

INDIA NEWS**CII calls for lifting of curbs, offers 1% extra CSR for jobs**

Confederation of Indian Industry (CII) president TV Narendran said Indian industry is keen to contribute to the world's most ambitious vaccination mission.



CII asked states to consider curbs at micro containment zones only when hospitalisation rates are over 75%. In picture - Shops remain closed during a weekend curfew.(HT File Photo)

Indian industry has urged the government to curb social gatherings in pandemic-affected areas but to keep economic activities out of Covid restrictions, and offered an additional 1% contribution under corporate social responsibility (CSR) funds for a year as an aid to the 2022-23 Budget, specifically to fund booster doses of the vaccine.

Confederation of Indian Industry (CII) president TV Narendran said Indian industry is keen to contribute to the world's most ambitious vaccination mission."CII suggests that 1% of mandated CSR funds be earmarked for vaccination. We also recommend that an additional 1% be added to CSR requirements in the Budget, for a specified period of 12 months, so that boosters can be made available to all age-groups."

Companies are ready to contribute an additional 1% under CSR norms to the national vaccination mission, apart from the mandated 2%, and this can be part of the Budget for a period of 12 months, he explained in a statement.

CII is an apex industry body with over 9,000 members from private as public sectors, and also has an indirect membership of over 300,000 enterprises from 294 national and regional sectoral industry bodies.

CSR is mandatory for entities incorporated under the Companies Act, which says firms with a net worth of at least ₹500 crore or revenue of ₹1,000 crore or net profit of ₹5 crore must spend at least 2% of their average net profit made during the three preceding financial years on welfare activities. The CSR spend in 2019-20 was about ₹24,700 crore, with Reliance Industries, Tata Consultancy Services, and state-run Oil and Natural gas Corp (ONGC) being top three contributors.

"In fact, our recommendation has been that if companies spend on vaccines for their employees, their families and members of the community, then that expense can be set-off against this additional CSR spend," said Narendran, who is also CEO & managing director of Tata Steel Ltd.

The 2% mandatory CSR is the minimum requirement; companies can spend more if they wish to, a government expert in company matters said requesting anonymity. "There are many private and public sector companies who spend more than 2% on CSR. Besides, the law allows companies to front-load their CSR spend in one year and take offset in the next two years," he added.

'Lift restrictions'

The CII president also urged states to lift restrictions on economic activities given that the occupancy rate of hospital beds due to the Omicron variant of Covid is well within the manageable level. "While vaccinations have helped in dampening the impact of Omicron on the lives of people, the present conditions are conducive to opening up the economy completely while keeping large social gatherings to a minimum," Narendran said.

According to a dashboard maintained by Hindustan Times, on Sunday, 86.7% of Covid-19 hospital beds across 13 regions were vacant.

"With a bounce back in demand, the economy is expected to achieve 9.2% growth rate over 2021-22. However, this pace must continue for full recovery and faster growth in the medium term and to ensure that workers and small enterprises do not suffer," he added.

A similar demand for a roll-back of restrictions in the national capital was also made by market and trader associations, HT reported on Sunday.

The Covid-19 outbreak in March 2020, followed by a 68-day nationwide hard lockdown, had a devastating impact on the economy. India's GDP shrank 24.4% in the first fiscal quarter ended June 2020. It plunged into a technical recession – negative growth for two consecutive quarters – as it contracted 7.4% in the next three months. Thereafter, the economy saw a V-shaped recovery on the back of a ₹20.97 trillion stimulus package and policy reforms announced since March 2020. A positive 0.5% growth was reported in the third quarter, followed by 1.6% expansion in the fourth quarter ended March 31, 2021.

The Indian economy started the current fiscal year with a 20.1% expansion in the first quarter (April-June 2021) followed by 8.4% growth in the second quarter ended September 2021, signalling a strong revival in business activities. The new wave caused by the Omicron variant, however, threatens to slow the growth pace. In its economic outlook on December 8, the Reserve Bank of India's (RBI) predicted India's GDP growth at 9.5% in 2021-22, but cautioned "new mutations of the virus" as one of the downside risks to its outlook. The first advance estimates of NSO released on January 7, 2022, estimated India's GDP growth at 9.2% in 2021-22, which is lower than RBI's projection of 9.5% a month ago.

CII asked states to consider curbs at micro containment zones only when hospitalisation rates are over 75%. "With a lower level of hospitalizations seen in the Omicron variant, it is possible to maintain normal economic activities and protect lives and livelihoods," said Narendran.

The industry body also urged state governments not to disrupt economic activities even in micro containment zones and allow all factories to function under certain conditions related to hygiene and safety. "There should be no distinction between essential and non-essential goods and services. All shops may be permitted to open without restrictions on timing to avoid crowding at certain times. However, crowd control is essential to enable social distancing," Narendran said.

CII hoped that the Budget, to be announced on February 1, will focus on measures for strengthening economic recovery.

"The investments under National Infrastructure Pipeline (NIP) and Gati Shakti program must be fast-tracked and it is expected that the Budget would provide for this. These activities will be dampened if curbs on economic activity were to continue," Narendran said in the statement.

According to Aditi Nayar, chief economist, ICRA Ltd, the third wave would adversely impact the economy. "Following the re-imposition of state-wise restrictions to curb the third wave of Covid-19, the early data for January 2022 is expectedly weak; the daily average generation of the GST e-way