

MEASURES TO REVIVE GROWTH DURING UNLOCK 1.0

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As India moves to Unlock 1.0 and economic activity resumes, the focus must be on getting growth back on track and reinvigorating the economy. A high degree of uncertainty will characterise the new paradigm that the economy will enter, yet it is imperative to take bold and innovative measures to navigate through such uncharted territory and bring the economy back on an inclusive and sustainable growth path.

With economic activity coming to a standstill following the lockdown, output and production collapsed, leading to significant loss of livelihood. Therefore, rebuilding and restoring lives and livelihood should be the foremost priority as the economy reopens.

The pandemic brought to the forefront the plight of the migrants and daily wage workers, a majority of whom are dependent on earnings based on daily work for their livelihood. With almost 80% of employment in India in the unorganised sector, there is an urgent need for considering a social security net to protect the liveli-

hood of these workers. This will need to be carefully balanced against the available resources with the government.

Immediate and short-term measures to address greater formalisation of the economy must be stepped up through labour and regulatory reforms, which in turn would help in creating greater employment and encourage small enterprises to move towards the formal sector.

With the country witnessing reverse migration for the first time, there is scope for creating more geographically distributed models of development and an opportunity for redefining investment priorities. Multiple opportunities exist across sectors such as allied products and food processing, coal and mining, traditional Indian handicrafts, etc.

Investments in rural health and infrastructure along with strengthening rural digital programmes and platforms could pave the way for a robust rural ecosystem. Industries along with state governments can be encour-

aged to set up facilities in rural areas, which in turn will generate jobs and strengthen the rural sector's share in the GDP.

Though the outbreak pervaded almost every aspect of the economy, it is primarily a health crisis and possibly one of the biggest that the world has seen, with even the most sophisticated health systems in the advanced nations struggling to tackle the disaster. In the case of India, where the public spending on health still continues to be low at 1.3% of GDP, this crisis has heightened the need for building a robust healthcare system by stepping up investments in health infrastructure.

India needs to raise its public health spending to at least 3% of GDP, in line with its peers. At the same time, the focus must also be on formulating a long-term strategy to boost the immunity of the population through high quality preventive public health, entailing



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investments in better nutrition, and maternal and child care.

Education will play a key role in ramping up India's healthcare as also in building a productive economy. This is the right time for India to boost its e-education and e-healthcare systems with the help of digital tools for delivering quality and low-cost healthcare alongside traditional modes of delivery. At the same time, greater attention to R&D will be critical to build innovative tools and new methods of healthcare delivery.

Along with investments in health and education, Mother Nature is a priority area. The impact of the containment measures during the lockdown became evident on climate change, with countries reporting improved air quality and lower CO₂ emissions due to lower mobility of people. At the same time, Covid-19, along with the increased incidence of other natural calamities such as the recent cyclones and pest attacks, has shown us that we are staring at a future climate change crisis. Thus, the current time should be utilised as an opportunity to deepen our efforts in climate change mitigation and improving Mother Nature's balance.

Boosting government spending for a sustained economic recovery is crucial at this hour. Given that the government is fiscally con-

strained, its efforts to provide stimulus to the economy, for example, in the form of 100% credit guarantee to MSMEs and various other recent measures, are commendable. More such measures will be needed in the future, but at the same time, the balance between fiscal spending and financial stability will have to be ensured.

While investment-friendly policies would be required for stepping up private investments, higher investments in science and technology would be critical to ensure India's competitiveness. At the same time, India needs to boost its exports, both for manufactured goods and services and for greater integration with the global value chains. Greater collaboration between industry, academia, start-ups and the government would be required to create a sustainable and innovative ecosystem that benefits all.

With the first phase of Unlock already underway, challenges for the Indian economy are many. With the pandemic causing significant distress to individuals and businesses, the role of industry-government partnerships will assume a key role in restarting the key engines of growth, as we build a self-reliant India that is competitive but is also engaged with the world.

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