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DEPARTMENT FOR
PROMOTION OF INDUSTRY AND
INTERNAL TRADE

CII
Confederation of Indian Industry

CII PARTNERSHIP SUMMIT 2021 ®

PARTNERING FOR BUILDING A NEW WORLD: GROWTH, COMPETITIVENESS, SUSTAINABILITY, TECHNOLOGY

13-15 DECEMBER 2021
CII HIVE VIRTUAL PLATFORM

THEME PAPER

INDIA @ 75
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75 Azadi Ka Amrit Mahotsav

The CII Partnership Summit 2021

Theme Paper

Introduction

Global economic recovery has strengthened over 2021 owing to the effectiveness of vaccines, lessening the impact of the COVID-19 pandemic, the waves of which remain a cause of concern. The higher infection rate of the Delta variant, along with unequal access to vaccines, has amplified future uncertainty regarding the resilience of recovery. Against this backdrop, the gaps in expected recovery have widened across economies and the risk of derailment stands augmented in high impacted economies.

Most advanced economies have fully vaccinated nearly 58%[1] of their population while other economies have noticeable lower shares, at about 36% for emerging market economies and less than 5% for low-income group economies. This is due to a relatively slower vaccine rollout, exacerbated by insufficient supply and export restrictions.

The distribution and supply of vaccines is the principal constraint faced by low-income group economies that escalates the adverse health and economic impacts associated with the pandemic. Such divergence between countries shall persist if the immense variation in vaccine access is not addressed. However, most countries are anticipated to gain broader vaccine access by the end of 2022, resulting in a decline in hospitalisations and deaths.

Disparities in policy support across economies also trigger the speed of effective recovery amongst countries. While the advanced economies continue to provide sizable fiscal support, most emerging markets witnessed a dip in support in 2021 due to the expanded duration of the pandemic. Countries like Brazil, Chile, Russia, and

[1] *IMF, World Economic Outlook, October 2021*
https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021#Gdp

Mexico observed a more tightening stance in 2021, while asset purchases in economies like Australia and Canada are envisaged to scale up.

Deploying extensive fiscal measures has helped in providing insurance to firms and households, empowering them to replenish savings and generating a demand-led recovery environment.

Labour markets faced a catastrophic hit in 2020 and the pace of recovery has been uneven across countries. As per the International Labour Organization (ILO), the decrease in the total working hours was estimated to be equivalent to a loss of about 255 million full-time jobs. Employment of lower-skilled workers and youth remains less than higher-skilled and prime-aged workers across economies, as the former are largely employed in contact-intensive sectors and segments experiencing a shift towards automation.

On the supply side, the youth participation rate has declined by more than 6% in 2021, with women's participation declining relatively more than men's participation rate in emerging and developing economies. If these gaps remain unmet, the lower pool of participating workforce will drive wages and prices upwards.

As per World Economic Outlook (WEO) projections, while economies are expected to recapture the pre-pandemic level of output, only two-third of them are expected to recuperate their earlier employment levels, causing social tensions and rising inequalities. This may be due to the prevailing unemployment benefits and supporting schemes, evident health concerns and the augmented shift towards automation.

Even with the rate of employment less than the pre-pandemic level, the rate of inflation has fuelled markedly in some emerging and developing economies. While demand has increased due to the relaxing of restrictions, the supply side has been slower to respond.

The speed of recovery remains divergent across economies, with the developing and emerging economies suffering larger damages on average compared to the advanced economies. Thus, the output levels in advanced economies are anticipated to return to the pre-pandemic level, while expectations are lagging for other income groups due to activity remaining below pre-pandemic levels.

This deviation in the loss of economic activity calls for a strong policy push to mitigate the downside risks associated at both the national and multilateral levels. This includes multilaterally actionable measures such as the vaccine deployment across affected countries, international liquidity, and introduction of an implementable climate policy. This needs to be complemented by country-specific national level policies, tailored to address the pandemic and the current unprecedented scenario.

The post-pandemic global scenario calls for concerted, combined and coordinated efforts towards ensuring sustainable single-speed recovery on the one hand, while addressing rising challenges of inequality, climate change, and technology advance and adaptation, on the other. Simultaneously, global industry must leverage the new opportunities arising from a marked shift in the nature of trade and investment, society's desire to catapult innovation and new entrepreneurship, and impetus to social causes.

