

ROLE OF ATMANIRBHAR BHARAT IN RESHAPING INDIAN ECONOMY DURING POST COVID ERA.

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Abstract

The pandemic has severely affected most of the sectors around the world. The decline in the economic growth has posed a serious threat for the livelihood of many working class in the Indian Subcontinent. It is the duty of every government to act swiftly and decisively to uphold the welfare of people. Governments across the world are anticipating the next challenges. They are working rigorously in rebuilding confidence among their citizens to go back to work and are trying to help industries to return to their full output in order to cutdown the period of economic downturn. As the world is slowly healing, the Government of India in a way took advantage of the pandemic by announcing the special programme named "Atmanirbhar Bharat" which means independent India with five supporting pillars namely economy, infrastructure, technology driven system, vibrant demography and demand. This programme focuses on strengthening the domestic ecosystem. In order to render a supporting hand the government, on 12th May 2020 announced the Atmanirbhar Bharat package of rupees 20 lakh crores which is almost 10% of the Indian GDP. The package included various structural reforms, number of stimulus measures and liquidity support to MSMEs in order to strengthen the Indian economy. Like other countries, the Government of India did not just announced direct stimulus but came up with mixture of direct and indirect stimulus measures and structural reforms across many sectors which not only helped us to overcome the pandemic but also made us globally competitive and it would also support our country's journey in achieving \$5 trillion economy. The aim of this paper is to critically assess the economic impact of covid 19 and to study the usefulness of "Atmanirbhar Bharat Abhiyan" in making India a self-reliant economy and this study also tries to find out loopholes in the way to Atmanirbhar Bharat and suggests some remedies to overcome this loopholes.

KEY WORDS: Covid-19, Atmanirbhar Bharat, structural reforms, economy, infrastructure, technology driven system, vibrant demography, demand.

INTRODUCTION

The unexpected pandemic had a significant adverse impact on global economy and it resulted in loss of many lives and livelihood. India is one of the worst effected country in the world in terms of economy, environment, health, and social structure, this resulted in decline of the economic growth. As the first wave of covid-19 came to an end Governments across the world came up with various packages and programs to rebuild the country's path for economic progress. Similarly Indian Government came with an economic stimulus called "Atmanirbhar Bharat".

The term was first used by the Prime Minister of India on 12th of May 2020 during the declaration of Covid-19 economic package. Atmanirbhar Bharat means self-sufficient India or self-reliant India. It can also be called as the updated version or extended form of the previous programme called "Make in India" by the same Government. The package not only focuses to boost the Indian economy but also to Help India in its journey of achieving the \$5 trillion economy. This special package was released in such a way that it would benefit each and every citizen of the country. The package was released in various stages, in each stage particular sectors of economy were included. In May 2020, the government announced the Atmanirbhar Bharat package (ANB 1.0) and to sustain the recovery, further two more Atmanirbhar Bharat packages (ANB 2.0 and ANB 3.0) were announced. The total financial impact of all Atmanirbhar Bharat packages including measures taken by RBI was estimated to about 27.1 lakh crores which amounts to more than 13% of the Indian GDP. This packages included various structural reforms, Commercialization of the Mineral Sector, Redefinition of MSMEs, Agriculture and Labour Reforms, One Nation One Ration Card, Privatization of Public Sector Undertakings, and Production Linked Incentive Schemes.

IMPACT OF COVID 19 ON INDIAN ECONOMY

The covid 19 and the lockdown imposed by the government effected the every aspect of Indian economy. The countrywide shutdown has brought an end to almost all economic activities. The unemployment rose to 26%

during the lockdown. The country lose approximately \$4.5 billion every day for the complete lockdown period, which amounted in the total expected loss of \$2.8 trillion. The COVID-induced lockdown, lead to the disruption in economic activity, and the closure of many businesses which has pushed a large number of a vulnerable population, migrant labour below the poverty line across the country. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. Up to 53% of businesses in the country were to be significantly affected by the pandemic. And most of the startups in the country have been seriously affected as the funding has been literally stopped. Stock markets in India posted their worst losses in history during this pandemic. The Atmanirbhar Bharat Abhiyan through various stages and phases has been partially successful in overcoming this shortcomings caused due to unexpected pandemic.

