

COVID-19 CRISES: ISSUES AND CHALLENGES OF ATMANIRBHAR BHARAT**ABHIYAN (SELF- RELIANT INDIA MISSION)**

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Abstract

Atmanirbhar Bharat Abhiyan (Self-reliant India Mission) is a campaign launched by the Central Government of India which included an Rs.20 lakh crore economic stimulus package and a number of reform proposals. As part of the relief measures in the outcome of Covid-19, the Prime Minister announced a special economic package and gave a clarion call for “*Atmanirbhar Bharat*” or “**Self-reliant India**”. He noted that this package totals Rs 20 lakh crore, including the government’s recent announcements on supporting key sectors and measures by Reserve Bank of India, which is equivalent to almost *10% of India’s GDP* Moreover, our prime minister has said that the “Self Reliant India Program” does not only mean looking inwards. However, it aims to create self-reliant people and businesses. This package is aimed at restoring the balance between several societies and people. This aims to bring stability to the various businesses and incomes of people. The government is trying to boost the safety and security of the country apart from good health. The impact of the virus may be a long-lasting one. So, the country as a whole has to come together and carve out a future from its own resources. And being self-reliant is the only way out. These economic packages aim at bringing about a wave of change amongst the people. PM-cares are today strengthening the fight against Covid-19. The only way to do so is to look within the country for help. External help will not always help.. Now, you can still say that there is a huge gap in society. This needs to be removed fast to ensure results. The Atmnirbhar Bharat Yojana will help you in time. Self Reliant India – We are on a good path! We all know that a single virus has destroyed the entire world. Therefore, it remains to be seen, how we can protect ourselves.

Moreover, there is a huge crisis over PPE kits. A lot needs to be done now, in the avenues related to the healthcare sectors. There is a need for more hospitals, to accommodate more people. Today, N95 masks and PPE kits are available aplenty. If India becomes self-reliant, the entire manufacturing of these kits can be done here. So, there will be a lot of gear to fight with. Healthcare workers are leaving organizations, as there is no protection today. So, more such schemes have to come from the government to ensure that lives are not lost. We as Indians can only hope for the best today with **Atmnirbhar Bharat Scheme**.

Keywords: Covid-19, *Atmanirbhar Bharat* or **Self-reliant India**, **Economic Packages**, Tranche, Economy, Infrastructure, systems, Democracy, Demand etc.

Introduction

Atmanirbhar Bharat, which translates to 'self-reliant India' or 'self-sufficient India', is a policy formulated by Prime Minister of India, Narendra Modi for making India. "a bigger and more important part of the global economy", pursuing policies that are efficient, competitive and resilient, and being self-sustaining and self-generating. Atmanirbhar Bharat doesn't mean "self-containment", "isolating away from the world" or being "protectionist". The first mention of this came in the form of the 'Atmanirbhar Bharat Abhiyan' or 'Self-Reliant India Mission' during the announcement of India's Covid-19 pandemic related package on 12 May 2020. The five pillars of 'Atmanirbhar Bharat' are stated as economy, infrastructure, technology-driven systems, vibrant demography and demand.

Meaning of Atmanirbhar Bharat Abhiyan

- The meaning of the term '*Atmanirbhar Bharat*' is *self-reliant India*.
- In his speech, the Prime Minister observed that to fulfil the dream of making the 21st century India's, the way forward is through ensuring that the country becomes self-reliant.

Significance of Atmanirbhar Bharat Abhiyan

- Talking about *turning a crisis into an opportunity*, he gave the example that the production of PPE kits and N-95 masks in India has gone up from almost being negligible to 2 lakh each, daily.
- Remaking that *self-reliance is the only way out for India*, the PM quoted from our scriptures “*Eshah Panthah*”, that is – self-sufficient India.
- *Self-reliance will make globalization human-centric*. The definition of self-reliance has changed in a globalized world and it is different from being self-centred. India’s fundamental thinking and tradition of “*Vasudhaiva Kutumbakam*” provides a ray of hope to the world. This should be seen in the context of Human-Centric Globalization versus Economy Centralized Globalization.
- Self-reliance does not mean cutting India off from the world. India believes in the welfare of the world and India’s progress is linked with the world. The world trusts that India has a lot to contribute to the development of the entire humanity.
- The PM also stressed on the need to be vocal for local products and urged people to buy only local products.

