

Aatma Nirbhar Bharat is an Opportunity to Transition of Indian Economy

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ABSTRACT

Historically, India was self sufficient rural economy during Ancient and medieval period, where Indian economy was not dependant on any other country. India exported many goods to the rest of the world. Our economy was flourished before British enters into India, because of our rich in economy many foreigners came to India to exploit our wealth and some of the foreigners came to India for Trade. Finally, British occupied India and exploited our economy through Free trade policy which was benefited to the British. After Independence, particularly 1950 onwards our country has started our own policy popularly known as Planning System. Through planning system our economy was transformed from market economy into controlled economy or planned economy from 1950's to 1990's. After 1991 again our economy transformation was started from controlled economy to open or market economy through L.P.G. policies. Indian economy transformation stated from socialistic approach to capitalistic approach. Even though India has started capitalistic approach still our economy is depending on many countries and India is importing many commodities from the rest of the world. In this situation Covid 19 effect was started throughout the world including India. In this circumstance Government of India has announced Special financial package in the name of Atma Nrbhar Bharat for self reliant India. This paper focused on how Atma Nirbhar Bharat is a opportunity to transform our economy from dependant to self reliant and how India's ascent to become a global player.

Keywords: *Transformation of Economy; open economy; capitalistic approach; Atma Nirbhar Bharat; global player*

INTRODUCTION

Historically, India was self sufficient and rural economy during ancient and medieval period, where Indian economy was not dependant on any other country. During 17th century under the Mughal Empire India became largest economy in the world and became a manufacturing centre for the world and Indian GDP was almost 25% of the world. Before British rule Indian manufacturing contribution was approximately 25% and our country was exported many goods to the rest of the world. During the British period India experienced with deindustrialization and more taxes were imposed on many crafts and faster economic growth of western world India's GDP share declined from nearly 25 % in 1700 to 4.2% in 1950 and Industrial production share declined from 25% in 1700 to 2% in 1900. After Independence, particularly 1950 onwards our country adopted central planning and focused socialistic approach like more priority for Public sector, controlled economy, restriction on private property, trade barriers and regulations.

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After 1990's crisis Indian government launched economic liberalization and our economy has started transformation from controlled economy into open or market economy through L.P.G. policies and Indian economy transformation has stated from socialistic approach to capitalistic approach and India has become a one of the fastest growing economy in the world. The World Economic Outlook 2016 says that "the United States and India are the two pillars of strength today that are helping hold up a sagging world economy". After the economic reforms the quality of government services remains poor and social sector not improved and the provision of public goods like health, education are very low and basic infrastructure performance is very poor and these conditions obstacles of poor economic performance. But during the economic reforms poverty ratio was declined due to faster economic growth in India in reforms era like the following.

India's Poverty Ratio

Year	Poverty Ratio	Number of Poor
1993-94	45.3 %	403.7 millions
2004-05	37.2 %	407.1 millions
2011-12	21.9 %	269.3 millions

Source: S.Mahendra Dev, Suresh Tendulkar Lecture, 2016

The above table shows that poverty ratio was declined during the economic reform period due faster economic growth in India.

Despite of economic reforms, India remains substantially unfree and plagued by poor governance, ineffectiveness of government services delivery, less public spending on Health and Education, poor infrastructure, lack of skill among the people are the obstacles for the strengthening of our economy.

In this situation, after 2014 the Indian Government, under the leadership of Sri. Narendra Modi taking initiations for structural changes of economy and strengthening institutions and started radical reforms in India. After 2014 many radical policies were taken by the government like establishment of NITI Aayog in the place of Planning Commission, Demonetization in 2016, introduction of revolutionary FDI policy in 2016, introduction of GST in 2017 etc., started in India. However, demonetization and GST are adversely effected our economy and started slow growth rate in Indian economy. In this situation Covid 19 effect was started throughout the world including India. In this circumstance Government of India has announced Special financial package in the name of Atma Nrbhar Bharat for self reliant India.

