

Aatm Nirbhar Bharat Scheme: Challenges and opportunities

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Abstract:

The Corona Virus outbreak in China has led to large-scale shortage of inventory in the domestic market. The closure of factories in China affected Indian industries, which import components, intermediaries and raw-materials from China like the pharmaceutical, electronics and automobile industries. According to a news report, in India, before the Pandemic, certain industries were more and more dependent on Chinese imports and were under severe risk. For example, in pharmaceuticals sector (China supplies almost 70 per cent of active pharmaceutical ingredients (API) requirement for the industry); automobiles (10-30 per cent of the raw materials and base components were imported from China); chemicals and textiles. The renewable energy sector was relying on China for 80 per cent of the sector's requirement of solar panels. Besides, several micro, small and medium enterprises (MSMEs) were dependant on Chinese imports. The disruptions due to bans on travel, closure of borders, closure of businesses, and lockdowns had a ripple effect on global trade flows¹. Thus, due to the interdependence and complex nature of global supply chains, the pandemic caused widespread disruption in socio-economic sphere. There is a strong opinion to diversify supply chains from a geographic perspective to reduce supply-side risk from one country. It was felt that multiple sources of key commodities or strategic components should be identified and there must be protocols to activate alternative sources of supply in short notice. On 12 May 2020, Prime Minister Shri Narendra Modi announced a special comprehensive economic package to fight the COVID-19 pandemic in India. He gave a clarion call for Aatma Nirbhar Bharat Abhiyan or a Self-Reliant India Movement. Prime Minister outlined five pillars of Aatma Nirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

The Atmanirbhar Bharat Abhiyan aims at making the country self-reliant and to focus on local manufacturing, local market and local supply chains. It focuses on preparing the country for tough competition in global supply chains, enhance the ease of doing business, empower MSMEs, attract investments including FDI and strengthen the policies for Make in India. It also aims at supporting agriculture and fisheries reforms and enhancing agriculture and animal husbandry infrastructure. It also contains measures to boost liquidity support for MSMEs, DISCOMS, NBFCs and other businesses. The Atma Nirbhar Bharat Package covers a wide section of sectors and members of society, including migrant labourers, middle class and entrepreneurs.

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Meaning

“Aatm Nirbhar” which is a Hindi word meaning in English is "Self Reliant" which also refers less dependency on others or don't be dependent of others. Aatm Nirbhar Bharat is basically a term formulated at the time of pandemic COVID-19 in India. It is actually the vision of our Hon'ble Prime Minister Shri Narendra Modi to make India and Indians self reliant by starting production of all mandatory items locally. Vocal for Local is also integral of Aatm Nirbhar Bharat Abhiyan.

Aatma Nibhar Bharat actually means that we are able to produce the products indigenously, what we need and eventually play a larger role in the global economy by exporting the surplus products. This was the real vision of Aatm Nirbhar Bharat.

Motive behind Aatma Nirbhar Bharat Movement

India is dependent on lots of imports from many countries across the world and pays a large import bill in comparison to export. During the time of pandemic all the import and export activities across the world was

on halt. Exchange of goods and services were stopped. Then it was very difficult to live without resources as import of goods were not possible due to termination of transport activities.

India faced problems in terms of shortage of Hospital beds, PPE kits, Covid test kits, medicines, ventilators and other necessary respiratory and medical equipments including basic supplies of hand sanitizers, N95 Masks. We realized that it is the time for us to depend upon indigenous Innovation, products and local manufacturing. To fulfill these demands and promote production of these items in the country our Prime Minister Shri Narendra Modi started Aatma Nirbhar Bharat Campaign. He defined the five pillars of Aatm Nirbhar Bharat to boost the economy and to turn difficulties into opportunity.

The Five phases of Aatm Nirbhar 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

Impact of Aatm Nirbhar Bharat Abhiyan

Impact of Aatm Nirbhar Bharat Abhiyaan can be seen that from zero production of Personal Protection Equipment (PPE) Kits before March 2020, today India has created a capacity of locally producing more than 2 lakh PPE kits daily and it is growing steadily. Earlier to this India uses imported PPE kits and pays a lot of money in return. India also developed our own Covid testing kits and number of vaccines are in final stage of trials. In some ways Aatm Nirbhar Bharat Abhiyan is the reinforcement of Make in India. Defence ministry is now also pushing to make indigenous production of weapons. Thus Aatm Nirbhar Bharat vision is a true way to nurture and flourish India's innovations and to make India a Global Leading country in all terms.

