII Centre For Digital Transformation)

# CII to handhold Industry with new technologies on de-carbonization

- ➔ Pandemic has fast-tracked the sustainability and climate change agenda; high priority for G7, US and India itself. CII to work on the following initiatives:
  - CII Climate Action Charter to raise business ambition
  - Accelerating new technologies for de-carbonising key sectors (Green Hydrogen, Carbon capture and storage)
  - Handholding MSMEs/ suppliers, especially resource intensive supply chain partners
  - CII plans to focus on the hard to abate sectors which include Cement, iron and Steel, Chemicals, transport and buildings.
  - CII is launching a Net Zero movement for Buildings under the Indian Green Building Council





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**Thank you**