

Economy showing promising signs of V-shaped recovery, says CII

'Agriculture sector has emerged as beacon of hope'

OUR BUREAU

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The Confederation of Indian Industry (CII) has said that the government dues to industry have started coming in and this is likely to serve as a big and direct liquidity booster to industry.

With the easing of restrictions and the economy entering an Unlock phase from June 1, the high frequency indicators which are coming in have been showing a material improvement as compared to the multi-year lows seen in April.

A clutch of indicators including GST collections, railway freight traffic, petrol consumption, peak power demand, electronic toll collections among others have all mirrored the incipient signs of recovery.

"Though still early, these are indeed promising signs, pointing towards a V-shaped recovery in the immediate aftermath of the lockdown.

"In order to nurture the nascent signs of recovery, it is important to mitigate the uncertainties that are currently prevailing regarding the restrictions.

"Corporates are unable to plan beyond a horizon of a few weeks, affecting all operations", said Chandrajit Baner-



A good monsoon and the various government schemes have supported the rural economy

jee, Director-General, CII. The government has played a big role in driving the nascent recovery process by providing direct cash and food transfers to the rural and urban poor, according to CII.

"Although it is not possible to predict the course of the pandemic, a dashboard approach, triggering predictable responses based on the progression of infections, can reduce uncertainty and boost both consumer and industry confidence, which in turn will support demand and investment recovery," Banerjee said.

Further, in order to ensure that the supply chains function seamlessly across State and district boundaries, including the containment zones, the latter should be limited to micro areas instead of a wider area.

Farm sector boost

It is pertinent to note that the recession staring at the country in the current year is different from the previous recorded episodes which were

all triggered by a monsoon failure.

This year, the agricultural sector has emerged as the beacon of hope for India's economy.

"Apart from normal monsoon and healthy sowing, a slew of government schemes in the form of livelihood interventions, such as expanding the MNREGA programme and the Pradhan Mantri Garib Kalyan Rozgar Abhiyan, have supported the rural economy considerably.

"This has raised hopes of a rebooting of the economy by the rural sector," said Banerjee.

In addition, interventions by both the Centre and State governments to ensure that the lockdowns do not affect the rabi harvest in March and April and the sowing of kharif crop in June, has led to expectations of a bumper agriculture production, he added.

Consequently, the NBFC sector lending in rural areas has also been as high as 80 per cent of the usual levels.