

Article

# Atmanirbhar Bharath: Tailwinds, Headwinds and Self-Reliant India

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## A B S T R A C T

The Prime Minister of India, Mr. Narendra Modi, announced on May 12<sup>th</sup>, 2020, a special economic package worth of Rs 20 lakh crore which is tantamount to 10% of India's Gross Domestic Product with the aim of making India self-reliant against the tough competition in the International supply chain faced by MSMEs, Agriculture and Allied Sectors, Energy, Civil Aviation, Housing and Social Sector and to help in empowering the poor, labourers and migrants, who were adversely hit by COVID-19. It also outlined the measures taken by RBI to recoup the Indian Economy. This article summarises the key measures proposed under the special economic package.

**Keywords:** Gross Domestic Product, Agriculture, Allied Sectors

The Prime Minister of India, Mr. Narendra Modi, announced on May 12<sup>th</sup>, 2020, a special economic package worth of Rs. 20 lakh crore which is tantamount to 10% of India's Gross Domestic Product with the aim of making India self-reliant against the tough competition in the International supply chain faced by MSMEs, Agriculture and Allied Sectors, Energy, Civil Aviation, Housing and Social Sector and also to help in empowering the poor, labourers and migrants, who were adversely hit by COVID-19. It also outlined the key measures taken by RBI to recoup the Indian Economy. Ms. Nirmala Sitharaman, the Finance Minister, announced through press conferences the detailed economic measures that concentrated on Five key areas - Economy, Infrastructure, System, Vibrant Demography and Demand. This article summarises the key measures proposed under the special economic package.<sup>1</sup>

In the condition of pandemic, India has started to unleash the opportunities available to sustain the condition. It has also proved to be so with the introduction of Atmanirbhar Bharat Figure 1.



**Figure 1. Structure of Atmanirbhar Bharat**

Source: *Civils daily*, Private: Atmanirbhar

Package, May 17, 2020

The Five segments of Atmanirbhar Bharat are:<sup>2</sup>

- Phase-I: Enterprises including MSMEs
- Phase-II: Poor, involving migrants and farmers
- Phase-III: Agriculture
- Phase-IV: New Horizons of Growth
- Phase-V: Government Changes and Enablers

## Big picture

A break-up of the ₹20,00,000 crore financial package announced by the government under the Atmanirbhar Bharat Abhiyaan, including liquidity, credit easing and direct spending