Economic packages and Support packages under Aatm Nirbhar Bharat

To make Aatm Nirbhar Bharat Abhiyan more successful Indian Government has announced bailout packages and support packages to various sectors to increase liquidity in the market. Our Prime Minister Shri Narendra Modi announced the economic package along with various packages. These packages that were released during the lockdown was around US\$ 283.73 billion, which is about 10 per cent of India's GDP. The economic package was expected to provide support and strength to various sections of the country. It will also give a renewed boost to the development journey of the country in 2020. In order to prove the determination of a self-reliant India, Land, Labour, Liquidity and Laws have all been emphasized in this economic package.

Long term Benefit of Aatm Nirbhar Bharat Abhiya.

Aatm Nirbhar Bharat Abhiyan promoted various innovations and new products development in India. By this import of India will decrease and export will increase thus in the long run our trade deficit will reduce. Export promotion will help us save foreign currency and earn more foreign currency. Aatm Nirbhar Bharat package will help in growing Indian small and medium enterprises and the manufacturing sector will flourish. This program will help in achieving 5 Trillion economy vision of Indian Government.

Objectives of AatmaNirbharBharat Abhiyan:

The Aatma Nirbhar Bharat Abhiyan can effectively recover from an economic disaster after COVID-19 and make the Indian citizens more self-reliant. If you are still wondering about the expected outcomes of this scheme, main objectives as listed below.

- I. Strengthen the local manufacturers and service providers to enhance a sense of self-reliance of the nation
- II. Improve the standard of living by focusing on the trade deficit and the exchequer balance
- III. Revive every sphere of the economy with a rise in fiscal stimulus
- IV. Emphasis on self-reliance with a focus on land, labour, liquidity, and laws
- V. Issue economic packages equivalent to 10% of the Indian GDP
- VI. Special incentives and funds for small businesses and farmers who faced losses from COVID-19

Features of AatmaNirbharBharat Abhiyan

While this AatmaNirbharBharat scheme focuses on making India self-reliant, there are several other activities and features associated with it. Becoming self-sufficient is usually a long and complex process. Learning more about all the subordinate activities and features of the AatmaNirbharBharat Abhiyan will help you understand it further.

1. Businesses and MSMEs

The activities of the AatmaNirbharBharat scheme aim to benefit businesses, including cottage industry, MSMEs, labourers, middle class, and others. In this context, the Pradhan Mantri Garib Kalyan Package of ₹ 1.70 lakh crores can be considered a relief package for the poor to help battle against COVID-19. Moreover, there have been initiatives to extend the last date for Income Tax Returns, file GST returns, custom clearance, all day long, etc. Businesses, including MSMEs, can avail of business loans up to ₹ 25 crores outstanding and ₹ 100 crores turnover.

2. Poor and Backward Classes

About three crore farmers have received agricultural loans of ₹ 4.22 lakh crores. The healthcare workers will receive an insurance cover of ₹ 50 lakhs, and about 80 crore poor people will receive 5 kg wheat or rice per head for the next three months. Other activities include Jan Dhan accounts of 20 crore women, free gas cylinders to 8 crore low-income families, Employee Provident Fund EPF to get a non-refundable advance of 75%, etc.

Moreover, the State Governments plan to utilise the State Disaster Response Fund (SDRF) to develop shelters for migrants and provide their daily essentials. The scheme details of AtmaNirbharBharat Abhiyan also include a disbursement of Revolving Fund (RF) to Self Help Groups. Minimum wages were made applicable to 30% of the rural labourers, and Affordable Rental Housing Complexes (ARHC) were built for migrant labourers and urban low-income families.

3. Agricultural Features

To learn more details about AtmaNirbharBharat Abhiyan, you need to consider its emphasis on farming activities in India. Additional Emergency Working Capital for farmers through NABARD provides aid of ₹ 30,000 crores to benefit over three crore farmers. PM KISAN fund has exceeded ₹ 18,700 crores in this period, with an investment of ₹ 1 lakh crores for Agri Infrastructure Fund for farm-gate infrastructure. The Government has also developed a ₹ 10,000 crores scheme to formalise Micro Food Enterprises (MFE). Pradhan Mantri Matsya Sampada Yojana (PMMSY) supports fishermen with ₹ 20,000 crores.