FIVE PILLARS OF ATMANIRBHAR BHARAT

During his address to the nation Prime Minister Shri Narendra Modi focused on five pillars to make India self-reliant. They are :

ECONOMY: An economy that takes quantum jumps and not incremental which means that the economy that grows in a rapid manner and not in a slow pace.

INFRASTRUCTURE: The infrastructure the Prime minister talked was of the kind of world class infrastructure which would be the identity of New India.

VIBRANT DEMOGRAPHY: India is known for its diversity which is our strength and the third pillar talks about the vibrant demography which is the source of energy for a self-reliant India.

TECHNOLOGY DRIVEN SYSTEM: The 21st century is said to be the century of technology and modern innovations. So the technology driven development would cater the needs of the present century.

DEMAND: The strength of our vast and efficient supply chain and demand should be effectively utilized to full capacity.

FIVE PHASES OF ATMANIRBHAR BHARAT ARE:

Phase-I	Businesses including MSMEs
Phase-II	Poor, including migrants and farmers
Phase-III	Agriculture
Phase-IV	New Horizons of Growth
Phase-V	Government Reforms and Enablers

IMPORTANT ANNOUNCEMENTS UNDER ATMANIRBHAR BHARAT PACKAGE

Total value of the package:

No.	schemes	Rs. (crores)
1	Pradhan Mantri Garib Kalyan Package (PMGKP)	1,92,800
2	Atmanirbhar Bharat Abhiyan 1.0	11,02,650
3	PMGKY Anna Yojana	82,911
4	Atmanirbhar Bharat Abhiyan 2.0 (12 th October)	73,000
5	Atmanirbhar Bharat Abhiyan 3.0	2,65,080
6	RBI Measures announced till 31 st Oct. 2020	12,71,200
	Total	29,87,641

Source: Ministry of finance

The package included various government reforms such as increasing the borrowing limits of the state. The borrowing limits of state governments will be increased from 3% to 5% of Gross State Domestic Product (GSDP) for the year 2020-21 and privatization of some of public sector enterprises was also announced. Collateral free loans for businesses of up to three lakh crore rupees, and corpus of MSME's which means a fund of funds with a corpus of Rs 10,000 crore will be set up for MSMEs. This will provide equity funding for MSMEs with growth potential and viability. The most important announcement was the "Redefinition of MSME's". Small and Medium Enterprises Development Act, 2006 was amended in order to bring necessary changes. Under the PM Garib Kalyan Yojana, the government paid 12% of employer and 12% of employee contribution into the EPF accounts of eligible establishments for 6 months in 2020. And Disallowing global tenders of up to Rs 200 crore was done.

A fund of one lakh crore rupees to be created for development of agriculture infrastructure projects at farm-gate and aggregation points known as Agri Infrastructure Fund and concessional credit boost was given to farmers, through NABARD an emergency working capital for farmers of 30000 crore rupees was released, and there were various amendments made in essential commodities act.

The “One Nation One Card” through which the Migrant workers will be able to access the Public Distribution System (Ration) from any Fair Price Shop in India by March 2021 and free food crops was announced for nearly a year. To build world class infrastructure, public private partnership models of airports were announced. Various reforms were announced in power sector which includes liquidity support of Rs 90,000 crore for power discoms, Rs. 50,000 crores for infrastructure development for coal evacuation, commercialization of coal mining and privatization of power distribution. An additional allocation of Rs. 40000 crores for MGNREGS and implementation of National Digital Health Blueprint to support universal health coverage in safe and inclusive manner was made.

The key measures taken by Reserve Bank of India to increase liquidity were also under this package, some of the key measures includes reduction of Cash Reserve Ratio (CRR) which resulted in the liquidity support of Rs 1,37,000 crore, A moratorium of three months was provided on payment of instalments and interest on working capital facilities for all types of loans, refinance facilities were announced for NABARD, SIDBI and NHB, marginal standing facility (MSF) was increased in order to increase the borrowing facility of banks and Special Liquidity Facility (SLF) of Rs 50,000 crore was announced for mutual funds to provide liquidity support.

The 2021 Union Budget presented by the Finance Minister Smt. Nirmala Sitharaman on February 1st also revolved on this perception of making India self-reliant, PM Atmanirbhar Swasth Bharat Yojana, which was launched with an outlay of about 64,180 crores in six years to strengthen our health system and also in order to achieve our dream of USD 5 trillion economy Atmanirbhar Bharat – Production Linked Incentive scheme (PLI) was announced and “National Monetization Pipeline for Monetizing operating public infrastructure assets. Indian economy have all potential to accomplish self-reliance but it needs actual distribution of funds allotted by Government in both urban and rural areas.