The CII Partnership Summit 2021 aims to convert the strands of this dialogue and action processes between industry and multiple stakeholders into robust and coordinated outcomes.

CII Partnership Summit 2021: Partnering for Building a New World: Growth, Competitiveness, Sustainability, Technology

CII's annual flagship international event, The Partnership Summit, was started in 1995 to mark CII's centenary year and to provide an opportunity to look at how both advanced and emerging economies can collaborate and build new bridges to foster balanced and equitable growth across the world.

A global platform for dialogue, debate, deliberation and engagement, the Summit hosts people from all walks of life including leaders from governments, industry, experts, civil society, and artists, while also helping in building new partnerships through high level networking and structured Business-to-Business (B2B) meetings.

In collaboration with the Department for Promotion of Industry and Internal Trade (DPIIT), CII is organizing the 27th edition of The Partnership Summit during December 13-15, 2021. Under the theme "Partnering for Building a New World: Growth, Competitiveness, Sustainability, Technology", it aims to carry forward the agenda of strengthening partnerships between India and the world, as we all recover from the effects of the COVID-19 pandemic.

The CII Partnership Summit 2021 comes as an opportune platform to capture ideas and perspectives and to consolidate partnerships for meeting global challenges and ensuring a collaborative approach to achieving global goals.

This special event would cover an array of diverse topics along 9 specific tracks- Growth, G20, Competitiveness, Trade, Investments, Sustainability, Technology, Social dimension and Geopolitics.

The Summit would capture the major economic trends and challenges along these tracks and the emerging opportunities for businesses across sectors such as manufacturing, infrastructure, supply chain logistics, agriculture, and services as well as the sunrise sectors.

Nine Tracks of the CII Partnership Summit 2021

Track 1: Growth

Although the growth figures in the first half of 2021 were harmonized with expectations, the global GDP turnouts in the first quarter of 2021 were more robust than anticipated. This signifies the modification of economic activities in line with the pandemic and its associated restrictions, in addition to continued policy support worldwide.

The second quarter of 2021 observed an alarming rise in the rate of infections owing to the second wave of the pandemic in many emerging and developing economies. This not only weakened the momentum of growth, but also disrupted the movement of individuals and the supply of goods.

The growth forecast for 2021 (as shown in Table 1) was revised downwards for advanced economies, compared to the July projections of WEO. This is mainly due to supply disruptions and the fall in demand that caused the drying up of inventories in the US, along with a shortage of significant inputs in Germany, bringing down the output manufactured. Japan too witnessed the impact of record-level high infections, leading to imposing the fourth state of emergency. However, a stronger rebound is anticipated across advanced economies in the first half of 2022 with the booming vaccination rate globally.

Table 1. Overview of Growth Projections			
(Percent change)			
	Year over Year	Year Projections	
	2020	2021	2022
World Output	**–3.1**	**5.9**	**4.9**
Advanced Economies	**–4.5**	**5.2**	**4.5**
United States	–3.4	6.0	5.2
Euro Area	–6.3	5.0	4.3
Germany	–4.6	3.1	4.6
France	–8.0	6.3	3.9
Italy	–8.9	5.8	4.2
Spain	–10.8	5.7	6.4
Japan	–4.6	2.4	3.2
United Kingdom	–9.8	6.8	5.0
Canada	–5.3	5.7	4.9
Other Advanced Economies	–1.9	4.6	3.7
Emerging Market and Developing Economies	**–2.1**	**6.4**	**5.1**
Emerging and Developing Asia	–0.8	7.2	6.3
China	2.3	8.0	5.6
India	–7.3	9.5	8.5
ASEAN-5	–3.4	2.9	5.8
Emerging and Developing Europe	–2.0	6.0	3.6
Russia	–3.0	4.7	2.9
Latin America and the Caribbean	–7.0	6.3	3.0
Brazil	–4.1	5.2	1.5
Mexico	–8.3	6.2	4.0
Middle East and Central Asia	–2.8	4.1	4.1
Saudi Arabia	–4.1	2.8	4.8
Sub-Saharan Africa	–1.7	3.7	3.8
Nigeria	–1.8	2.6	2.7
South Africa	–6.4	5.0	2.2
Memorandum			
Emerging Market and Middle-Income Economies	**–2.3**	**6.7**	**5.1**
Low-Income Developing Countries	**0.1**	**3.0**	**5.3**
Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2020/2021 starting in April 2020. For the October 2021 WEO, India's growth projections are 8.3 percent in 2021 and 9.6 percent in 2022 based on calendar year.			
Source: IMF, World Economic Outlook, October 2021[2]			

[2] *IMF, World Economic Outlook, October 2021,* https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021#Gdp

The projections for emerging market economies and developing countries have slightly improved when compared to the WEO's July 2021 update. The projection for China has dropped slightly due to the stronger-than-expected fall in public investment. Since the elevation of the pandemic, the forecast for developing Asia, excluding China and India, has decline marginally. Other regions, however, saw an upgrade in the growth projections for 2021. This is mainly because of the unpredicted rise in domestic demand in key economies and improved assessments for exporters of some commodities.