Aatma Nirbhar Bharat: Sri Narendra Modi, Prime Minister of India, announce a special stimulus economic package on 12th May 2020 with about Rs.20 lakh crore, which is equalant to morethan 10% of India's GDP. The main aim of Aatma Nirbhar Bharat is making the country independent against the tough competition in the global supply chain and to help in empowering the poor, Famers, labourers, migrants who are adversely affected by COVID 19. Aatma Nirbhar Bharat took the initiations to become vocal for our local products and make them global. Aatma Nirbhar Bharat or self-reliant policy is not against globalization and not restioning the Foreign Direct Investment and it does not aim to be protectionist in nature. As Smt. Nirmala Sitharaman clarified that "Self Reliant India does not mean cutting off from rest of the world. Sri. Ravi Shankar Prasad, Minister for Law and Information & Technology said that self-reliance does not mean isolating away from the World". This policy allows foreign direct investment and technology and self reliant India is a bigger and more important part of the global economy.

When Prime Minister announce special economic package to mitigate the loss of COVID 19, he told that this magnificent building of self-reliant India will stand on five pillars like...

1. Economy: the economy can be quantum jump rather than incremental changes
2. Infrastructure: an infrastructure can be identity of modern India

3. System: a system that is driven by technology which can fulfill the dreams of the 21st century and a system not based on the policy of the past century.
4. Vibrant 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. In order to increase demand in the country and to meet this demand, every stake-holder in our supply chain needs to be empowered. We will strengthen our supply chain, our supply chain system built up with the smell of the soil and the sweat of our labourers.

To strengthen the Indian economy, Aatma Nirbhar Bharat announced with special stimulus economic package and this package will give impetus to the development Journey of the country in 2020 and a new direction to the Self-reliant India campaign. In order to prove the resolve of a self-reliant India, Land, Labor, Liquidity and Laws all have been emphasized in this package. Finance, Minister Smt. Nirmala Sitharaman announced this package in five tranches or phases through press conferences from 13th to 17th May 2020.

1. First Phase related Business including MSMEs
2. Second Phase included Poor, Including, Migrant and Farmers
3. Third phase included Agriculture sector
4. Fourth phase is regarding New Horizons of growth
5. Fifth phase included Government Reforms and Enablers.

The package included Rs.8.1 lakh crore in liquidity measures announced by RBI and Government also provided a 100% guarantee Rs.3 lakh crore in small business loans.

The following table shows measure components of the entire special economic package and break-up of stimulus from Aatma Nirbhar Bharat Abhiyaan Package in different phases..

Item	Amount (in Rs. Crore)
Stimulus from earlier measures	1,92,800
Stimulus provided by announcements in part 1	5,94,550
Stimulus provided by announcements in part 2	3,10,000
Stimulus provided by announcements in part 3	1,50,000
Stimulus provided by announcements in part 4 and part 5	48,100
Sub total	12,95,400
RBI Measures (Actual)	8,01.603
Grand Total	20,97,053

Source: Presentation made by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman under Atmanirbhar Bharat Abhiyan to support Indian Economy in fight against COVID-19, Ministry of Finance, May 13, 2020, PRS.

Phase I: It was announced for business including MSMEs with Rs.5,94,550 crore on 13.5.2020. the details of the Phase I included like the following.

S.No	Item	Rupees (In Crore)
1	Emergency working capital facilities for Business including MSMEs	3,00,000.00
2	Subordinate Debt for stresses MSMEs	20,000.00
3	Fund of Funds for MSMEs	50,000.00
4	EPF support for Business and workers	2,800.00

5	Reduction in EPF rates	6,750.00
6	Special Liquidity Scheme for NBFC/HFC/MFIs	30,000.00
7	Partial credit guarantee scheme 2.0. for Liabilities of NBFCs/MFIs	45,000.00
8	Liquidity injection for DISCOMs	90,000.00
9	Reduction in TDS/TCS rates	50,000.00
10	Grand Total	5,94,550.00

Phase II: During the second phase of announcement, Government has focused on Poor, Including, Migrant and Farmers with total amount of Rs.3,10,000.00 crore on 14.5.2020 like the following.

