

Atmanirbhar Bharat: Indian Economy Redefined?

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Abstract— *The unprecedented and almost catastrophic COVID-19 was the onset of many problems for many nations. India was no exception. Having faced a shutdown in economic activity for approximately three months, the Indian economy was no exception to the global liquidity crisis. India's central bank, the Reserve Bank of India (RBI) announced many monetary measures to deal with this crisis, and the Government of India too announced a fiscal stimulus package called Aatmanirbhar Bharat. This package adds up to 20 lakh crore rupees (Massand et al., 2020). Accordingly, this paper first aims to assess the Aatmanirbhar Bharat Package in terms of the effectiveness of five tranches, and whether each tranche's respective aims have been met, in at least some respect, or not. Furthermore, this paper contains a critical appraisal of this package, to understand its shortcomings and its usefulness. To conclude, the paper will provide a summary of all research, and how future researchers can further the ideas in this paper to arrive at a better reasoned conclusion.*

Index Terms— *Aatmanirbhar, Bharat, COVID-19, Fiscal Stimulus, Indian Economy, RBI, Self-reliance*

I. INTRODUCTION

A. India's history of 'Aatmanirbharta'

Self-reliance as a concept has been deeply rooted in India for eons now, giving birth to various important movements, like the Swadeshi movement when India was under British rule. Pre-independence India had various prominent figures and nationalists, like Mahatma Gandhi, Rabindranath Tagore, and Neta Ji Subash Chandra Bose, striving for 'swaraj' and 'swadeshi', meaning political and economic self-reliance, respectively. The Bombay Plan was yet another effort preceding independence that aimed to pave independent India's path for economic progress, by wanting to achieve a basic standard of living for the population within 15 years. This initiative was undertaken by G.D Birla and J.R.D Tata, among others.

Post-independence, India has been enacting laws and creating institutions designed to promote self-sufficiency. From India's first Prime Minister,

Jawaharlal Nehru, to all subsequent prime ministers - Lal Bahadur Shastri, and Indira Gandhi, among others - they all introduced policies to make India increasingly self-sufficient. For example, under the leadership of Prime Minister Lal Bahadur Shastri, India's Green and White Revolutions paved the way for the nation to achieve self-sufficiency and establish itself as a global powerhouse in the production of various agricultural products, including milk and tea.

However, despite these reforms India fell behind on various parameters, like quality, pricing, and technology, all of these slip-ups paving the road to multiple disasters in the 1990s. These disasters included hyperinflation, rupee devaluation, and the balance of payment crisis, among a plethora of others. This led to future prime ministers, like Prime Minister P.V Narasimha Rao and Manmohan Singh, having to re-interpret what self-reliance meant for India (Jain & Gill, 2022).

In October 2005, Prime Minister Manmohan Singh made a statement on how self-reliance should be characterized, saying - "Self-reliance in the modern world implies the ability to pursue one's interest with self-confidence and faith in one's capabilities. We can pursue greater self-reliance by creating inter-relationships of inter-dependence that enhance our bargaining power." (*PM Redefines Self-Reliance for India | India News*, 2005)

Between the years 2005 and 2020 - which is when the Atmanirbhar Bharat package was announced - the Indian government announced various other initiatives to continue its pursuit of self-reliance. The prime example of this was the Make In India Initiative, launched in September of 2014, which aimed at boosting India's manufacturing sector, and attracting more domestic and foreign investment into the country, spurring economic growth. Its long-term aims were to transform India into a global manufacturing hub and to boost employment in the nation.

(Byju's (a), n.d.). Other schemes included 2015's Digital India Campaign, aimed at making Indian citizens more technologically empowered, and 2016's Startup India scheme, which aimed to promote entrepreneurship in the country by building a conducive environment for the same, to promote employment, economic growth, and most importantly innovation within India.

Then came the dawn of every economist's nightmare - a global pandemic. The world was severely hit by the COVID-19 pandemic, where the globe almost came to a standstill - lockdowns were announced, and economic activity was slowed down, if not stopped entirely, in almost every sector of the economy. Economic growth slowed down massively, and fears of a global recession were widespread. India too feared suffering gravely from the impacts of Covid-19, to combat this the Indian government announced the Atmanirbhar Bharat package.

The Govt of India announced an economic package, comprising five tranches, to give a boost to economic activities. Accordingly, this paper attempts to evaluate the Atmanirbhar Bharat Package in terms of each tranche's effectiveness and whether or not the goals of each tranche have been achieved, at least in part. The researcher also critically evaluates this package to identify its strengths and weaknesses. The paper concludes with a summary of the research and suggestions for future researchers to develop the concepts presented here to reach a more well-reasoned conclusion.