The low-income countries are relatively lagging in the growth prospects, compared to the July WEO forecast, mainly because of the slower vaccine rollout in these economies. The prospects for the labour market are anticipated to be bleak, especially for youth and the lower-skilled labour force. This will increase the wedge of inequality prevailing in these countries with higher vulnerability and about 65-75 million[3] additional people falling under extreme poverty in 2021.

Track 2: G20

The G20 was formed in 1999 in the aftermath of the 1997 economic crisis, by the G7 Finance Ministers who endeavoured at including more countries in the global economic and finance related discussions. The first meeting of the "Group of 20" was held in Berlin in December 1999.

Constituted as a consultation forum between the Governors of central banks and the Ministers of Finance, the level of participation in the G20 was extended to the Heads of State and Government following the 2008 financial crisis. The presidency, each year, invites guest countries to participate in the G20 process to broaden the representation, apart from the presence of several regional and international organizations.

[3] *IMF, World Economic Outlook, October 2021 https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021#Gdp*

The G20, bringing together the world's major economies, is the world's most influential multilateral forum responsible for steering and navigating the global economy. The G20 members constitute more than 80% of the global GDP[4], 75% of the total world trade and about 60% of the total world population.

The G20 has an annual, rotating presidency each year wherein the Presidency commences work on the agenda for the year, concluding with the Leaders' Summit. This year, Italy is chairing the G20 summit followed by Indonesia in 2022. India's term of G20 Presidency would commence from 1 December 2022, and it would chair the summit meeting in 2023. India will be a part of the leadership troika of G20 from 1st December 2021 until 30th November 2024.

The G20 members also participate in consultations and discussions in various engagement groups, drafting recommendations on relevant issues pertaining to the area of interest.

There would be a dedicated session on G20 Leadership during the Partnership Summit, followed by sessions on the following themes:

i. Business 20
ii. Civil 20
iii. Youth 20
iv. Labour 20
v. Science 20
vi. Urban 20
vii. Think 20
viii. Women 20

[4] *G20 Italia 2021, https://www.g20.org/about-the-g20.html*

Track 3: Competitiveness

While the Covid-19 pandemic exposed the vulnerabilities of many countries, it also opened up new avenues in various sectors that offer many opportunities, including manufacturing and start-ups.

The pandemic has forced entrepreneurs to innovate quickly and come up with new ideas to address the diverse challenges posed by the pandemic. Start-ups have emerged as one of the key catalysts of innovation, that have also significantly contributed to competitiveness and employment.

Start-ups have played a critical role during the pandemic, helping countries transition to digital workplaces and providing digital education, health, and medical services as well as entertainment. Thus, developing an ecosystem of start-ups and innovation is critical for achieving growth prospects while also creating livelihoods. Developing targeted policies and interventions for encouraging start-ups will be imperative in this regard, alongside local and global partnerships in enabling a strong and innovative start-up system.

India's manufacturing sector has inherent strengths that can bring unprecedented transformation and help India scale new heights in manufacturing. Tech-based manufacturing such as robotics, 3D printing, Internet of Things (IoT), cloud computing, inter alia, will help improve efficiency by reducing costs and bringing improvements in production processes, which in turn will enhance competitiveness and improve product quality.

At the same time, India's service industry with its talented pool of highly skilled workers is globally recognized and has strong global linkages, that can provide strong support to the manufacturing industry in achieving growth targets.

Achieving competitiveness with greater equality is critical for inclusive growth and holistic development. Therefore, focussed policies to promote competitive businesses and strategies that create equal opportunities are crucial for furthering the growth prospects of the world.

This track will deliberate upon ways to enhance competitiveness by economies and how businesses and governments can work in tandem to ensure that global companies achieve excellence in economic and industry competitiveness.