Five Pillars of a Self-reliant India

Bold reforms across sectors will drive the country’s push towards self-reliance.

To spur growth and to build a self-reliant India, Atmanirbhar Bharat Abhiyan rests on 5 important pillars.

- ***Economy***: contemplates not an Incremental change but a quantum leap so that we can convert the current adversity into an advantage.
- ***Infrastructure***: that can be an image of modern India or it can be the identity of India.
- ***Systems***: driven by 21st-century technology, and that is not based on old rules.
- ***Democracy***: a vibrant democracy that is the source of energy to make India self-reliant.

- **Demand:** where the strength of our demand and supply chain is utilized intelligently.

Let's take a look at how India's relief package stands in comparison to those announced by other countries:

| Country | Percentage of GDP |
|-----------|---|
| USA | 13% (2.7 trillion USD – largest in absolute monetary terms) |
| Japan | 21.1% |
| Sweden | 12% |
| Australia | 10.8% |
| Germany | 10.7% |

In the following sections, we discuss the four tranches of the economic relief package as announced by the FM. The reforms and stimulus measures under Rs 20 lakh crore packages were subsequently elaborated by the Finance Minister in five tranches:

| Parts | Focus Areas | Stimulus in Cr (Rs) |
|------------|--|---------------------|
| I | MSME, EPF, Gareeb Kalyan, RERA, Credit | 5,94,550 |
| II | Farmers, Migrants | 3,10,000 |
| III | Agriculture & Allied Sectors | 1,50,000 |
| IV | Coal, Minerals, Aviation, Defense, Space, Atomic Energy | 48,100 |
| V | Ease of doing business, Health, Education | |
| | Earlier Measures like PMGKP | 1,92,800 |
| | RBI measures | 8,01,603 |
| | Total | 20,97,053 |

The first tranche of Atmanirbhar Bharat Abhiyan – Total Rs 5,94,550 Cr

- Collateral free loans and emergency credit to restart business including MSME – 3,00,000 Cr.
- Subordinate debt for stressed MSMEs – 20,000 Cr
- Fund of Funds for an equity infusion to MSMEs – 50,000 Cr. It will also encourage MSMEs to get listed on the main board of Stock Exchanges.

- Extended EPF support via and government contributions to EPF accounts of eligible establishments – 2800 Cr
- Reduced EPF rates of both employer and employee – 6750 Cr
- Special Liquidity Scheme for NBFCs/HFCs/MFIs – 30,000 Cr
- Partial credit guarantee scheme for liabilities of NBFCs/MFIs – 45,000 Cr
- Liquidity injection for DISCOMs via Power Finance Corp/REC – 90,000 core
- Reduction of TCS / TDS rates – 50,000 Cr
- Note: The definition of MSMEs changed by enhancing the limits to be considered as an **MSME**.

The second tranche of Atmanirbhar Bharat Abhiyan – Total Rs 3,10,000 Cr

- Free food grains to migrant workers for 2 months – 3500 Cr
- Interest subvention of MUDRA-Shishu loans – 1500 Cr
- Special credit facility to street vendors – 5000 Cr
- Extension of credit linked subsidy scheme in the housing sector for the middle-income group – 70,000 Cr
- Additional emergency working capital for farmers through NABARD – 30,000 Cr
- Additional concessional credit through **Kisan Credit Cards** – 2,00,000 Cr
- One Nation One Ration card to enable a migrant beneficiary to purchase grains from any ration shop in the country.
- Affordable housing for migrants and urban poor via a scheme under PMAY and affordable rental housing complexes (ARHC) under PPP mode.