UPDATED VERSION OF MAKE IN INDIA:

Make in India programme announced by our Prime Minister in 2014 was also a great success but Atmanirbhar Bharat is expected to be the extension of Make In India and according to many it would be more impactful. The reason is simple Make in India focused on all-round development across all sectors but in the present scheme we focus on a targeted sectors such as pharmaceuticals, defence, and electronics etc. Atmanirbhar Bharat and Make in India are both the products of our Honourable Prime Minister and both of them carry a same approach of making India self-reliant and self-sufficient. The key difference the Make in India initiative endeavours to develop the manufacturing sector of the country On the other hand, Atmanirbhar Bharat Mission revolves around reviving all the spheres in the Indian economy from demand, supply to manufacturing.

ROLE OF ATMANIRBHAR BHARAT IN COMPETING WITH CHINA

China is one of the important trade partner of India and we trade with China from ancient time. After Independence we have signed many trade agreements with China including Trade Agreement in 1984, bilateral trade relation in 1992 Etc. The growing tension in the borders has given to rise to disturbance in Indian relation with China. After the outbreak of Novel Carona virus “Boycott Chinese Products” has been made popular by Indian activists. As a result of the various initiatives, imports from China have dropped from USD 76 billion in 2017-18 to USD 70 billion at present. However it's difficult to entirely boycott Chinese but approximately 30% of dependence on China can be brought down. The Atmanirbhar Bharat package is a milestone in reducing our dependence on China by being self-sufficient in various sectors such as automobiles, smartphones etc. The package is expected to make our industries more efficient in producing cost effective substitutes for the global markets.

POTENTIAL SECTOR WHICH CAN BE ATMANIRBHAR (SELF RELIANT)

The Government of India has identified 12 sectors which can be self-reliant in near future, they are food processing; organic farming; iron; aluminium and copper; industrial machinery; agro chemicals; electronics; furniture; leather and shoes; auto parts; agro chemicals textiles; and coveralls, masks, sanitisers and ventilators. India can be a global supplier of quality products in this sectors as the country as effective workforce and sufficient resources required to be self-reliant.

Organic farming is one of the important sector as it is growing at an annual speed of 25% every year. It is valued at 1.5 billion dollars. Textile industry is potential enough in making India Atmanirbhar as it already contributes 4% of total GDP and which is also the second largest industry after agriculture. India is known as the of ‘pharmacy of the world’. The Pharmaceutical Industry of India is having an almost 85% share of the global market. India has been successful in meeting the domestic market and has a potential to play the role in global market. India is a country with great potential and talents but the challenge is to channelize this talents in order to make itself reliant.

LOOPHOLES ON THE WAY TO ACHIEVE SELF-RELIANCE

There are lot of liquidity related challenges which we have to face as most of the packages announced by the government are not directly liquid in nature. Going local alone can't make us self-reliant. Due to the ongoing pandemic Indian market is facing a shortage in demand and this can be addressed only by various direct benefit transfers which give people some money to spend. Mobilization of finance is also the major problem in our path of self-reliance, the only way the government is seeking is from disinvestments of PSU's but already many of them are under debt. Indians cannot be forced to settled down for local products that would be another failed model of import substitution.

The government has to come up with more holistic approaches to enhance the trade and demand and mobilize funds and channelize them in an appropriate manner. This abhiyan can be successful only through the proper allocations of funds to various sectors and make sure it reaches the actual hands and people are already severely affected by the pandemic and their issues have to be addressed and appropriate measures needed to be taken to bring back them to work. The success of any programme lies in its implementation through good governance.

CONCLUSION

Through this study we can come to a conclusion that the Government of India acted swiftly and wisely by announcing Atmanirbhar Bharat Abhiyan. India has all possibilities of achieving self-reliance but only through proper governance and rightful allocation of resources to various sectors in both urban and rural area. The economic crisis triggered by Covid-19 pandemic is much more severe than the 1991 crisis, but we can come out of this crisis by successful implementation of this Abhiyan through rectifying some of the errors in this process. India is an old country but a young nation, the spirit in the youths of the country must be channelized in making it "Atmanirbhar".

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