

Economic activity in India has resumed and is growing stronger than expected. This new year, the nation will try to rebuild everything that took a hit during the pandemic

2021, A YEAR THAT EMBODIES HOPE

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The year of the virus has just ended and there is much reason for hope in 2021. Several vaccines are ready for use and the government is preparing for a massive rollout across the country. Economic activity, which had come to a standstill in the initial months of the pandemic, has resumed and is accelerating steadily. In fact, the economic recovery in India has turned out to be much stronger than earlier expected, although many challenges remain. India has also been able to contain the spread of the virus quite successfully, as cases have moderated across all regions in the country.

Distributing the vaccine in a country like ours with its large population and vast area will be the first big challenge in 2021. Fortunately, India has some advantages, being the largest manufacturer of vaccines in the world. It also has an existing cold chain for vaccine distribution and an electronic vaccine intelligence network (eVIN) to track availability on a real-time basis. The challenge is for the public and private sectors to work together to ramp up the existing infrastructure and compensate for

any disparity that exists among states and regions.

As the vaccination programme accelerates across countries, the global economy will start looking up and be more open for business. Indian industry needs to take this opportunity to become a more competitive player with a greater share of global markets. The WTO expects the volume of global merchandise trade to rise by 7.2% in 2021 following a 9.2% contraction in 2020. Global supply chains are also shifting as countries reorient their production capacities. It can be hoped that countries such as India will emerge as reliable production hubs in 2021, with any hurdles in the path of investors being eased.

The reforms that have been unleashed by the government over the last few years, together with the moves towards ease of doing business, will build a momentum towards industrial rejuvenation in India. Businesses are ready to operate in the post-pandemic world using more sustainable models and digital technologies. Worldwide, businesses are being restructured to become more climate-conscious while smart technolo-

gies are enhancing their presence. The market will reward those that reorient their strategies in these directions and I expect a lot of winners to emerge in 2021.

As the economy begins to restore itself, one major challenge will be to create jobs as also to improve their quality. The experience of the workers, many of whom were migrant labourers whose livelihoods were destroyed at the onset of the pandemic, will not be forgotten. New jobs that are created must be accompanied by an improvement in the facilities provided, such as housing and access to health and education. The share of formal employment needs to be increased, a trend that has already started and will certainly be enhanced in 2021. At the same time, informal employ-

ment and fixed-term employment must come with greater social security.

In 2021, the government will focus on rebuilding the economy. The finance minister has already set the bar high by saying that the forthcoming Budget will be like no other in the past 100 years. This leads me to believe that funds will be provided for massive investments in physical as well as social infrastructure. Healthcare will emerge as a priority sector where investment needs to be stepped up not only to meet the immediate challenge of vaccination but also to improve long-term productivity of the workforce. Privatisation will be stepped up in order to provide the funds to achieve these ends. A simpler and more effective tax system will be developed to enhance coverage.

I also expect to see the creation of a future-ready financial sector in 2021. Financing India's growth to achieve its ambition of reaching the \$5 trillion size sooner rather than later would require a nimble and supportive financial sector. This would need several reforms including greater freedom for the private sector to participate in banking. Sorting out the problem of non-

performing assets would be critical to reduce the stress in the banking system. Innovative solutions need to be found and I expect a new paradigm to emerge in 2021.

The pandemic has also resulted in a setback to the equality of access and opportunities that has been a hallmark in India's development. A stark example is in the area of education where lack of access to digital connectivity has been a great disadvantage for the weaker sections. In 2021, I expect there will be greater focus on the quality of education, as children get back to the physical school environment. Similarly, livelihoods will be restored in other service sectors where contact is important.

The pandemic has made the year gone by one of the most painful in recent history but fortunately it has ended with the creation of effective vaccines. It is therefore natural that 2021 embodies hope for a better future. It is essential that all stakeholders combine forces to make this a reality, with partnerships across countries, across public and private sectors, and across government and civil society.

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