The presented paper has 4 major sections, the first being an introduction to the Atmanirbhar Bharat package, along with details on how India has pursued self-reliance in the past. The subsections of the Introduction then focus on detailing each of the 5 tranches of this package, along with how successful each tranche's schemes have been up until now. The second major section proceeds to present a critical appraisal of the said package, mentioning concerns with this package, and how its enforcement has been effective too. Further, this paper presents future research directions, illustrating how researchers looking into the same topic can further enhance the analysis presented in this paper. Finally, this paper has a conclusion, wherein the major information from it is

summarized, providing a well-rounded end to the presented research.

B. Aatmanirbhar Bharat package:

This package is a giant step towards achieving the Indian Prime Minister's vision of a self-reliant India. As mentioned first on 12th May 2020, this package's key focuses are :

- Economy
- Infrastructure
- System
- Vibrant Demography
- Demand

Though the success of any such package or mission lies solely on its execution and implementation, the Indian government planned to relieve people from the effects of the COVID-19 pandemic, and restart economic activities in 5 phases:

1. Businesses (including MSMEs)
2. Poor (including migrant workers and farmers)
3. Agriculture
4. New Horizons of Growth
5. Government Reforms and Enablers (Kumar, 2022)

1st Tranche - MSMEs

The Rs. 3 lakh crore relief scheme included in this package is intended to expand the MSMEs in India. In actuality, bolstering Indian MSMEs is fundamental to making India fully self-sufficient. This is so because MSMEs, at the base of the pyramid and closest to the populace, create jobs locally, produce locally, and sell locally while incurring the fewest expenses possible. Thus, to fulfill the greater objective of making India completely self-sufficient, the scheme prioritized boosting MSMEs (Lalvir, 2021).

Among the many initiatives undertaken by the government to aid MSMEs, there were two major schemes aimed at helping MSMEs - the Emergency Credit Line Guarantee Scheme (ECLGS) and the Self-Reliant India (SRI) Fund.

The ECLGS was announced to relieve distressed firms and to aid them in restarting operations after the havoc wreaked by Covid-19. It also aimed to help eligible

MSMEs in meeting their operational liabilities. The SRI Fund sought to provide MSMEs with equity funding, provided they have the capacity and viability to expand. Upon a survey assigned by The Ministry of MSMEs in India to SIDBI (Small Industries Development Bank of India), it was found that 67% of surveyed firms had closed for almost 3 months, around 65% had availed benefits from the ECLGS, and approximately 36% of respondents took and utilized loans under the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme (Delhi, 2022a).

2nd Tranche - Relief for Various Groups

For the second tranche of the Aatmanirbhar Bharat package, the focus was on providing benefits for various groups of people, like street vendors and migrant workers. Again, various schemes were implemented to revive the economy and to create employment for these impacted groups.

As part of the Aatmanirbhar Bharat package, in October 2020, a government scheme called Aatmanirbhar Bharat Rojgar Yojana (ABRY) came into effect. This scheme's main motive was to incentivize employers to generate more employment opportunities, to mitigate the unemployment Covid-19 caused, at least to a certain extent. Benefits totaling Rs. 8474.55 crore had been given to 60.26 lakh beneficiaries under this scheme since its launch, until January 24, 2023.

To refuel the economy of street vendors in India, the Indian government implemented another scheme, called Prime Minister Street Vendor's AatmanirbharNidhi scheme (PM SVANidhi Scheme). The PM SVANidhi scheme was launched so that street vendors could avail of collateral-free loans for their working capital, the adoption of digital transactions, and the holistic and socio-economic development of street vendors and their families (Vikaspedia, 2023). 37.84 lakh loans of Rs. 4,379 crores had been disbursed under the programme as of January 17, 2023 (Delhi, 2023)

3rd Tranche - Agriculture and Allied Sectors

Aatmanirbhar Bharat's third tranche aimed to provide relief to the agricultural and allied activities sectors of the economy. In this tranche, eleven measures were announced, of which three focused on governance and administrative reforms, while eight were focused on

improving infrastructure, logistics, and warehousing. The latter consisted of a Rs.10,000 crore scheme aimed at formalizing the MFE (Micro Food Enterprises) sector, Rs.100,000 crore allocated towards strengthening farm gate infrastructure, Rs.500 crore towards the development of infrastructure related to beekeeping activities and to support beekeeping initiatives. Additionally, Rs.20,000 was allocated as part of the Pradhan Mantri Matsya Sampada Yojana (PMMSY) with the idea of promoting integrated, sustainable, and inclusive development of marine and inland fisheries, Rs.500 crore as a subsidy to compensate for and support the supply chain disruption in fruits and vegetables. In support of farmers growing herbal and medicinal plants along the river Ganga, Rs.4,000 crores were allocated (Thornton (a), 2020).