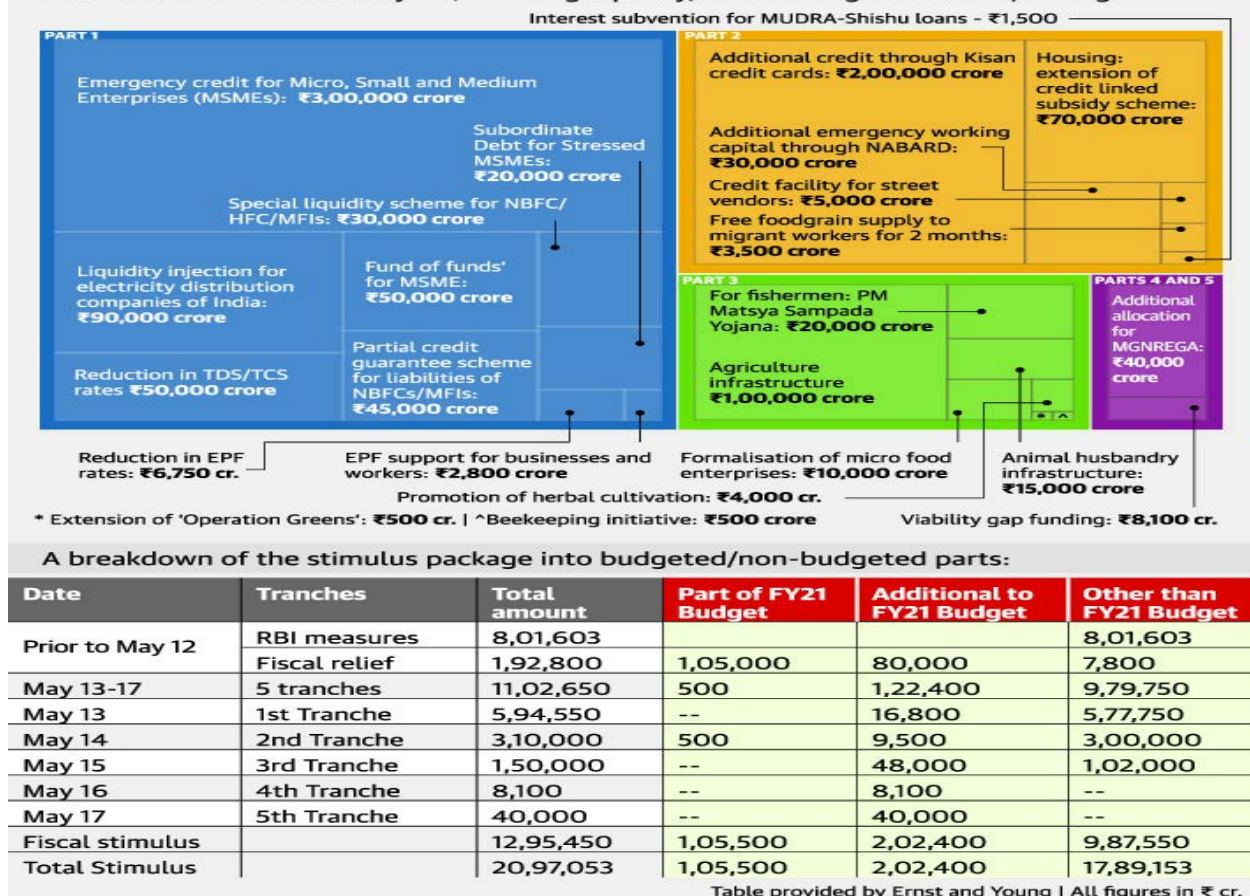


Figure 2. Financial Structure of Atmanirbhar Bharat

Source: Civils daily, Private: Atmanirbhar Package, May 17, 2020

## Government Reorganizations

### Pradhan Mantri Garib Kalyan Package I Figure 2

- Insurance cover of Rs. 50 lakhs per health employee
- 80 crore poor people are given the benefit of 5 kg wheat or rice, 1 kg pulses for 3 months
- 20 crore women Jan Dhan account holders get Rs.500 per month for 3 months
- Gas cylinders free of cost to 8 crore poor relatives
- Increase in MNREGA wages to Rs.202 per day
- Ex-gratia of Rs.1,000 to 3 crore poor senior citizens, poor widows and poor Divyang

### Pradhan Mantri Garib Kalyan Package II

- 8.7 crore farmers to be given Rs.2,000 under current PM-KISAN
- 24% of monthly wages to be attributed to PF account of wage-earners below Rs.15,000 p.m
- Five crore workers enrolled under EPF to get non-refundable advances of 75%
- Limit for collateral free lending to be raised from

10 lakhs to 20 lakhs for SHGs supporting 6.85 crore households

### Increase in borrowing limits of State Governments

- The borrowing limits of State governments will be expanded from 3% to 5% of GSDP for the year 2020-2021
- Upto 3.5% unconditional increase of GSDP
- 0.25% increase linked to reforms on Universalisation of 'One Nation One Ration Card', Ease of doing business, Power Circulation

### Privatisation of Public Sector Enterprise (PSEs)

- New PSE policy to be initiated to privatise PSEs except those in the Strategic sector
- To reduce inefficient executive cost PSEs will be merged/ brought under holding firms<sup>3</sup> figure 3

### Consummation of Economic Reforms

All the economic reforms of atmanirbhar bharat abhiyan are explained through Figures 4 to Figures 12.

