

How Corporate India Recalibrated during Covid-19



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The past year has truly been unprecedented for the world and for India with successive waves of the Covid-19 pandemic disrupting lives and livelihoods. The humanitarian crisis reached high proportions and demanded an extraordinary response from all citizens, particularly those in the healthcare and government sectors. The economic lockdown

necessitated due to the healthcare emergency also hit Indian industry and required immense innovation to mitigate the adverse impact of the pandemic.

The Finance Minister during an interaction with CII in May 2021 highlighted the Japanese term of Gamanzuyoi to applaud Indian industry for its forbearance, patience and perseverance and this has truly been a hallmark of businesses during these trying times.

This was a year in which industry intensified engagement across diverse dimensions despite the limitations and crafted a new space for itself in the national ecosystem. Many corporates went above and beyond to serve the nation in this time of extreme need. Industry stood in solidarity with the Government, employees, and the wider community, connected with those in distress, and reconfigured the way it works to align with the changing situation through the year. It recalibrated itself to share with the Government the responsibility of protecting and preserving lives and livelihoods in the period of national distress.

Industry worked on many dimensions to manage the Covid-19 situation. First, corporates contributed to policy discussions and suggested a range of measures to the Government that could strengthen the battle against the pandemic and minimize economic disruptions. Second, manufacturing companies undertook a massive exercise to meet healthcare requirements in terms of critical medical equipment and drugs as well as logistics to reach them to patients at the right time. Third, corporates devised new systems of operation to deal with the pandemic disruptions, with an emphasis on digitization and remote working. Finally, companies went all out to provide relief to the community at large.

While the economy witnessed a contraction of 7.3% over the fiscal year 2020-21, growth is expected to be robust as the economy recovers in the current year. CII

catalyzed industry engagement in drafting solutions for reducing the impact on growth and employment and a number of suggestions were included in the various Atmanirbhar Bharat packages that were announced to ensure economic recovery. Issues such as Development Finance Institutions, bad bank, Emergency Credit Line Guarantee Scheme (ECLGS), disinvestment, redefinition of MSME, power sector reforms, and so on, were part of the reforms announced. The Government's expenditure pipeline remained strong and many support measures were announced for weaker sections of society which contributed to demand.

Industry also worked with state governments on ensuring minimal disruptions to economic activity. The coordination of industry and state governments helped keep many essential goods and services available during the economic restrictions.

At the same time, recommendations to the National Expert Group on Vaccine Administration for Covid-19 were also made to ensure private sector support in distribution of vaccines and inoculations. These included opening up manufacture of vaccines, drafting a legal framework document and considering vaccination spending under CSR requirements.

Companies worked quickly towards vaccination of their workers so that normal operations could be resumed at the earliest. As an example, CII through its "Project Vaccine Nation" aggregated the corporate demand for vaccines across India. Through this initiative, CII consolidated the industry demand of nearly 10 million single doses across 3000 companies located in over 180 cities. A significant proportion of companies also sought assistance for reaching vaccines out to their surrounding communities. More than 50 to 60 per cent demand has already been met through tie-ups with the private healthcare providers.

The second dimension of ramping up manufacturing of critical medical equipment, healthcare supplies and drugs and pharmaceuticals was important for the crisis period. When Covid-19 hit the country, essential items such as ventilators, personal protective equipment, and so on needed to be procured on an urgent basis. Manufacturing coalitions came together to develop and produce or import the required quantities of materials. Logistics companies reworked their strategies to provide the connectivity wherever required.

During the second wave, the emergency situation required immense joint efforts from Government and industry to procure oxygen and medical supplies. These were conducted on a war footing including by sourcing equipment from other countries. CII coordinated with oxygen manufacturers to develop a plan for ramping up supplies for future requirements.

Coming to how companies adapted to the situation, digitisation and work-from-home kept them going, although activities were muted. Among industry sectors, the ones requiring contact such as tourism and hospitality, retail, and aviation were adversely impacted, while others including those based on digital services saw new opportunities. As per a CII analysis, sectors such as tractors, two-wheelers and construction equipment were seen to have recovered strongly after the first lockdown in April and May, 2020.

However, the second surge in April-May 2021 meant that these sectors were well below the production levels in the same months of 2019. Mobility indicators showed an uptick from May 2021, indicating that corporates were able to ride out the wave and re-strategize for growth. The fact that localized lockdowns took place during the second surge of the virus helped greatly in ensuring recovery by businesses.

The corporate experience fed into various parts of the overall economy. Export performance during the first quarter reached peak levels and FDI inflows have been robust, indicating confidence in India's future economic growth and industry resilience.

The massive relief efforts rolled out by Indian industry during the second Covid wave set new benchmarks for disaster management. Companies engaged in building field hospitals, expanding supplies of oxygen and ensuring its distribution, providing cylinders and oxygen concentrators, and ramping up critical care supplies. Partnering with several organizations, CII helped set up temporary Covid care facilities including two large medical centres in Kochi and Gurugram. Corporate efforts contributed to introducing the concept of Tele-ICUs for 7 hospitals in Haryana and Maharashtra, which enabled patients in remote locations to access quality care digitally with an observed 40% reduction in mortality.

It was heartening that most large companies looked after their Covid-afflicted employees and their families with all possible assistance for medical care, leave, etc. Many of them set up task forces and connected with healthcare providers to ensure support to the patients.

Where there were untimely fatalities among the employees, many companies committed to assuring families of assistance till the time that the employee would have been working. In addition, corporates contributed substantially to the relief funds set up by the Government and also helped directly by offering food and medical care supplies to migrant workers and other affected people.

The latest CII poll of top corporates in July 2021 shows that their efforts at adapting to manage the fallout of the pandemic has yielded positive results. 59% of respondents expect recovery in sales to be better for their companies in the second wave as compared to the first wave. With vaccination as a high priority, over half the companies polled stated that their employees had received the first dose. As many as 72% of those polled believed that private investment would be higher this year and an overwhelming 83% maintained a positive outlook on hiring.

The challenges of Covid-19 would continue to affect the path of economic growth for the country for many more months. With household finances constrained and employment to be boosted, domestic demand may continue to be muted and the Government would need to take a lead in encouraging consumers as well as ensuring higher expenditures to support demand from its own side. Economic reforms regarding land and labour, ease of doing business, and sectoral actions can be accelerated along with specific actions to ensure stronger private activity, particularly for smaller enterprises. However, prospects for the economy and for businesses are favorable as large world economies recover from the pandemic.

With its strong fighting spirit, corporate India effectively battled the Covid-19 pandemic and has emerged as a resilient player in the global economy. As the pandemic is subdued through the actions of governments, scientists and researchers, industry and the community across the world, India Inc will once again tread the path of robust growth.