Track 4: Trade

The revival of global economic activity in the first half of 2021 raised merchandise trade over and above the pre-pandemic level. The World Trade Organisation (WTO) thus revised the trade projections for 2021 and 2022. According to WTO estimates, merchandise trade volume growth in 2021 will equal 10.8%[5] followed by 4.7% growth in 2022.

The substantial increase in global merchandise trade volume is a manifestation of the slump experienced in the previous year. The year-on-year growth stood at 22.0% in the second quarter of 2021, primarily due to a lower base. However, the statistics are anticipated to fall to 10.9% in the third quarter, followed by a fall to 6.6% in the last quarter of 2021. This is mainly due to the speedy recovery experienced in the third and fourth quarters of 2020.

Although the current projections are on the upside of the last trade forecast, the risks associated with global supply chain disruption and the severity of the pandemic outbreaks are now predominant.

The upward trade recovery continues to diverge across countries, with some regions falling well below the global average. Middle East, Africa and South America are predicted to have the weakest export-side recovery, whereas Africa and the Commonwealth of Independent States are expected to have the slowest import-side recovery.

The year-on-on year growth estimates are not an effective projection of the impact of the crisis, as the depth of the 2020 recession varied widely across regions. The merchandise imports for Asia will be 14.2% higher by the final quarter of 2022 than

[5] *WTO Press Release, 4th October 2021, https://www.wto.org/english/news_e/pres21_e/pr889_e.htm*

2019, subject to the realisation of the forecast. Imports for North America will rise by 11.9% followed by a rise of 10.8% in South and Central America over the same period.

Trade has been vital in battling the pandemic and the strong growth projections for trade emphasises its importance in the global economic recovery. While merchandise trade is projected to elevate in the coming year, services trade is expected to linger below goods trade, particularly in sectors related to leisure and travel.

Track 5: Investments

The Covid-19 pandemic significantly impacted Foreign Direct Investment (FDI) inflows across the world. Global FDI flows reduced by 35% to reach US$ 1 trillion in 2020, falling from US$ 1.5 trillion in 2019, as per the UNCTAD World Investment Report. However, FDI inflows largely recovered in the second half of 2020. FDI trends varied significantly across regions, with least developed economies exhibiting relatively stable trends while developing economies were moderately impacted by the pandemic. FDI flows are expected to largely recover in 2021, with a further increase in 2022, which is expected to bring global FDI back to 2019 level.

Notwithstanding the economic disruptions brought on by the Covid-19 pandemic, India continued to attract significant investments from international investors, even during 2020-21. FDI inflows to India continued to increase, even during the pandemic, driven in part by M&A activity, which surged by around 83%[6].

Between April-June 2021-22, FDI inflows in India stood at US$ 22.53 billion, 90% higher than the corresponding period in FY 2020-21. The confidence displayed by the international investor community is primarily an outcome of the Government's favourable policy regime that has helped establish a robust and conducive business environment in India.

Multiple reforms on various fronts, including FDI policy reforms, investment facilitation and various ease of doing business reforms are some of the contributing factors behind the increased FDI inflows received by India.

[6] UNCTAD World Investment Report 2021

India today is setting up many new and potential areas of global investments. The well-designed production linked incentive (PLI) schemes are encouraging global manufacturing companies to invest in India and are attracting large scale investments into the country. The extension of the scheme to new sectors, such as specialty steel, food processing and solar PV modules, will help attract more investments, by boosting domestic manufacturing and exports in these sectors.

The Government has also introduced various taxation reforms such as slashing of corporate tax rates, introduction of faceless assessment of tax, the abolition of Dividend Distribution Tax, among others, that have created a positive investment environment in the country. Reforms such as the proposal to do away with retrospective tax have added more certainty and made doing business easier for foreign investors in India.

The various schemes to boost infrastructure in the country including the recently launched National Monetisation Pipeline (a plan to lease out infrastructure assets owned by the public sector) and Gati Shakti (power of speed), a national portal for coordinated planning of infrastructure construction, will also help India attract greater foreign investments.

Indian states have achieved substantial progress in achieving greater ease of doing business and inviting larger investments to the country. Various reforms at the state level with regard to streamlining of processes, ease of paying taxes, trade facilitation, among others, have greatly contributed to establishing an investor friendly environment across the country.

The track will explore the role of the various policies in shaping the investment environment as well as future business opportunities.