S.No	Item	Rupees (In Crore)
1	Free food grain supply to migrant workers for 2 months	3,500.00
2	Interest subvention for MUDRA Shishu Loans	1500.00
3	Special credit facility to street vendors	5000.00
4	Housing class -MIG	70,000.00
5	Additional Emergency working capital through NABARAD	30,000.00
6	Additional credit through KCC	2,00,000.00
7	Grand Total	3,10,000.00

Phase III: During the third phase Government announced special package for Agriculture and allied sectors with Rs.1,50,000.00 crore on 15.5.2020 like the following.

S.No	Item	Rupees (In crore)
1	Food Micro enterprises	10,000.00
2	Pradhana Matri Mastya Sampada Yojana	20,000.00
3	TOP to TOTAL operation greens	500.00
4	Agri Infrastructure Fund	1,00,000.00
5	Animal Husbandry Infrastructure Fund	15,000.00
6	Special liquidity scheme for NBFC/HFC/MFIs	30,000.00
7	Promotion of herbal cultivation	4,000.00
8	Breekeeping Initiative	500,00
9	Total	1,50,000.00

Phase IV and V: Fourth phase is regarding New Horizons of growth and Phase V related Government Reforms and Enablers and announced with Rs.48,100.00 crore on 16.5.2020 and 17.5.2020.

S.No	Item	Rupees (In Crore)
1	Viability gap funding	8,100.00
2	Additional MGNREGS allocation	40,000.00
3	Total	48,100.00

The Aatma Nirbhar Bharat announced in different tranches as mentioned the above among them first it was focused on Business sector which mainly focused Micro Small Medium Enterprises (MSMEs) sector. As announced by the Government and offered Rs.3 lakh crore as collateral-free automatic loan to MSMEs. This loan will be offered for 4 year and will have one year moratorium on loan without submitting any new collateral. Additionally Rs.20,000 crore has further been earmarked to be used for stressed MSMEs. This is going to benefit a lot of industries including the automobile sector. The Government initiatives are likely to help Indian auto component manufacturing companies resume business and strengthen the supply chain. Further, this will help companies ramp up their business and reduce automaker's dependence on other countries for apparatus. The government has also announced a number of measures to increase liquidity in the market by equity infusion of Rs.50,000 crore in the market and 25% reduction in tax rates till March 2021. Increased liquidity and reduced reverse repo rate by RBI could also help boost automobile sales in India.

In the second tranche, Government of India focused on poor including migrants and poor farmers and taken different measures to these people. This packages proposes to offer 5 kg of grain per person and 1 kg chana per family per month to migrants who are neither National Food Security Act or State card beneficiaries and expecting more than 8 crore migrants. Government also expanding "One Nation – One Ration Card" scheme to enable migrant beneficiaries access Public Distribution System (PDS) from any fair price shop in the country. Government also started scheme under PMAY and providing houses for migrants labourers and urban poor with affordable rent. The proposal is to convert government-funded housing in the cities into affordable rental housing complexes under the PPP method. The Government also planned for street vendors with special scheme to provide upto Rs.10,000 as initial working capital and expecting nearly 50 lakh street Vendors will get benefit with liquidity support. The Government of India also planned to bring 2.5 crore additional farmers including fishermen and animal husbandry farmers under KCC to help them access concessional loan from banks.

To ensure Aatma Nirbhar Bharat at grass root level, the Government came with a comprehensive package for Agriculture sector including free inter trade of agriculture produce and taking out 6 key agricultural produce from ambit of Essential Commodities Act. Marketing reforms will be undertaken to provide adequate choice for farmers to sell their products at prices of their choice. With a motive to transform the agriculture into sustainable enterprises, Government has taken a host of historical pro-agriculture landmark initiatives towards the development of Aatma Nirbhar Krishi in India by implementing 3 major reforms for the benefit of farmers like one is The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 to remove barriers for trade and offering more options to sell and buy, second one is The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 to facilitates visibility and assurance of price to farmers at the time of sowing cropping decisions based on forward contracts, minimize market risks and solve issues of erratic food pricing and encourage contract farming, and finally The Essential Commodities (Amendment) Ordinance 2020 to boost private investments in Agri supply chains, food processing industries.

