



# MEASURES TAKEN BY INDIAN POLICYMAKERS TO COMBAT COVID-19 (ATMANIRBHAR BHARAT ABHIYAN)

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## ABSTRACT

*Covid-19 has spread all over the world within no time and has turned our lives upside down. We can not only say that it has caused and still causing human sufferings but economic sufferings as well. Every country is trying hard to cope with the pandemic in terms of health and economy. The Indian government has also taken up some of the relief measures to support its citizens in this pandemic atmosphere and this paper is critically analysing the policies of the Indian government to revive the Indian Economy during lockdown.*

**KEYWORDS:** Aatma Nirbhar Bharat Abhiyan, Self-Reliant India Mission, Covid-19 Relief Measures

## INTRODUCTION

The novel coronavirus has wreaked havoc across the world, affecting the global economy, reporting around 10,500,639 cases people and infecting millions<sup>1</sup>.

There is an increase in the number of cases<sup>2</sup>, especially in Delhi and Maharashtra and hence the Government of India has taken several preventive steps—from implementing a three months lockdown, opening 52 dedicated COVID-19 test centres in 28 states to announcing a relief package of Rs 1.7 lakh crore<sup>3</sup>.

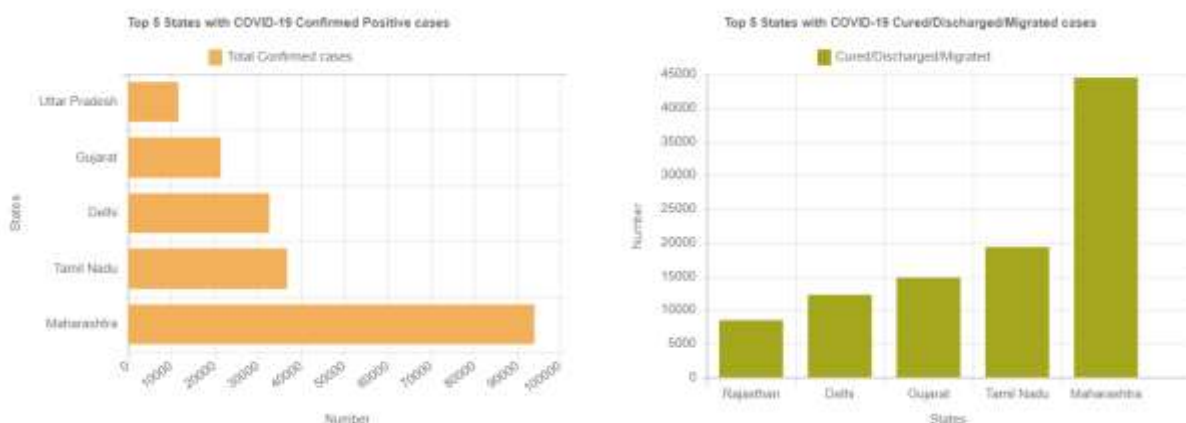


Figure 1: Number of cases in different states

Source: Covid-19 India, data.gov.in, 11 June 2020  
[data.gov.in/major-indicator/covid-19-india-data-source-mohfw](https://data.gov.in/major-indicator/covid-19-india-data-source-mohfw)



Figure 2: Categories of Covid-19 cases

Source: Covid-19 India, data.gov.in, 11 June 2020

Samples tested by 11 June 2020 = 52,13,140

SARS-CoV-2 (COVID-19) Testing Status (11/06/2020 9:00 AM IST)

As far as preparation of India is concerned for Covid like pandemic, there is a scarcity of hospital beds, ventilators, doctors and diagnostics in India which makes it unprepared for increasing coronavirus cases. According to WHO reports, India has only 7 beds per 10,000 people<sup>4</sup>, whereas China has 42. Moreover, India has only 8.57 doctors per 10,000 patients<sup>5</sup> as compared to Italy that has 40, China that has 19.798, the US that has 26 and the UK that has 28 doctors, according to WHO.

