



## Atmanirbhar Bharat Abhiyan (Self-Reliant India Mission): Challenges and Opportunities

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### Introduction

The idea of Atmanirbharta, or self-reliance, was at the heart of prime minister Narendra Modi's recent address to the nation. There are parallels between PM Modi's message and Mahatma Gandhi's concept of a self-reliant India, the bedrock of his Swadeshi philosophy. Self-reliance is woven into the tapestry of India's journey right from the Swarajya movement. The renewed pursuit of Atmanirbharta sows the seeds for a new course of long-term development, and serves as the pivot on which India can emerge as a hub for manufacturing and investments. In order to achieve this vision, India needs to focus on holistic and sustainable development.

### What is Atmanirbhar Bharat Abhiyan?

Atma Nirbhar Bharat Abhiyan is the economic stimulus relief package of Rs 20 lakh crore announced by the government on 12th May 2020 to revive every sphere of the economy from demand, supply to manufacturing. The focal point of the concept is to make the nation self-reliant with more focus on local manufacturers and service providers. This will strengthen the economy, improve the standard of living and most importantly improve the trade deficit and the exchequer balance of the country.

**Objectives:** Atmanirbhar Bharat has twin objectives- short term and long term.

1. Reviving different spheres of the economy in the short term.
2. Insulating India from any future global economic downturn, by making it robust in the long run. The Abhiyan seeks to build capacities across sectors and promote local products. Further, it would focus on scaling up manufacturing, accelerating infrastructure development, attracting investments and promoting a consumption-led growth.

### How to build an Atmanirbhar Bharat?

**Be Vocal for the Local:** According to PM Modi, one of the key ways to build an Atmanirbhar Bharat is to buy and promote local products and brands and be 'vocal for the local'. He highlighted that global brands that exist today were also local once but when people began supporting them, they became global.

**Five pillars of Atmanirbhar Bharat:** India's 5 Pillars of Self-Reliance include:

1. **Economy** - an economy that brings Quantum Jump rather than Incremental change.
2. **Infrastructure** - an infrastructure that became the identity of modern India.
3. **System** - A system that is driven by technology which can fulfill the dreams of the 21st century; a system not based on the policy of the past century.
4. **Demography** - Our Vibrant Demography is our strength in the world's largest democracy, our source of energy for self-reliant India.

**5. Demand** - The cycle of demand and supply chain in our economy, is the strength that needs to be harnessed to its full potential.

### Impact of this Stimulus Package

**1.Primary Sector:** The measures (reforms to amend ECA, APMC, Contract framing, 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.

**2.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 defense 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.

**3.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

**1.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.

**2.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.

**3.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.

**4.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.

**5.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.

### Measures

**1.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.

**2.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.

**3.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.

### Way forward for Atmanirbhar Bharat

**1. Local to glocal:** There have been some reassuring developments with an accent on "local to glocal" The production of several lakh PPE kits, a collaboration of automobile industries to produce ventilators, manufacture of more than 70 Made in India products by the DRDO are just a few examples of the capability of Indian scientists, IT professionals and technocrats.

**2. Reducing import:** We must aim to **gradually reduce imports** in every sector from crude oil to heavy machinery. This reduction should be based on the locally available resources, talent, and skills of the human capital.

**3.Globally competitive product:** While remaining vocal about local, we must aim at making Indian products to be **globally competitive**. We should try to stay ahead in the innovation-led knowledge economy. PSUs and the private sector should not only **complement** but **collaborate** wherever feasible. The private sector must massively step up investments R&D. PSUs too need to modernise in terms of technology.

**Conclusion:** 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. Atmanirbhar Bharat Abhiyan will prepare the country for tough competition in the global supply chain, and it is important that the country wins this competition. The package will also focus on empowering the poor, laborers, migrants, etc., both from organized and unorganized sectors.

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