# Lockdown antidote

Finance Minister Nirmala Sitharaman announced the features for the first part of the Atmanirbhar Bharat Abhiyan

**For small businesses**

- ₹3,00,000 crore emergency credit for Micro, Small and Medium Enterprises (MSMEs)
- Only domestic firms can bid for govt. procurements up to ₹200 crore

**For employees/ tax payers**


- EPF deductions slashed for 3 months to 20% from 24% of salary; IT returns deadline extended
- This will enhance take-home pay if employers pass it on, but dent retirement savings

**For infrastructure sector**

- Power PSUs to lend ₹90,000 crore to stressed State distribution companies

**For financial sector**

- Deadlines for realty projects and public infrastructure contracts extended
- Fresh ₹45,000 crore partial credit guarantees for non-banking finance companies (NBFCs)
- ₹30,000 crore special liquidity for microfinance/ housing finance firms and NBFCs



**Relief at hand:** Finance Minister Nirmala Sitharaman addressing a press conference to announce details of the economic stimulus package in New Delhi on Wednesday.

• SHIV KUMAR PUSHPAKAR

Figure 3.Features of first part of Atmanirbhar Bharat Abhiyan

Source: Civils daily, Private: Atmanirbhar Package, May 17,2020

HIGHLIGHTS	TAILWINDS	HEADWINDS	IMPACT ON THE ECONOMY
1. Collateral Free Loans	Upto Rs. 3 Lakh Crores Upto 20% of their borrowings	MSMEs with Rs. 100 Cr turnover and Rs. 25 Cr. Outstanding Debt	↑↑↑
2. Corpus Fund	Rs. 10000 Cr. Corpus fund to be created exclusively for MSMEs		↑↑
3. Subordinate Debt	Rs. 4000 Cr. Loans with Partial guarantees to Banks	MSMEs with NPAs	↑↑↑
4. EPF	Government paid 12% of Employer Contribution and 12% of Employee Contribution from March 2020 to August 2020. It amounts to Rs. 2500 Cr.	Difficulty in contributing to PF by both Employer and employee.	↑
5. Street Vendors	Credit with initial Capital as Rs.10000 which is expected to enhance a liquidity of Rs.5000 Crore	Accessibility of Credit.	↑
6. Reduction of TDS and TCS rates	TDS and TCS rates are reduced upto 25% of the existing rates. This will enhance a liquidity of Rs. 50000 Cr.		↑↑

Figure 4.Tranche I - Businesses and MSMEs<sup>4</sup>




## MORE FOR MIGRANTS

The second part of the "economic stimulus" package focusses on migrant workers and farmers

- Close to **8 crore** migrants, who are not covered under the food distribution system, will be given **5 kg of grains** per person and **1 kg chana** per family per month for **two months**
- Affordable **rental housing** complexes planned under Pradhan Mantri Awas Yojana
- Interest subvention worth **₹1,500 crore** announced for MUDRA-Shishu loans of up to **₹50,000**

- **'One Nation One Ration Card'** to be used to enable access of PDS across country; 100% national coverage expected by March 2021
- Funds worth **₹6,000 crore** to be used for boosting employment for Adivasis and tribals
- A scheme worth **₹5,000 crore** to facilitate easy access to credit for street vendors

- **63 lakh** agriculture loans worth **₹86,600 crore** approved between March 1 and April 30
- Concessional credit for **2.5 crore** PM-KISAN beneficiaries worth **₹2 lakh crores**
- Centre had released **₹11,000 crore** to States on April 3 to augment funds in their State Disaster Response Fund for setting up shelters for migrants
- **14.62 crore** person-days of work generated under MGNREGA as of May 13


Figure 5. Tranche II- Poor, labourers and migrant workers<sup>5</sup>


HIGHLIGHTS	TAILWINDS	HEADWINDS	IMPACT ON ECONOMY
1. Supply of Food grains	Food grains will be supplied for two months	Migrants not covered under Food Distribution System	↑
2. Pradhan Mantri Awas Yojana	Affordable Rental Houses for Migrant workers and Urban Poor		↑
3. One Nation One Ration Card	Access of Ration by Migrant Workers and will cover 67 crore beneficiaries in 23 states by March 2021	Migrant Workers without Ration Card	↑
4. Employment to Adivasis and Tribals	Rs. 6000 cr. to be utilised to provide employment to Adivasis and Tribals under CAMPA	Unemployment because of Pandemic	↑ ↑
5. State Disaster Response Fund	Rs. 11000 Cr. to States to provide shelter to Migrant Workers		↑
6. New Self-Help Groups	7200 new SHGs are formed to help the Urban poor from March 2021	Unemployment, unavailability of loans to SHGs	↑ ↑
7. MUDRA - Shishu Loans	Interest Subvention of 2% worth Rs. 1500 Cr.	Will be available for prompt payees during the past 12 months.	↑ ↑