4. New Growth Horizons

With this new AatmaNirbharBharat scheme, the Indian Government is also trying to upgrade the industrial infrastructure of India. The Industrial Land/ Land Bank is made available for inviting new investment. Moreover, the coal sector has got competition through Revenue sharing mechanism instead of a regime of fixed Rupee/tonne. The Government has also invested about ₹ 50,000 crores in Diversified Opportunities in the Coal Sector. Private investments in the mineral sector will help in a seamless composite exploration-cum-mining-cum-production regime.

5. Government Reforms

The Government aims at introducing a large number of reforms under the AatmaNirbhar scheme. Corporate Law measures have resulted in 44% Recovery in 221 resolved business cases. SWAYAM PRABHA DTH channels have been developed to support people who do not have access to the internet. The PM eVIDYA, on the other hand, is a program for multi-mode access to digital/online education.

Benefits of AatmaNirbharBharat Abhiyan

Now that you know all about the scheme of AatmaNirbharBharat, you can identify its specific goal of reviving self-dependency in the Indian business context. As the COVID-19 pandemic caused the immediate downfall of business and sales, the Government aims at improving the situation with new sets of regulations. Check out the following benefits of AatmaNirbharBharat mission to throw further light on the issue.

- Sanction of ₹ 3 lakh crore for unsecured loans to MSMEs with an annual turnover of ₹ 100 crores
- Investment of ₹ 90,000 crores bailout to discoms and independent power producers
- Fiscal assistance for improving cold chains, warehousing, post-harvest management and dairy infrastructure
- NABARD will allow a financing facility for funding agriculture infrastructure projects
- Pradhan Mantri Matsya Sampada Yojana for the improving marine and inland fisheries
- Investment of ₹ 30,000 for particular liquidity scheme for debt papers of NBFCs, HFCs, and MFIs
- Extension in payment of Income Tax and GST for businesses
- Investment for improving five pillars, including economy, infrastructure, systems, demography and demand

Current economic challenges faced by India

- The supply chain disruption due to national and localised lockdowns has led to supply side and demand side contraction.
- Slowdown of aggregate demand due to low, private final consumption expenditure (PFCE), investment and exports.

- Even, the consumption demand of the rest of the demography from agriculture, small-scale manufacturing and self-employed is stagnant due to low income growth.
 - The investment slowdown is affecting industries like steel, cement and power and income, employment and demand.
- Along with these constraints, India has huge developmental implications on poverty, inequality and standard of living.

Advantages for India in present labour market

All other manufacturing giants are ageing: For example, Japan, EU, the US, South Korea and China. Ageing population has forced them to move out of low-end labor-intensive manufacturing.

China's lost advantage: Due to a rise in wages, strict environmental regulations and an increase in the cost of production along with the uncertainties due to China's friction with the US and other countries.

How to ensure Atmanirbhar Bharat?

Incentivising the farming community: Need to shift from grain-based farming to cash crops, horticulture and livestock products. For example, the Chinese experience in the late 1970s has shown that reforms in agriculture increased rural income, leading to demand for labor-intensive industrial goods.

Exploiting the demographic dividend: India has around 900 million people in the working-age population with an average age of 27.

Shift the labour force from agriculture to manufacturing: For this, labour-intensive manufacturing should be promoted that can generate employment opportunities for labour force with low or little skills, along with income and demand.

Create a competitive manufacturing sector: Need to aggressively reduce both tariffs and non-tariff barriers on imports of inputs and intermediate products that will create a competitive manufacturing sector for Make in India, and "Assembly in India".

Ensure free flow of Investments: Attracting multinational enterprises and foreign investors in labour-intensive manufacturing will facilitate R&D, branding, exports, etc.

Market reforms: By rationalizing punitive land acquisition clauses and rationalizing labour laws, both at the Centre and state level.

Human capital development: Need for large-scale vocational training from the secondary-school level, like China and other east and south-east Asian countries.

Conclusion

The COVID-triggered economic crisis can be an opportunity for India if we create a development model that brings opportunities for the people at the bottom of the pyramid. A competitive and open economy can ensure Atmanirbhar Bharat. Self-reliance doesn't mean building an economy in isolation or inward looking. It implies, investing in sectors that are strategically critical to the country so that our dependence during vulnerable times like Covid 19 pandemic should be minimised. Atmanirbhar Bharat Abhiyan contains bold reforms initiatives across various sectors to promote business, attract investment, improve local supply chain and further strengthen Make in India; which will result into driving the country's economy towards self-reliance in coming years. However, focus should be on the effective implementation of the reforms. There is a need to nurture an environment of policy certainty with regard to taxes, foreign direct investment rules and payment of dues to small businesses can have a meaningful impact on kick starting the private capital spending cycle.

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