India has 111 labs for testing Covid-19<sup>6</sup> and India is doing 7.78 tests per 1000 population<sup>7</sup>. Additionally, India spends only 3.53% of its GDP on health; China, 5%, Italy, 9%, the UK and US, 9.7% and 17.2%, respectively. On the other hand, in India the out-of-pocket expenditure on health is an appalling 65%, whereas it's only 11% in the US, 15% in the UK, 23% in Italy and 35% in China<sup>8</sup>.

In December 2019, India ranked 72 on the global food security index<sup>9</sup>, whereas the US stood at the third position and the UK, 17. All these countries

irrespective of being developed countries are scrambling to contain the spread of the virus, with the death toll in thousands.

A couple of months into the fight against COVID-19, India has not only tried hard to combat corona virus but has also extended a helping hand to the lesser privileged in the community.

The lockdown that came into effect on 25<sup>th</sup> March for three weeks has been implemented in phases, the third phase being announced recently to extend over a fortnight, starting 4<sup>th</sup> May to ensure minimal incidence of the pandemic and then it was extended to 30<sup>th</sup> June.

In order to combat Covid-19, India has set up some teams, the description is as follows<sup>10</sup>-

### RAPID RESPONSE TEAM

**Lab network and sample testing**-There has been set up the government and private labs all across India for testing<sup>11</sup>.