Figure 6. Atmanirbhar Bharat for migrants

Source: Civildaily, Private: Atmanirbhar Package, May 17, 2020

## Booster dose

The third tranche of the measures announced under the Atmanirbhar Bharat Abhiyan focuses on agriculture and allied activities



- Funds worth **₹1 lakh crore** to be given to agricultural cooperative societies, farmer producer organisations and start-ups for boosting farm-gate infrastructure
- **₹10,000 crore** for formalisation of micro-food enterprises; cluster-based farming approach to be followed
- **₹20,000 crore** for fishermen under PM Matsya Sampada Yojana; expected to pave way for additional fish production of 70 lakh tonnes over 5 years
- **₹13,000 crore** drive to achieve 100% vaccination of cattle, buffalos, sheep, goats and pigs
- **₹15,000 crore** boost for animal husbandry infrastructure
- **₹4,000 crore** for promotion of herbal cultivation; 10 lakh hectares to be covered
- **₹500 crore** for beekeeping initiatives
- Essential Commodities Act, 1955, to be amended to de-regulate cereals, edible oils, oilseeds, pulses, onion and potato
- Marketing reforms to be undertaken to provide adequate choice for farmers to sell produce at prices of their choice

A farmer carries strawberries after harvesting them in Srinagar on Friday. ■ NISSAR AHMAD

Figure 7. Tranche III - Agriculture and Allied Activities<sup>5</sup>

Source: Civils daily, Private: Atmanirbhar Package, May 17, 2020

HIGHLIGHTS	TAILWINDS	HEADWINDS	IMPACT ON THE ECONOMY
1. Concessional Credit to Farmers	Institutional Credit Facilities worth Rs. 2 lakhs for 2.5 crore farmers	Low Institutional Credit	↑↑↑
2. Agricultural Infrastructure Fund	Rs. 1 lakh Cr. fund for development of agriculture infrastructure projects		↑↑↑
3. Emergency Working Capital	Rs. 30000 crore fund through NABARD		↑↑↑
4. Animal Husbandry Infrastructure Development	Rs. 15000 Cr. Fund will be created to support		↑
5. Matsya Sampada Yojana	Rs. 20000 Cr. will be allotted to fishermen for additional fish production		↑

Figure 8. Atmanirbhar Bharat Abhiyan for agriculture and allied activities



## Breaking down walls

Finance Minister Nirmala Sitharman announced a set of structural reforms across sectors as a part of the efforts to boost a sagging economy



**COAL**  
Commercial mining on a revenue sharing basis to be introduced. Companies in the private sector will be allowed to carry out exploration



**MINERALS**  
Composite exploration-cum-mining-cum-production regime for minerals to be announced. 500 mining blocks will be auctioned



**DEFENCE**  
A list of weapons/platforms for ban on import will be notified. FDI limit in manufacturing under automatic route to be raised to 74%



**CIVIL AVIATION**  
Restrictions on utilisation of the airspace will be eased so that flying becomes efficient. Now, only 60% of the airspace is freely available



**POWER**  
Power departments/utilities and distribution companies in U.T.s to be privatised. It will be in line with the tariff policy which is to be announced