To improve the realization of farmers' prices by attracting investments and making the agricultural sector more competitive, non-monetary measures included amendments to the 1955 Essential Commodities Act. Two other non-monetary measures were the development of a law that would allow farmers to sell their crops inter-state and via e-trading without any constrictions and would be allowed to sell their produce at their decided price. Lastly, to allow farmers to engage processors, aggregators, large retailers, and exporters fairly and transparently, a legal framework should be established. This framework would include risk mitigation measures for farmers, guaranteed returns, and quality standardization. (Desk, 2020)

Under this package, Rs.30,000 had also been declared as additional emergency working capital funding for farmers through NABARD (National Bank for Agriculture and Rural Development). As of September 25th, 2020, Rs.25,000 had been disbursed under this measure, and the remaining 5,000 crores were allocated to NABARD for smaller NBFCs, under the Special Liquidity Facility (SLF). (Delhi, 2020b)

4th Tranche - Special Sectors of the Economy

The fourth tranche of this package focused on providing benefits and reviving special sectors of the economy, like the aviation, defense, mineral, and coal industries of India, to make the country more internationally competitive in these sectors. Some key

highlights from the announcement of this tranche were that to save fuel and time, air space would be rationalized and optimally used, public-private partnership (PPP) would be encouraged to promote more affordable cancer treatments and establish and develop research infrastructure for the food sector, and a Rs. 8100 crore provision will be made to make 30% viability gap funding available for social projects.

For the aviation sector, it was announced that 12 airports would receive additional private investments, and, on a PPP basis, 6 more airports would be auctioned, and, to make India an MRO (Maintenance, Repair, and Operations) hub for both civil and defense aircraft, the MRO tax structure would be rationalized.

For the defense sector, announcements included the ceiling on foreign direct investment in defense manufacturing being raised from 49% to 74% as part of the automated route. Additionally, it was announced that there would be a separate part of the budget allotted for the procurement of domestic capital. This would aid in decreasing this sector's import bill and in encouraging domestic production. Also, to enhance autonomy, efficiency, and accountability, the Ordnance Factories Board (OFB) would be corporatized and listed on the stock market, and, to domesticate defense manufacturing, provisions to ban the import of some weapons and platforms were announced. (Byju's (b), n.d.)

Announcements for the mineral sector were rather concise, with one being that coal mines will be privatized, and 50 new blocks will be auctioned. Secondly, it was announced that 500 mineral blocks will be privatized through open and joint auctions along with coal (Thornton (b), 2020).

As of 10th December 2020, some major developments had been noticed for this tranche. Firstly, thermal coal imports in that financial year (FY21) went down by 27%, with a reduction of 33% for the power sector. Secondly, with an investment of Rs.13775 crores, the implementation of 7 new railway lines had begun. (Finance, 2020)

5th Tranche - A Continuation

The fifth tranche of this package aimed to address issues related to land, labor, liquidity, and laws, and

was a sort of continuation of the schemes and laws that had been previously issued - like the state borrowing limits were increased from 3% to 5%.

Under this tranche, a few additional measures were introduced. For example, Rs.40,000 crores were allocated to MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme) to generate more employment for rural workers. Relaxations in certain business laws were also introduced, wherein, under the Companies Act, minor technical and procedural offenses were decriminalized, and, under the Insolvency and Resolution Code of 2016, the minimum requirement for a business to initiate insolvency - a state of financial distress where a business is unable to pay their bills (Brock, 2023) - was reduced. (Thornton (c), 2020)

For the health sector, it was announced that all districts have to have dedicated hospital wards for patients with infectious diseases, along with public health levels at the block level. For the education sector, the finance minister announced the PM eVidya scheme, to provide school education digitally and via online modes to various students, and the National Foundational Literacy and Numeracy Mission was announced as responsible for checking learning levels in the country. The total financial outlay of the fourth and fifth tranches of this package came to about Rs.48,100 crores. (Testbook, 2023)

While it may be too early to comment on how this tranche has played a role in further shaping the Indian economy, the effectiveness of this tranche should be better assessed a few more years down the line.

II. CRITICAL APPRAISAL OF THE ATMANIRBHAR BHARAT PACKAGE

Even though the Aatmanirbhar Bharat package seems to be very meticulously planned, as discussed previously, the merit of such a package lies in its execution. This very execution and some of the inherent basis of this package have attracted attention from some critics, and problems with this package have been pointed out. Some of these problems and concerns are discussed below.

