

VIKRAM KIRLOSKAR, president, Confederation of Indian Industry

'Must prioritise labour intensive sectors'

NEW DELHI: Indian industry expects a prolonged recovery period after the national lockdown is eased and is hoping for government support, especially to small and medium enterprises, to help mitigate the pain, Vikram Kirloskar, president, Confederation of Indian Industry told **Goutam Das** during an interview. Edited excerpts:

What sort of stimulus will India need to emerge out of the covid-19 crisis?

We believe the stimulus has to be twofold. One would be to assist and support the affected population through relief and cash transfers. This can be an additional ₹2 trillion given directly to the beneficiaries. The second would be to support enterprises, especially MSMEs (micro, small and medium enterprises), to avert mass-scale closure of businesses and loss of jobs. We have suggested that this support can be extended through



banks. This could be in the form of extra credit limits for wage payments and interest obligations of stressed sectors. Also, additional loans are required to enable MSMEs and stressed sectors to overcome the loss of business. Expansion of working capital loan to all enterprises would greatly help address present challenges... the government could consider a fund of ₹30,000 crore for banks, which would enable a leverage of five-six times.

We have recommended that the government limit its fiscal spending to contain the crisis at an additional 2% of the gross domestic product

(GDP) over and above the allocation of ₹1.7 trillion. This is a prudent level that would prevent flight of capital and safeguard the macroeconomic fundamentals.

What should be the government's exit strategy from the lockdown?

From an industry perspective, we will abide by the decisions of the government as far as exit timing and strategy is concerned. The key ask is that the strategy be communicated well in advance to industry to enable restart plans. It is perhaps important that labour intensive sectors such as manufacturing and construction be given priority...

What are the supply-chain constraints the manufacturing industry will face after the lockdown?

The manufacturing industry restart will depend critically on two things. The first is the return of workers to the work-

place. We need to reassure workers that their safety and health will be of paramount concern through a strong messaging exercise. Next, we must ensure safe travel means. We have suggested that a QR code can be used by local authorities to permit workers to travel to their workplaces... The second is the smooth movement of goods across the supply chain.

What is the industry's ask from the government in terms of easing the pain?

The government has proactively been consulting with the industry on a continuous basis on the modalities of exit, and this process will lead to an orderly exit. However, we are in a situation where we can expect a protracted recovery period. The government should consider conserving its firepower to last it over a length of time, even while providing succour to the most needy sections of society.