The third tranche of Atmanirbhar Bharat Abhiyan – Total Rs 1,50,000 Cr

- Agri Infrastructure Fund for farm gate infrastructure including cold chain and post-harvest infrastructure – 1,00,000 Cr
- Food micro-enterprises with a cluster-based approach– 10,000 Cr
- **Pradhan Mantri Matsya Sampada Yojana** (PMMSY) – 11,000 Cr for activities in Marine, Inland fisheries and Aquaculture and 9000 Cr for Infrastructure – Fishing Harbours, Cold chain, Markets, etc.
- Animal Husbandry Infrastructure Development Fund – 15,000 Cr
- Promotion of Herbal Cultivation – 4000 Cr
- Extending Operation Greens project from Tomatoes, Onion, and Potatoes (TOP) to all fruits and vegetables – 500 Cr
- Beekeeping initiatives – 500 Cr

The fourth and fifth tranches of Atmanirbhar Bharat Abhiyan (combined) – Total Rs 48,100 Cr

- Viability gap funding – 8,100 Cr
- Additional MGNREGA allocation – 40,000 Cr

Earlier measures – Total Rs 1,92,800 Cr

- **Pradhan Mantri Garib Kalyan Package** for the poor – 1,70,000 Cr:
- Insurance cover of Rs 50 lakh per health worker
- Free cereals and pulses, gas cylinders to poor families for 3 months
- Direct cash transfer via Jan Dhan account to poor women.
- PF credits to low-income workers and advances from EPF.
- Collateral-free lending for Women SHG up to Rs 20 lakhs.
- Revenue lost due to tax concessions – 7,800 Cr
- PM’s announcement in the health sector – 15,000 Cr

Measures taken by the Reserve Bank of India – Total Rs 8,01,603 Cr

- RBI enhanced liquidity by Rs 1.37 lakh crores by reducing CRR
- Targeted long-term repo operations of Rs 1 lakh crore.
- Raised the Ways and Means advance limits of the state governments by 60 percent.
- Raised borrowing limits of banks under the marginal standing facility to avail additional Rs 1.37 lakh crore.
- Special refinance facilities to NABARD, SIDBI, and NHB
- Special liquidity facility for mutual funds
- Moratorium on loan repayments

Other major decisions taken under Atmanirbhar Bharat Abhiyan

Apart from the above, under Atmanirbhar Bharat Abhiyan decisions are also made to reform labour, agriculture, coal sector etc.

Labour sector reforms

- To avoid regional disparity in minimum wages, National Floor Wage to be introduced.
- Appointment letter to be provided to all workers to promote formalization.
- Occupational Safety & Health (OSH) code to cover all establishments engaged in hazardous work.
- Definition of the inter-state migrant worker to include migrant workers employed directly by the employer.
- ESIC coverage will be extended to all districts and all establishments employing 10 or more employees as against those in notified districts/areas only.
- Mandatory ESIC coverage for employees in hazardous industries with less than 10 employees.
- Introduction of re-skilling funds for retrenched employees.
- Provision for Social Security Fund for unorganized workers.
- Provision of gratuity on completion of one-year service as against 5 years.

Agriculture Marketing Reforms to provide choices to farmers

- Now, farmers are bound to sell agriculture produce only to licensees in APMCs.
- A law will be formulated to provide choices to farmers to sell produce at an attractive price and enable barrier-free inter-state trade.
- The legal framework will be created towards contract farming and enable farmers to engage with processors, aggregators, large retailers, exporters in a fair and transparent manner.
- Risk mitigation for farmers assured returns and quality standardization to be an integral part of the framework.

Coal sector reforms

- Introduction of commercial mining in the coal sector through a revenue-sharing mechanism instead of the regime of fixed Rupee/tonne
- To lower impact on the environment, coal gasification and liquefaction will be incentivized through rebate in revenue share
- Coal Bed Methane (CBM) extraction rights to be auctioned from Coal India Limited's (CIL) coal mines.

