

## States to which migrant labourers are returning must use this to attract investment: Vikram Kirloskar

BY ET NOW |

*It is only when the economy starts moving that the ability to pay will come, says the President, CII*

Labour laws changes are taking place. The **Madhya Pradesh** government has allowed 12-hour work shifts saying that shops are going to be open till midnight. Factories in MP can now have a 12-hour working day by paying for four extra hours to workers. States are suspending as well as relaxing labour laws to emerge from the crisis. Rajasthan, **Uttar Pradesh**, MP, Bihar, HP, Punjab and Gujarat have announced some relaxations. Will this help ease the big issue of migrant labourers and ease the stress in the lowest economic strata as well?

This is a good time to reset a lot of our laws across the country. Whenever we talk of ease of doing business and cost of doing business, there are many issues with the states and centre. The Centre as well as states have done a lot of work to make the cost of doing business as well as ease of doing business much better. This is a good step in that direction.

If they are doing something temporary, they should make sure they have something firm which will be good for labour and industry. At present, migrant labourers are returning to home states. It is going to be hard for industries which are using migrant labour. Now the states to which they are going back should use this as an opportunity to attract investment, redo the laws and make their states more desirable to invest in.

So it is good they are doing it. I hope it is well thought out and a permanent feature for the future.

**Times are tough. On one side, there are industries which want to pay the labour but there is no availability of cash. Second side is the whole social issue. There should be no firings now and the wages need to be provided irrespective of the economic operations. Where does one find the balance?**

Maybe a few large companies can continue paying for a month or two, but even after two months, they are going to have problems if demand and business do not pick up. For smaller companies which have not worked all of April, it is virtually impossible to pay anyone. Even if you want to pay someone, how can you pay if you have no money with you? Where are you going to get the money from? Steal it from somewhere? It is very difficult to follow the directive if you have no money. So this is a big issue.

CII, **Ficci** and many other trade associations have asked for various fiscal incentives and we are waiting for those. Some parts of the economy have started, but 60-70% is in the red zones. It will take a little longer to start. It is only when the economy starts moving that the ability to pay will come.

Just taking bank loans and paying people is not going to work. It is just pushing the problem out by a couple of months. If that is the case and the economy picks up fully, it is great but the auto industry is staring at probably a 40-50% reduction in business this year. That hurts the suppliers, the dealers and altogether 3.5 crore employees of the industry.

**The lockdown right now is partially lifted and large states like Maharashtra which contributes more than 15% of India's GDP, are still under lockdown. Once the RBI moratorium lifts post May 30, what kind of economic situation could we be staring at? What happens to the economy?**

The moratorium will probably have to get extended in a lot of cases. They will have to renegotiate a lot of those moratoriums with individual companies or the country as a whole if they cannot pay back.

I do not see the auto industry coming up in a 50% mode until the middle of June and that too if we are able to open dealerships in the red zones. It totally depends on the health situation. So, it is very hard to predict what will happen. This is literally a day-to-day situation until a vaccine comes out.

