

Jobs, growth and sustainability is the heart of the Indian economy: Gadkari

New Delhi, 11 June 2020: As India charts its way out of the pandemic, it needs a new social contract based on a commitment to jobs, growth and sustainability, according to a new independent study released today by the Council on Energy, Environment and Water (CEEW) and the National Institute of Public Finance and Policy (NIPFP). A second key pillar of such a contract would be building India's resilience against tail-end risks, which have low probability but devastating impacts. The study '*Jobs, Growth and Sustainability: A New Social Contract for India's Recovery*' was launched by Hon'ble Shri Nitin Gadkari at an online dialogue organised by CEEW. Other key speakers included Mr Jamshyd Godrej, Dr Anil Kakodkar, and Dr Naushad Forbes.

Shri Nitin Gadkari, Hon'ble Union Minister of Micro, Small and Medium Enterprises and Minister of Road Transport and Highways, said, "I would like to congratulate CEEW and NIPFP for putting together this important report. India needs to create a new social contract which prioritises jobs, growth and sustainability. The focus has to be on the agricultural, rural, and tribal areas in aspirational districts. This will help to create the much-needed jobs and opportunities in the rural clusters and decongest India's major cities. There is also a need for collaborative efforts to create new economic centers through smart cities, smart villages and waste-to-wealth industries. India should invest in ethanol, methanol, bio-CNG, e-vehicles to create energy security and reduce imports. Focus should also be on managing water scarcity, addressing issue of GM crops and seeds, scaling up solar charkhas and RE-based innovations, and converting waste into biofuels. There is also a huge potential in agriculture and manufacturing sector which we need to look at focusing when it comes to the MSME sector."

A key focus of the CEEW-NIPFP study is on building a stronger, more sustainable and resilient MSME sector in India. The study finds that MSMEs focused on textile manufacturing, chemical products, and metal products were the most vulnerable. Developing a robust **vulnerability assessment framework of MSME sectors** to efficiently target support measures would be critical going forward.

Dr Arunabha Ghosh, CEO, CEEW said, "India needs a new social contract to square the seemingly impossible trinity of jobs, growth and sustainability. This is critical to making India's recovery after the pandemic more people-centric and inclusive. A key pillar of India's economic recovery would also be the ability of its MSMEs to bounce back and find new markets within India and abroad. Policymakers should focus on improving credit worthiness of small businesses, systematically identifying vulnerable enterprises, speedily clearing pending dues and raising awareness about clean energy and efficiency benefits to strengthen the MSME sector."

Mr Jamshyd Godrej, Chairperson, CEEW, said, "The pandemic presents infinite problems across geographies, communities, industries, administrative agencies, and support services in a country as vast, diverse and densely populated as India. Charting a way out of this crisis and rebuilding India's economy needs a new social contract between the state, the citizen and enterprise. We must have forward-looking policies and strong institutional mechanisms to create an equitable energy system, manage stress on our resources, deal with global markets, and urbanise efficiently. The pathways outlined in this CEEW-NIPFP study are possible but need active interventions."

Dr Rathin Roy, Director, NIPFP, said, "The COVID-19 pandemic has presented some unique challenges. India must address structural issues of the economy and adopt a sustainable recovery path to emerge stronger. Our study with CEEW reflects on the need for key reforms and suggests

policy, financial, technological and behavioural solutions to create an inclusive and more resilient economic system.”

On the MSME front, the study recommends creating a nationwide, centralised, *Aadhaar*-linked digital platform, **MISHRII (MSME Information System for Holistic and Real-time Identification, Incentives and Support)**, to collect data on the size, distribution and economic contribution of MSMEs and their workers. Linking MISHRII with tax databases and the banking network could help with giving support to MSMEs and their workers via direct benefit transfer (DBT).

The study also recommends increasing capacity of the SAMADHAAN system to expeditiously clear government dues to MSMEs. Mandating lenders to track the fund utilisation and financial health of the borrowers on a monthly basis and intervene at the first signs of distress would also be crucial.

Further, the CEEW-NIPFP study finds that India’s auto sector could help the nation become more energy secure and sustainable. CEEW estimates that **we could save INR 45,210 crore of oil import bill each year by 2030 if 30 per cent of car sales were of electric cars**. Biofuels could also elevate this sector. A good scrapping policy could make us a global auto hub, recycling copper, steel, rubber and plastic, thus reducing cost of capital and spare parts, and increasing the reuse of resources.

The CEEW-NIPFP study also finds that there are **opportunities in emerging sectors such as distributed renewable energy, hybrid energy, emergency and disaster management systems, city gas distribution, urban transportation**. Building the low-emission A/C servicing sector could create over 2 million jobs by 2037. Further, 1.3 million full-time jobs would be created if India achieved 160 GW of solar and wind by 2022. Another 530,000 new jobs would be created if India supported another 130 GW of wind and 200 GW of solar by 2030. Scaling up investments in distributed renewable energy could also create thousands of new jobs. Around 110,000 skilled and unskilled jobs could be created by 20 GW of small-and large-scale micro-grids. 50,000 potential skilled and unskilled jobs would be created for each 4 GW of rooftop solar. Accelerating the expansion of India’s city gas distribution network by 2025 would also add 50,000 new jobs.

The COVID-19 crisis and recent cyclones (Amphan and Nisarga) have demonstrated that India needs to invest in resilient infrastructure and governance systems to respond better to low-probability but high-impact tail-end risks. The study recommends creating a **National Environment and Health De-Risking Mission**, with a Climate Risk Atlas, to tackle tail-end risks. The study also recommends a participatory approach to accelerate decentralised economic revival, create a social net for migrants, and provide a buffer against further adversities and economic downturn (such as a second wave of COVID-19).

The recommendations in the CEEW-NIPFP study address a range of issues such as the crisis of informal and migrant labour, building a stronger and more sustainable MSME sector, reducing environmental and public health risks, enhancing food, water and resource security, sustaining clean air in our cities, allocating subsidies equitably, strengthening the power sector while boosting the energy transition, encouraging shifts towards cleaner fossil fuels, deepening markets for renewables and distributed energy, and building the hard and soft infrastructure to handle disasters.

Link to the complete ‘Jobs, Growth and Sustainability’ study:

<https://www.ceew.in/publications/jobs-growth-and-sustainability>

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About CEEW

The Council on Energy, Environment and Water (CEEW) is one of South Asia's leading not-for-profit policy research institutions. The Council uses data, integrated analysis, and strategic outreach to explain –and change – the use, reuse, and misuse of resources. The Council addresses pressing global challenges through an integrated and internationally focused approach. It prides itself on the independence of its high-quality research; develops partnerships with public and private institutions; and engages with the wider public.

About NIPFP

The National Institute of Public Finance and Policy (NIPFP) is a centre for research in public economics and policies. Founded in 1976, the institute undertakes research, policy advocacy and capacity building in areas related to public economics. One of the major mandates of the institute is to assist the central, state and local governments in formulating and reforming public policies by providing an analytical base. The institute was set up as an autonomous society, at the joint initiative of the Ministry of Finance, Planning Commission, several state governments and distinguished academicians. It is registered under the Societies Registration Act, 1860.