Government of India announced new horizons of growth in Phase IV of Aatma Nirbhar Bharat and started structural reforms in 8 major sectors like Coal sector, Mineral sector, Defence sector, Civil Aviation sector, Power sector, Social Infrastructure, Space sector and Atomic Energy. In Coal sector, commercial mining has started, diversified opportunities has taken in coal sector and also liberalized regime has started in coal sector. Private investment has enhanced in Mineral sector. Self reliance has planning to improving in Defence sector. Efficient Airspaces management stated in civil aviation and air ports are developing through PPP method. Research reactor in PPP method for the production of medical isotopes shall be established to promote welfare of humanity through affordable treatment for cancer and other diseases. India's robust start-up ecosystem will be linked to nuclear sector and for this Technology Development –cum-incubation Centers will be set up for fostering synergy between research facilities and tech-entrepreneurs.

Finally, 5th Phase tranche has announced on 17.5.2020 towards Government Reforms and Enablers and announced 7 measures by the Government for providing employment, support to businesses, Ease of Doing Business and State Governments as well sectors such as Education and Health. The 7 measures are like the following,

- a. Rs.40,000 crore increase in allocation for MGNREGS to provide employment boost.
- b. Health reforms and initiatives will be focused and public expenditure on Health will be increased by investing in gross root health institutions and ramping up Health and Wellness Centres in rural and urban areas.
- c. Technology Driven Education in the name of PM eVIDYA will be start for multi mode access to digital/online education and Manodarpan will take initiation for psycho-social support for students, teachers and families for mental health and emotional well being.
- d. Decriminalization of Companies Act violations involving minor technical and procedural defaults such as shortcomings in CSR reporting, inadequacies in Board report, filing defaults, delay in holding of AGM.
- e. Public sector enterprises policy will announce for a new, self-reliant India and private sector will be allowed in strategic sector and PSE will be privatized.
- f. Ease of Doing Business for Corporates and further enhancement of Ease of Doing Business through Insolvency and Bankruptcy Code (IBC) related measures. Suspension of fresh initiation of insolvency proceedings upto one year, depending upon the pandemic situation. Empowering Central Government to exclude COVID 19 related debt from the definition of default under the code for the purpose of triggering insolvency proceedings.
- g. Government of India has decided to increase borrowing limits of states from 3% to 5% for 2020-2021 financial year only.

The Aatma Nirbhar Bharat package focuses on survival of business And sets a roadmap for revival of the Indian economy. Aatma Nirbhar Bharat made India as Make India and particularly Covid 19 related products. India has exported more than 23 lakh Personal Protection Equipment (PPE) to many countries including UK and USA. Currently India is meeting its requirement in case of PPE, N95 masks and Ventilators through indigenous production. According to Anurag Singh Thakur, Minister of State for Finance “creative economy is a high growth sector, If nurtured properly, it can tremendously boost competitiveness, productivity, sustainable growth, employment and export potential of India”.

The economic crisis triggered by Covid 19 pandemic is much like 1990’s economic crisis, which was a harbinger of a paradigm shift via liberalization, Privatization and Globalization. The post Covid-19 era may usher in unprecedented opportunities provided the implementation deficit is adequately addressed. The economic package for the country emerging out of the lockdown requires a stimulus enhancing demand across the economy. This policy is the best way to spend on Greenfield infrastructure that rise productivity and extends spending power to the section of the population most affected by the lockdown.

The major challenges facing India is in the form of intellectual property, the copyright digitalization, skilled workforce and access to distribution networks. The majority of the package is in the form of liquidity measures that are supposed to be transmitted by RBI to Banks and Banks to Citizens. This transmission would not be as smooth owing to inefficient transmission of monetary policy. 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. The Government seeks a disinvestment to mobilize the finances for policy implantation. However, the majority of Indian Industries are already a bit debt laden to take up the stake in PSUs and it is difficult to borrow the foreign markets, as rupee with respect to dollar is all time low.

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