Track 6: Role of Technology

The COVID-19 pandemic has changed much about the way the world and economies function, bringing them within a digital revolution. Technology now plays an extremely pervasive role and is prevalent nearly in every sector, every facet of life. Increased digitalization of the economy and society at large has changed the way people interact.

One of the distinguishing features of various digital transformations has been the exponential growth in digital data. Such data are core to all fast-emerging digital technologies, such as data analytics, artificial intelligence (AI), blockchain, Internet of Things (IoT), cloud computing and all Internet-based services – and they have become a fundamental economic resource. The COVID-19 pandemic has accelerated digitalisation processes, as most people have continued with their activities through online channels – for example, for working, studying, communicating, selling, and buying, or entertainment. Be it healthcare, education, and financial services, through digital platforms or producing and innovating products, technology is transforming the global economy in a considerable way.

The resilience shown by both large technology firms and start-ups have made India one of the strongest digital markets despite the challenges brought on by the pandemic. India as the third largest start-up hub in the world plays a key role in using technology for developing solutions. While these modern technologies pervade the new world, businesses and industries are significantly evolving.

The post pandemic period will largely see buoyant organizations prevail. In this context, Industry 5.0 will have people and machines working in tandem. The explosion in digitalization has caused a paradigm shift in industrial production and hence, it has had a positive effect on the manufacturing sector, providing impetus to the next industrial revolution. Benefits of this transformation can be easily given to small businesses which due to their sheer size are able to embrace digital technology efficiently, much to their advantage.

Thus, it is important to learn from the current situation and explore and direct efforts towards developing inclusive business models and making societies more resilient through better adoption of technology.

Track 7: Sustainability in the Post-Covid World

In accordance with the Paris Agreement, 195 countries across the globe set a target to reduce their Green House Gas (GHG) emissions and keep the average global temperature change below 2°C. Over the past few years, climate change has been a rapidly growing global concern. It is therefore now essential more than ever to strive towards international alliances and cooperation across geographic borders.

To deliver on these promises, the countries participating in the COP26 agreed to accelerate their efforts towards curtailing of unabated coal power and inefficient fossil fuel subsidies. Nations have taken up a plethora of pledges, including the formal launch of the global methane pledge, deforestation pledge, zero emission cars, financial alliance, etc.

At the same time, global warming of the planet and climate change is a defining issue that requires immediate and radical action, as it continues to impact current and future generations. Working out sustainable solutions by building sustainable business models and working together to minimise the adverse impact of climate change to build a better future is the primary need of the hour.

Sustainable finance plays an integral role in building a sustainable future. It is pertinent to enhance the quality of financing through better incentives, accountability, and transparency, thereby supporting the sustainability agenda. In this context, developed countries have committed to double the collective share of finance within the US$100 billion annual target for 2021-2025, to reach the US $100 billion goal as soon as possible.

At the COP26 meet, Hon'ble Prime Minister of India Narendra Modi, announced the 'five elixirs (*Panchamrit*)' for climate, in order to adopt the net-zero emissions target by 2070. First, India will boost its non-fossil energy capacity to 500GW by 2030. Second, the country will meet 50% of its energy requirements from renewable energy by 2030. Third, there will be a reduction in the total projected carbon emissions by one billion tonnes from present day till 2030. Fourth, India will reduce the carbon intensity of its economy by less than 45%. And lastly, by the year 2070, India commits to achieve the target of net-zero.

Keeping in mind its sustainable development goals (SDGs), India has further laid major focus on capturing emerging market trends, from renewables to hydrogen and even smart metering. A national hydrogen mission is in progress for generating hydrogen from green power sources. Across the globe, economies are talking about material resource efficiency and the adoption of a circular economy. For India, the transition to a more resource-efficient and Circular Economy holds the potential to address the contribution to Nationally Determined Contributions (NDCs) and Sustainable Development Goals (SDGs).

The indelible effect left on economies, lives and livelihoods alike has to be negated by charting a path for humanity through inclusive and sustainable development to positively affect the living standards of many across the globe. Providing decent work, education, and good health for all are also foremost priorities that need coordinated efforts from global institutions and policymakers.

Track 8: Social Dimension

With social entrepreneurship and responsible corporate citizenship gaining traction, it is time for businesses to consider how best to work with communities and societies. This is even more important for operating in different countries with varied cultures. The social dimension of the Partnership Summit includes the empowerment of women through entrepreneurship, strengthening volunteering-based activities and delivering on social entrepreneurship.