The shortage of aggregate demand in the economy, or the shortage of backward and forward linkages has attracted some concern. It is discussed that if the rest of the Indian economy is not brought back to life, there would be a shortage of demand for MSMEs, causing their production to end soon, thus deeming any measures from the Aatmanirbhar Bharat package redundant.

Another major criticism of this package is the lack of direct fiscal stimulus. Critics argue that a significant portion of the package is centered around potential liquidity infusion and expected increase in credit uptake rather than direct fiscal stimulus. This approach assumes and relies on, a rise in demand for credit, which may not materialize if the structural issues affecting the demand for credit and investment are not addressed. Additionally, the effectiveness of liquidity infusion through various RBI measures and easy loans has been questioned, as these measures rely heavily on an increase in the aggregate demand for credit, which depends on the overall health and expectations within the economy (Maravi & Kumar, 2022).

Because of the nature of the Atmanirbhar Bharat package, a major concern was that it could greatly reduce India's international trade and investment, due to India's focused attempt at becoming self-reliant. The imposition of protectionist measures like import tariffs and import substitution can prove to be a deterrent to foreign investment in India and would lead to greatly reduced injections into the Indian economy, potentially causing it to suffer (drishtias, 2021).

However, despite these concerns, the Atma Nirbhar Bharat package has managed to do considerable work to aid the Indian economy. As mentioned in previous sections of the paper, hefty sums of money have been disbursed under the various schemes of this package, resulting in significant changes. For example, as aforementioned, India's exports in the power sector had gone down considerably after the announcement and implementation of this package, and goods were being manufactured domestically instead - achieving, at least on a relatively small scale, the package's main aim of making the Indian economy self-reliant.

Also, via schemes under this package, many firms had availed benefits and recovered from the negative

impacts of the Covid-19 epidemic and lockdowns. As mentioned previously, under a specific scheme called the ECLGS, approximately 36% of respondents in a survey had taken and utilized loans under the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme, aiding them in their recovery.

III. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Since this study uses secondary data to derive conclusions, future researchers can use primary data to arrive at conclusions about the Atma Nirbhar Bharat package. This could prove useful to arrive at a more accurate conclusion, as this primary data could provide first-hand evidence of the effects of the package. This primary data can be collected from a small sample of the target population of all the schemes of this package, which can then be validated using the appropriate steps. This data can be collected using on-ground interviews, surveys, and questionnaires.

Furthermore, future researchers can also look into a comparison of the condition of the target groups of these schemes before and after the implementation of said schemes - like comparing the condition of MSMEs and the agricultural sector before and after schemes targeted at them were enforced, and to conclude whether these schemes were effective in the long run or not. This can also be done by collecting primary data further in the future, to estimate the long-term effectiveness of this package for the Indian economy.

CONCLUSION

As this paper illustrates, the Atma Nirbhar Bharat package has been effective, at least in part, in helping the Indian economy recover from the impacts of the COVID-19 pandemic. While it is still early to be able to accurately assess the effectiveness of this package, it can be seen that the schemes that have been put into action have aided the economy, like the hefty amounts disbursed for a lot of the schemes mentioned previously.

In 2022, the Raksha Mantri of India, Rajnath Singh, commended the efforts of the Atma Nirbhar Bharat

package, claiming that India was now a part of mainstream manufacturing globally, and was producing indigenous aircraft carriers, like the INS Vikrant. He further added that, owing to this package, India's defense exports have surpassed Rs.1400 crores, compared to Rs.900 crores in 2014. The Raksha Mantri stated his confidence in India's growing power as an exporting hub, claiming that by 2023 India's defense exports will surpass Rs.1900 crores, and the target for 2025 will be Rs.2500 crore-fairly achievable, in his opinion. (Defence, 2022)

His prediction for India's 2023 defense exports was rather accurate, with the defense ministry releasing a statement saying that defense exports had reached an all-time high in FY 2023-24, touching a record Rs.21,083 crores, which illustrated a growth of 32.5% from the previous fiscal year (when the figure was Rs.15,920 crores.) (Correspondent, 2024)

To conclude, the Atmanirbhar Bharat package has had positive effects on the Indian economy, and a lot of the continuous, and projected, growth of various sectors of the economy can be attributed to this package, as illustrated by the example above. The critical appraisal of the scheme in this paper also shows that while seeing major changes in the Indian economy because of this package will take a few more years, at least, the current level of execution has resulted in a lot of improvement in the economy.

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