Self-reliance in defence production

- Ban the import of several weapons and a separate budget provisioning for domestic capital procurement to help reduce the huge defence import bill.
- Corporatize the Ordnance Factory Board to improve autonomy, accountability, and efficiency.

- Increased FDI limit in the defence manufacturing under the automatic route from 49 percent to 74 percent.

Aircraft and airspace sector

- Restrictions on the utilization of the Indian airspace will be eased so that civilian flying becomes more efficient.
- Development of world-class airports through PPP,
- The tax regime for Aircraft Maintenance, Repair, and Overhaul ecosystem rationalized and the convergence between the defence sector and the civil MROs will be established to create economies of scale.
- Boosting private participation in space activities. The private sector will be allowed to use ISRO facilities and other relevant assets to improve their capacities.

Technology-driven education

- ***PM e-VIDYA*** — a program for multi-mode access to digital/online education will be launched. The program will comprise one earmarked TV channel per class from 1 to 12. Special e-content will be prepared for visually and hearing impaired. Top 100 universities will be permitted to automatically start online courses by 30 May 2020.
- ***Manodarpan***, an initiative for psycho-social support of students, teachers, and families for mental health and emotional wellbeing, will also be launched simultaneously.
- ***National Foundational Literacy and Numeracy Mission*** will be launched in December 2020 to ensure that every child attains learning levels and outcomes in grade 5 by 2025.

Ease of doing business related measures

- The minimum threshold to initiate insolvency proceedings raised to Rs 1 crore
- Suspension of fresh initiation of insolvency proceedings up to one year.
- Special insolvency resolution framework for MSMEs to be notified soon.
- Decriminalization of violations under Companies Act
- Allow direct listing of securities by Indian public companies in permissible
- The government will announce a new, coherent policy where all sectors are open to the private sector while public sector enterprises (PSEs) will play an important role in defined areas.

- A list of strategic sectors requiring the presence of PSEs in the public interest will be notified.
- In strategic sectors, at least one enterprise will remain in the public sector but the private sector will also be allowed.
- In other sectors, PSEs will be privatized.

Parallels with Swadeshi Movement and need for Self-reliance

- The call self-reliance can be compared with the Swadeshi movement and we can find that it is a relatable response to the evolving political and economic currents in a globalized world.
- If Swadeshi was the rejection of the colonial exploitation of India and criticism of the Western model of Capitalism based economic growth, *Atmanirbhar Bharat is an attempt to find India's legitimate place* in a rapidly changing world.
- Atmanirbhar Bharat like the Swadeshi movement is a program that is against the unrestricted import of Western thinking and economic models but is not averse to technology. It stands for modernization, but without unbridled Westernisation.
- The clarion calls '**Vocal for local**' needs to be seen as a response to the anticipated changes in the geopolitical order in the post-COVID world.
- The COVID crisis has shown the **failings of multilateral and regional institutions** and also the ineffectiveness of trade barriers and standalone economic models.
- **Indian entrepreneurship** must be freed from the shackles by adopting suitable governance models and reforming laws.
- The 'new Swadeshi' must transform local industries to connect the ever-changing global trade structure and lead to '**glocalization**' that serves local and global markets.
- Some early signs of this development were seen during the COVID crisis where India's position as the 'pharmacy of the developing world' was cemented. The importance of self-reliance was also seen in the self-sufficiency for food especially cereals, the lack of which would have exacerbated the current crisis.

Atma Nirbhar Bharat Abhiyan: Challenges

The government announced an economic stimulus package of Rs 20 lakh crore and big-bang systematic reforms under the Atma Nirbar Bharat Abhiyan (Self-reliant India).

The intended objective of this plan is two-fold. First, interim measures such as liquidity infusion and direct cash transfers for the poor will work as shock absorbers for those in acute stress.

The second, long-term reforms in growth-critical sectors to make them globally competitive and attractive.