In this post Covid era, it is essential for the recovery of economies to create an ecosystem that provides opportunities for individuals to bring about the change they believe in by creating resilient, inclusive, and innovative community groups. Other than volunteering, reducing the gender divide is of prime importance. For this, the Women 20 forum aims to concretize women economic power by reducing the gender employment gap by 25% by 2025 (25 by25). This entails labour, digital, and financial inclusion along with rural development, which shall provide safe access to digital technologies for all women in G20 economies, bridge the digital divide, include unpaid care and domestic work in policy making, create safe and welcoming workplaces and ensure equal representation of women at all levels of decision making.

In recent years, with a fine blend of idealism with pragmatism, social entrepreneurs are bringing about a ubiquitous transformation in many emerging economies. Social entrepreneurship has been a catalyst for change and has the potential to make a significant developmental impact. In this post pandemic era, emerging key players such as impact investors, social business incubators, and donor agencies have become pivotal to create more sustainable and inclusive business models.

Such companies help in creating a meaningful life for every citizen. especially those who fall in the lower to lower-middle income group. The aim is to drive empowerment and social impact by investing in early-stage enterprises and providing grants to non-profits in the areas of digital society, education, emerging tech, financial inclusion, governance & citizen engagement, and property rights.

Today, while the world is reeling from the effects of the pandemic, the need of the hour is for maximizing corporate social responsibility along with expanding upon volunteering capacities for the social global good.

Track 9: Geopolitics

Geopolitics is the defining factor that is determining the current scope of the global economy and reshaping the way that nations do business. In recent years, assertive nations have made their mark on the global platform, seeking to evolve new global governance paradigms. The nature of alliances has changed, as long-standing groups appear to be weakening and new ones are driven by different considerations.

The most crucial change in the post-pandemic geopolitical development is the strengthening of nascent formations into action-oriented coalitions, taking forward a pre-pandemic trend. The Indo-Pacific has emerged as the new global theatre of strategic influence, with most major players developing their own perspectives on shaping the region. Formations such as the Quad of Australia, Japan, India, and the US, and AUKUS of Australia, UK and US are imparting new nuances to the global alliance structure.

At the same time, developments in certain nations are determining strategic perceptions for countries in their neighbourhood as also farther afield. The implications of these changes are still playing out with little certainty on how they will evolve.

According to the US National Intelligence Global Trends Report of March 2021, in 2040 there will be a more contested world with no dominant power and many more players will seek to expand their areas of influence. The report points towards shifts in military power, demographics, economic growth, environmental conditions, and technology as driving future competition between China and the US. This can influence global norms, rules and institutions, with new actors emerging in spaces vacated by the major powers.

Such geopolitical equations are feeding into new economic alliances, as countries seek to diversify their dependence on a few nations and enter into wider groupings. Taking a cue from their government leaders, businesses are also expanding their horizons and contemplating strategies such as broadening their supply chains, developing new manufacturing hubs, seeking new opportunities for investments, and so on. The nature of the new business model is evolving and will take time to show the trend path.

Indian Economic Development and Prospects

The Covid-19 pandemic wreaked havoc and caused massive disruptions across the global economy, sending countries into lockdowns and leading to widespread economic damage. The Indian economy too contracted by (-) 7.3% in 2020-21, in the aftermath of the deadly second wave.

However, over the last few months, the Indian economy has been showing encouraging signs of a sharp and sustained recovery. With the festive season setting in and the opening up of the economy resulting in enhanced mobility, the green shoots of a strong recovery are already visible.

Several indicators including Gross Domestic Product (GDP), exports and investment inflows have recorded healthy growth over the last few months, which indicate an earlier than expected recovery for the Indian economy.

GDP

The International Monetary Fund's World Economic Outlook (WEO) Report for October 2021 has projected the Indian economy to grow by 9.5% in 2021 and 8.5% in 2022. WEO's output projections for India for 2021 and 2022 are the highest in the category of emerging market and developing economies, as well as among the advanced economies.

The Reserve Bank of India (RBI) also retained its growth forecast of real GDP growth for the Indian economy at 9.5% in 2021-22. The real GDP growth is projected at 17.2% for the first quarter of 2022-23, as per RBI estimates. The improved forecasts are based on several positive developments in the economy over the past few months, that is expected to revive demand in many sectors, along with improving investor sentiment and enhancing capacity utilization.

Similarly, various global analysts have revised upward their growth forecasts for India.