**SPACE**  
Privatisation to be introduced. Planetary exploration, outer space travel to be opened to the private sector



**ATOMIC ENERGY**  
Research reactor in PPP mode to be set up for the production of medical isotopes


Figure 9. Tranche IV: New Horizons of Growth<sup>6</sup>

HIGHLIGHTS	TAILWINDS	HEADWINDS	IMPACT ON THE ECONOMY
1. Upgradation of Industrial Infrastructure	Availability of Industrial land for promoting investments through GIS mapping- 3376 industrial parks/SEZs mapped on IIS (Industrial Information system)	All Industrial Parks will be ranked in 2020-2021.	↑↑
2. Commercial mining in coal sector	Reduce import of Substitutable coal and self-reliance in Production. Infrastructure development of Rs.50,000 crores. Rs.18,000 Cr worth of investment in mechanised transfer of coal.	Rationalisation of stamp duty at the time of lease	↑↑
3. Enhancing Private Investments in the Mineral Sector	Introduction of a seamless composite exploration-cum-mining-cum-production regime		↑
4. 'Make in India' for Self-Reliance in Defence Production	Notify a list of weapons for ban on imports. Indigenisation of imported spares. FDI in defence investment will increase from 49% to 74%.		↑↑
5. Efficient Airspace Management for Civil Aviation	Restrictions on utilisation of Indian Airspace will be eased which would bring a benefit of Rs.1,000 crores per year. Optimal utilisation of Airspace. AAI has awarded 3 airports for Operation and Maintenance on PPP basis. Tax regime for Aircraft MRO to be rationalised.	Only 60% of Indian Airspace Freely Available.	↑↑
6. Boosting private sector investment in Social Infrastructure.	Viability gap Funding Scheme - Total outlay Rs.1,800 crores.		↑↑
7. Boosting Private participation in space activities.	Indian private sector will be co-traveller in India's space sector journey.		↑

Figure 10. Structure of Atmanirbhar Bharat Abhiyan for Boosting Economy

Source: Civils daily, Private: Atmanirbhar Package, May 17, 2020

## Final dose

The fifth tranche of the economic package under the Atmanirbhar Bharat Abhiyan was announced on Sunday

### Health

- Public spending to be increased; more health and wellness centres
- Infectious diseases hospitals and public health labs to be set up in all districts

### Disinvestment

- Public sector firms in non-strategic sectors to be privatised
- No more than four public sector undertakings to remain in 'strategic' sectors; to be notified soon

### States

- Borrowing ceiling raised from ₹6.41 lakh crore (3% of GSDP) to ₹10.69 lakh crore
- Only a quarter of this hike is unconditional; rest are linked to reforms in specified areas

### Unemployment

- MGNREGS allocation hiked by ₹40,000 crore to fund 300 crore person days
- Aimed at giving migrants who have returned home an income option

### Industry

- Fresh insolvency proceedings suspended for a year, eligible loan size to be hiked from ₹1 lakh to ₹1 crore
- COVID-19 related debt not to trigger defaults; firms can list abroad directly

Figure 11. Tranche V: Government Reforms and Enablers<sup>7</sup>

HIGHLIGHTS	TAILWINDS	HEADWINDS	IMPACT ON THE ECONOMY
1. Reforming Governance for ease of doing Business	Streamlining of processes such as granting of permits and clearance, self-certification and third-party certification. Integrated web-based Incorporation form. Timely action during COVID-19 to reduce compliance burden. Minimum threshold to initiate Insolvency proceedings raised to Rs.1 crore.		↑↑
2. Technology driven online education,	SWAYAM PRABHA DTH channel to reach and teach those who have no internet access. 200 new text books to be added to e-Paathshaala.		↑↑
3. MGNREGS allocation	Allocation of additional Rs.40,000 crores to provide employment boost.		↑↑
4. Investments in Public health	Increase investments in grass root health institutions. Preparing India for future Pandemics by having Infectious disease Hospital Block in all Districts.		↑

Figure 10. Details of fifth tranche of economic package

Source: Civildaily, Private: Atmanirbhar Package, May 17, 2020

### Positives of the Package<sup>9,10</sup>

- By initiating the above measures, the government has tried to project a 'maximum bang for minimum buck' approach.
- Most of the support measures proclaimed by the Government have turned into regulatory relief, broader liquidity support
- It can be understood that the Union government has very craftily used the COVID-19 pandemic crisis to plough through long pending, deep-rooted structural reforms

### Conclusion

- The Coronavirus Pandemic situation has offered India a worthy lesson on being self-reliant and self-adequate
- A state of self-capability will prepare our country for the resilient competition in the global supply chain
- Self-Sufficiency and Self-Reliance will ensure quality in various sectors
- In sum, the economic package has several notable features not all of which are COVID-19 relief
- The government has refused to borrow and spend more in order to accelerate demand
- The strategy for boosting supply is expected to work in accordance with the expected Plans of the Government

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