Together, these steps may revive the economic activity, impacted by **Covid-19 pandemic** and create new opportunities for growth in sectors like agriculture, micro, small and medium enterprises (MSMEs), power, coal and mining, defence and aviation, etc.

However, there are several challenges that are needed to be addressed in order to fulfill the vision of this plan.

Impact of this Stimulus Package

Primary Sector: The measures (reforms to amend ECA, APMC, Contract farming, etc) announced for the agricultural and allied sectors are particularly transformative.

- These reforms are steps towards the **One Nation One Market** objective and help India become the **food factory of the world**.
- These would finally help in achieving the goal of a self-sustainable rural economy.
- Also, the MGNREGA infusion of Rs 40,000 crore may help in alleviating the distress of migrants when they return to their villages.

Secondary Sector: Given the importance of MSMEs for Indian economy, the **Rs 3 lakh crore collateral-free loan facility for MSMEs** under the package will help this finance-starved sector and thereby provide a kick start to the dismal state of the

economy.

- Also, as the MSME sector is the second largest employment generating sector in India, this step will help to sustain the labour intensive industries and thereby help in **leveraging India's comparative advantage**.
- Additionally, limiting imports of weapons and increasing the limit of foreign direct investment in defence from 49% to 74% will give a much-needed boost to the production in the Ordnance Factory Board, while reducing India's huge defence import bill.

Tertiary Sector: The government has adopted a balanced approach in addressing concerns across sectors. For example:

- The newly launched **PM e-Vidya programme** for multi-mode access to digital online education provides a uniform learning platform for the whole nation, which shall enable schools and universities to stream courses online without further loss of teaching hours.
- Public expenditure on health will be increased by investing in grass root health institutions and ramping up health and wellness centres in rural and urban areas.

Associated Challenges

- **Issues Related to Liquidity:** The package of Rs 20 lakh crore comprises both fiscal and monetary measures, the latter being in the nature of credit guarantees and liquidity infusions into banks and other financial sector institutions rather than the economy per se.
- Majority of the package is liquidity measures that are supposed to be transmitted by RBI to Banks and Banks to Citizens. This transmission wouldn't be as smooth owing to inefficient transmission of monetary policy.

- **Lack of Demand:** The lockdown has lowered aggregate demand, and a fiscal stimulus is needed. However, the package, by relying overwhelmingly on credit infusion to boost the economy, has failed to recognise that investment will pick up only when people across income segments have money to spend.
- **Lack of Backward and Forward Linkages:** Unless the rest of the domestic economy is revived, the MSME sector may face a shortage of demand, and its production may soon sputter to a close.
- **Burgeoning Fiscal Deficit:** Government claims that the stimulus package is around 10% of India's GDP. However, financing it would be difficult as the government is worried about containing the fiscal deficit.
- **Difficulty in Mobilising Finances:** The government seeks a disinvestment to mobilise the finances for the plan.
 - However, the majority of Indian industries are already a bit debt-laden to take up the stake in PSUs.
 - Further, it is difficult to borrow the foreign markets, as rupee with respect to dollar is all time low.

Steps to Be Taken

- **Enhancing Demand:** The economic package for the country emerging out of the lockdown requires a stimulus enhancing demand across the economy.
 - The best way for this is to spend on greenfield infrastructure.
 - Infrastructure spending uniquely creates structures that raise productivity and extends spending power to the section of the population most affected by the lockdown, namely daily wage labourers.

- **Mobilising Finances:** For financing of the stimulus package, India's foreign reserves stand at an all-time high which could be strategically used to finance its needs.
 - The rest may have to come from privatisation, taxation, loans and more international aid.
- **Holistic Reforms:** Any stimulus package will fail to reflect the trickle-down effect, until and unless it is backed by reforms in various sectors.
 - Thus, Atma nirbhar plan also encompasses the unfinished agenda of holistic reforms which may include reforms in Civil services, Education, Skill and Labour, etc.