Therefore, a robust economic recovery can be expected, which is likely to sustain in the coming years as well. The recovery can be attributed to several factors, including opening up of markets and lifting of lockdowns, ebbing of the second wave and accelerated vaccinations. India reached a landmark of 1 billion vaccinations during October 21, 2021. The fast-paced vaccinations and a continuous fall in the number of daily Covid cases will lead to renewed optimism, which in turn is expected to fuel economic recovery faster.

Exports

The remarkable performance of India's external sector is a critical part of India's revival story. In October 2021, Indian merchandise exports stood at US$ 35.5 billion and crossed the US$ 30 billion mark for the seventh consecutive time. Indian exports registered a growth rate of 42.3% in October 2021 over October 2020, and a growth rate of 35.2% over October 2019. All these indicate a resurgence of global demand for Indian goods along with recovery of domestic output, with merchandise exports driving GDP growth.

Investments

Despite the Covid-19 situation, India attracted record levels of FDI inflows. Indian investments have been steadily increasing over the last few months, with India receiving net foreign direct investment (FDI) worth US$ 19.2 billion between April-August 2021-22 and US$ 21.3 billion between April-August 2020-21.

The sustained growth in FDI, even during the uncertain times brought on by the pandemic, displays the confidence shown by international investors in India's short-term and long-term growth prospects. With many new investors planning to make new and additional investments in the country[7], India's FDI inflow is likely to stay robust in the future.

Sectors

At the sectoral level, the Indian agricultural sector continues to support India's economic recovery, with the recently concluded monsoon bringing a lot of bright prospects for the farm community. A healthy Rabi sowing season, higher agri exports (a 22% growth rate year-on-year(y-o-y)) along with higher tractor sales (72.1%), increased sales of fertilizers (9.85), among others, continued to support rural demand and augurs well for the Indian economy as a whole.

The General Index of Industrial Production (IIP) expanded by 11.9% in august 2021 over the corresponding period in 2020. The IIP index recovered 103% in August 2021 as compared to its pre-pandemic level in August 2019, backed by healthy growth in the mining, manufacturing, and electricity sectors.

The manufacturing sector recorded the highest growth at 31.2% in April-August 2021-11 over the corresponding period in 2020-21, followed by mining at 25.1% and electricity at 15.4%. Capital goods (60.1%) along with consumer durables (54%), and infrastructure (45%), also recorded healthy growth. These trends indicate revival in the industrial sector in terms of investments along with recovery in intra-industry sectoral demand.

[7] https://www.reuters.com/world/india/foreign-direct-investment-into-india-stay-robust-deloitte-survey-2021-09-14/

Other Indicators

Other positive factors such as significant growth in e-way bills (14.5% y-o-y over October 2020 and 39% over October 2019), rising GST collections (Rs 1.30 trillion in October 2021 as against Rs.1.17 trillion in September 2021), uptick in freight and traffic activity with air cargo traffic 15% higher than last year, record growth in UPI transactions (Rs 7.7 trillion in October 2021 as compared to Rs. 3.9 trillion in October 2020), among others, all point towards an all-around healthy momentum in economic activity.

Further, healthy growth of bank credit and improved labour force participation rates also bodes well for employment prospects for the economy, setting the stage for a sustained economic revival.

With many of India's economic indicators moving towards a positive trajectory, early signs of an early economic revival are evident. This coupled with the various reforms and growth measures as taken up by the Government of India should pave the way for economic recovery faster.

Indian Reform Policies

For ensuring a faster recovery and for addressing the negative impacts of the pandemic, the Government of India has undertaken a host of reform measures and initiatives in the recent past, as part of the Atmanirbhar Bharat Mission.

With a holistic approach to development and for addressing the many challenges posed by the Covid-19 pandemic, the various proposals for Union Budget for 2021-22 rested on the six pillars of health and wellbeing; physical and financial capital and infrastructure; inclusive development for aspirational India; reinvigorating human capital; innovation and R&D; and 'Minimum Government and Maximum Governance'.

With an outlay of INR 2238.46 billion, healthcare was a mainstay of the Budget. PM Atmanirbhar Swastha Bharat Yojana for developing primary, secondary and tertiary healthcare, with an outlay of INR 641.8 billion and Mission POSHAN 2.0 for improving nutritional outcomes across 112 aspirational districts were among some of the significant announcements in the Budget for boosting healthcare.

The Production Linked Incentive (PLI) is a notable initiative undertaken by the Government for boosting domestic manufacturing and exports in the country, along with attracting greater foreign investments.

Initially introduced in the three sectors of large-scale electronics manufacturing, medical devices and pharmaceuticals in March 2020, the scheme was later extended to 10 more sectors during November 2020, following its remarkable success and its ability to bring in large inward investments. The new sectors include Advance Chemistry Cell (ACC) Battery Storage, IT hardware, Telecom and Networking Products, White Goods, Food Processing, among others and the scheme aims to improve core competencies across these sectors and attract investments in cutting-edge technology to foster innovations.

In the 2021-22 Budget, an outlay of INR 1.97 trillion (US$ 26.43 billion) for the PLI scheme for the 13 identified sectors was announced over the medium term. The scheme is expected to increase the country's domestic production by more than US$ 500 billion in the next five years.

Under the current scheme, various financial incentives to both domestic as well as foreign companies are provided, for setting up manufacturing units and producing in India. The scheme is expected to create an enabling manufacturing ecosystem, establish backward linkages, and promote the growth of the Micro, Small and Medium Enterprises (MSMEs) sector in India, which in turn, will bolster India's growth, employment and economic prospects.

Infrastructure, one of the key pillars of all-round and sustainable development, has been a prime thrust area for the Government. Several plans and measures were launched by the Government of India for enhancing infrastructure development in the country.

Infrastructure received a major impetus in the Union Budget 2020-21. The setting up of a professionally managed Development Finance Institution (DFI), with a lending portfolio of INR 200 million, setting up of seven Mega investment Textile Parks, creation of an Asset Reconstruction and Management Company for stressed assets in the lines of a Bad Bank, were some of the major announcements that featured in this year's Budget. These are all set to play a critical role in catalysing investments and spurring economic growth in India.

For attracting greater investments to infrastructure and for improving the quality of life of all citizens, the Government released the National Infrastructure Pipeline (NIP) in December 2019. NIP is a first-of-its kind, whole-government exercise to provide world-class infrastructure across the country, that will bolster the country's growth prospects, alongside catering to future needs.

With an annual average infrastructure investment of about US$ 297 billion, the National Infrastructure Pipeline envisages a total investment of US$ 2.1 trillion over the period of FY 2020 to FY 2025, covering over 9000 identified projects. The NIP would play a critical role in achieving the target of India becoming a US$ 5 trillion economy by 2025.

During August 2021, the Hon'ble Finance Minister Mrs. Nirmala Sitharaman launched the asset monetization initiative, National Monetization Pipeline (NMP), for Central Ministries and public entities. The pipeline has been developed with an estimated monetization potential of INR 6 million, over a four-year period from FY 2022-FY 2025.

The NMP has been planned to be co-terminus with the National Infrastructure Pipeline (NIP), that will identify monetization-ready assets and describe the potential value that can be unlocked. By enabling private sector participation in Government owned infrastructure facilities, and improving efficiency and investments in infrastructure, the NMP will add further heft to the ongoing recovery process.

In a further bid to provide enhanced infrastructure, in October 2021, the Prime Minister Shri Narendra Modi launched PM Gati Shakti – the National Master Plan for Multimodal Connectivity as a digital platform, that will bring 16 ministries, including

Railways and Roadways together, for integrated planning and coordinated implementation of infrastructure connectivity projects.

Individual projects of different line ministries will be examined and sanctioned within the proposed framework, leading to faster completion of projects. For synchronization of efforts, modern technology, and the latest Information Technology (IT) tools will be deployed under the programme. Digitization will lead to faster and time bound clearances, leading to better implementation and monitoring of projects. The program is expected to bring in a new era of governance and give an impetus to infrastructure development in the country by creating a world class, seamless multi-modal transport network in India.

Other reforms and initiatives undertaken by the Indian Government over the years, including reforms in the banking sector, liberal FDI policies and critical financial sector reforms, among others, are all expected to kickstart the growth engines of the economy, paving the way for a robust recovery.

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with over 9000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 294 national and regional sectoral industry bodies.

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As India marches towards its 75th year of Independence in 2022, CII, with the Theme for 2021-22 as *Building India for a New World: Competitiveness, Growth, Sustainability, Technology*, rededicates itself to meeting the aspirations of citizens for a morally, economically and technologically advanced country in partnership with the Government, Industry and all stakeholders.

With 62 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

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