Criticism of Atmanirbhar Bharat Abhiyan

Inflated figures

- Several opposition leaders pointed out that as per the calculations by many economists, the actual government expenditure in the Atmanirbhar package is just 1%.
- The actions of RBI were included as part of the government's fiscal package whereas government expenditure and RBI's actions cannot be clubbed together.

Need to spend more

- The Indian economy likely to contract and the Gross Value Added across sectors is likely to fall. According to an assessment by Prof N R Bhanumurthy of the National Institute of Public Finance and Policy (NIPFP), India's GVA will contract by 13% this year under the Base case scenario (The Base case scenario refers to a scenario where governments bring down their expenditure in line with their falling revenues to maintain their fiscal deficit target).
- Several economists suggest that the government needs to spend much more to prevent an economic contraction. Higher public spending will come at the

cost of higher levels of fiscal deficits and higher inflation, but a growth contraction will cause even worse outcomes in the form of widespread economic ruin.

Credit easing will not work immediately

- Direct expenditure by a government such as direct benefit transfer or by construction will mean that money reaches the people.
- But credit easing by the RBI is not direct government expenditure and banks will be hesitant to lend the money available with them.

Nothing to stimulate demand

- Many economists have opined that the government stimulus tries to resolve only supply-side issues. There is nothing to generate demand. This could only be done by putting money in the hands of people.

Modest MSME package

- According to opposition leaders, the MSME package was modest and the measures were skewed in favour of the larger ones. Moreover, the unorganized sector was not catered to.

Insufficient support for the state governments

- The state governments which are at the forefront of fighting the pandemic have not been supported adequately via fund transfers.

A remodelling of Make in India Campaign

- The self-reliant India campaign is criticized by many as a re-modelling of the Make in India Campaign – which didn't produce expected results – with some add on-on.

The philosophy of self-reliance:

- India, like most countries, has been following the principles of globalisation since the LPG reforms in 1991. Even though the globalised world shrank into isolated countries in the COVID19 period, it is yet to be seen if self-reliance can be adopted as a viable economic policy by a country like India, post-COVID.

Conclusion

The prime minister's economic package aims to create an India to be a self-sufficient. This will help India, on the global platform as well. You must be knowing that India has about 24 crore households. There are about 10 crore households, who don't have cooking fuel. These Ujjwala beneficiaries were benefited upto June, this will ensure that old people and migrant workers can have bread and butter. This is a welcome move by the government that ensures that no one goes hungry. The entire parliament is mulling over the problems that we are all going through, this scheme – **Atmanirbhar Bharat** Yojana is trying to make it easy for all Indians. Basically the main idea is to be self-sufficient. That is the main reason. The prime minister is asking various industries to adopt methods that will help in preparing India for a competition. The competition will be that of competing in the global market. Mostly, the poor and under-privileged suffer a lot in India; with the worst pandemic hitting the shores, things have undergone drastic changes. There are more loopholes in the system today. It may also happen, that the funds that are being disbursed by the bank, be misused. After a year or so, these companies may even file for bankruptcy. So, what happens then? Such questions need an answer. The strategy of Atmanirbhar Bharat Abhiyan seems to give a strong supply-side push by boosting the availability of capital on easy terms and through supporting agriculture and business sectors. The additional allocation to MGNREGA will help in productively employing returning migrants. States are now allowed to borrow within a higher limit but with clear reform conditionalities. The demand-side stimulus via deficit financing is not considered for the time being. But it cannot be denied that there is a desperate need for demand stimulus now. People's purchasing power needs to be increased and demand for industrial products and services must be created. Income support to migrant workers and the urban poor is also an immediate concern. The economic crisis triggered by Covid-19 pandemic is much like the 1991 economic crisis, which was a harbinger of a paradigm shift via liberalisation, privatisation and globalisation. The post-Covid-19 era may usher in unprecedented opportunities provided the implementation deficit is adequately addressed.

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