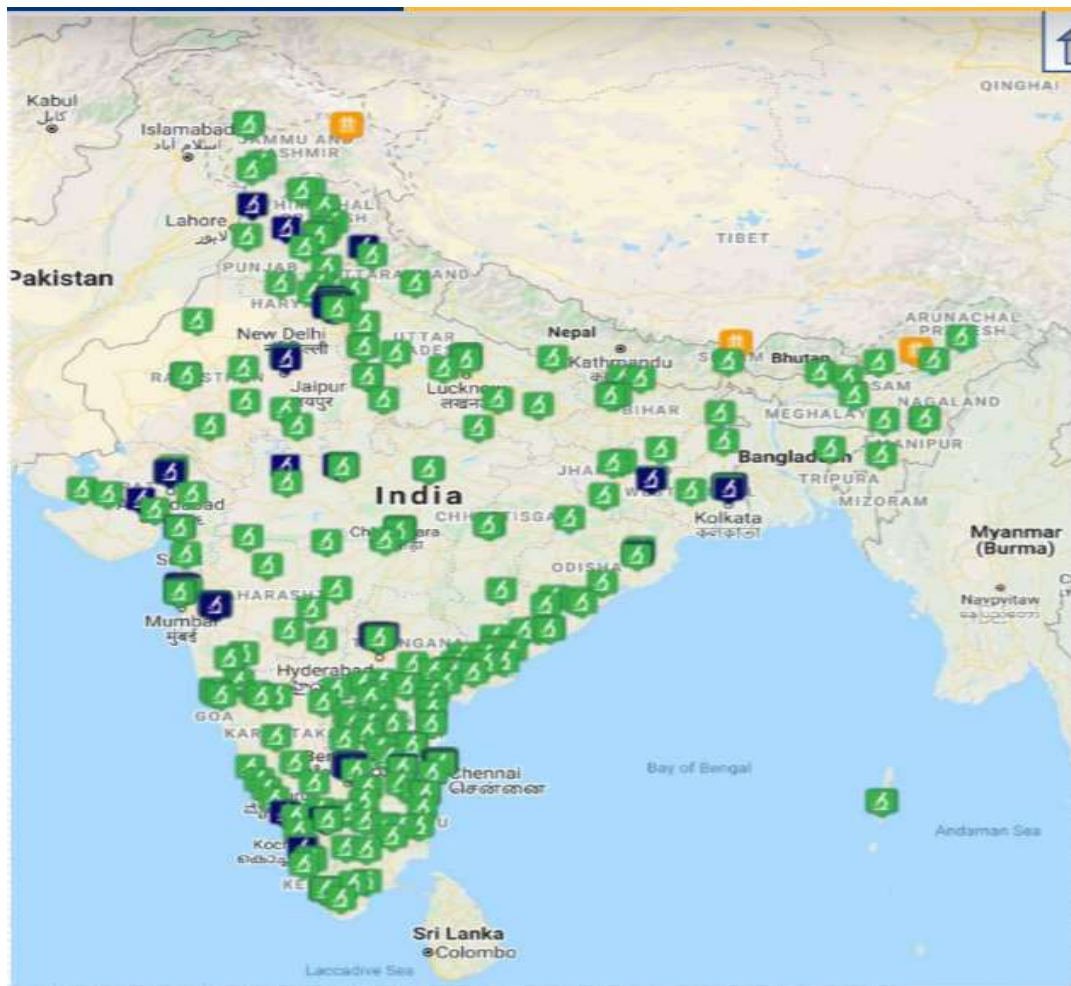


Figure 3: Map shows the number and location of labs across Indian.

Source: ICMR

### Diagnostic kits evolution/ other claims

This team is located at Pune, New Delhi, Kolkata and Hyderabad take cares of the evolution of Diagnostic kits for CBNAAT/ TruNAT and RT-PCR/ Rapid Antibody Test<sup>10</sup>.

### Procurement, Distribution and regional depots

This team of technical committees deals with the procurement of VTM, RNA extraction kit and RT-PCR kits<sup>10</sup>.

After procurement, there are regional teams divided into East/North-East, North, West and South regions which distribute the kits in their particular allocated regions.

### High-level public health committee(National Task Force -NTF)

There is a high-level public health committee of Public Health experts as well in the rapid response team<sup>10</sup>.

### NTF Research Groups, other research studies and Policy group on AYUSH

There are various research groups working on combating Corona Virus which include clinical

research, Diagnostics and Biomarkers, Epidemiology & Surveillance and operations research.

Multi-centric Therapeutic Research Studies are being done to discover more about Plasma Therapy & Convalescent Plasma, BCG, Hydroxychloroquine and WHO Solidarity Trial<sup>10</sup>.

Policy group on Ayurveda, Unani, Homeopathy, Siddha and Other Systems are also trying to find out if there is any cure which can be considered to fight against Covid-19.

### Admin and Financial Support

In short, Rapid Response team is actively involved in sample testing, kit validation and virus research along with the other core activities like Purchase, Procurement & Internal audit, Reagent Distribution & Quality check; Central Depot, logistics and training<sup>10</sup>.

### ATMANIRBHAR BHARAT ABHIYAN

When the world is struggling to maintain its economy, India has come up with an idea of Self-reliant Bharat Mission which is also known as Atmanirbhar Bharat Abhiyan. According to Indian

Prime Minister Narendra Modi, “when India speaks of becoming self-reliant, it doesn't advocate a self-centred system. In India's self-reliance; there is a concern for the whole world's happiness, cooperation and peace”<sup>12</sup>. In this mission the Prime Minister has announced a Rs. 20 lakh crore economic package in order to combat the coronavirus crisis. This announcement made by Indian Finance Minister in between 13 May 2020 to 17 May 2020, of investing a huge amount in different sections of the economic sectors and certain policy reform initiatives has been supported as well as criticised by many experts. The following section will discuss the distribution of the amount and its benefits in improving the economy.

## DISCUSSION

### PM Vision for Atma Nirbhar Bharat

The intended objective of this plan is two-fold. First includes those measures which can help poor people with liquidity infusion and direct cash transfers who are in acute stress. The second is to strengthen the economy to make it globally competitive and attractive by focussing on critical growth factors.

Together, the measures of Atma Nirbhar Bharat Abhiyan may revive the economic activity, impacted by Covid-19 pandemic and create new opportunities for growth in sectors like agriculture, micro, small and medium enterprises (MSMEs), power, coal and mining, defence and aviation, etc by

reducing the imports and emphasising made in India themes.

According to Trading Economics report 2020<sup>13</sup>, India is one of the largest importers of mineral fuels, oils, waxes and bituminous substances which sum up into 27% of total imports. Moreover, it imports pearls, precious and semi-precious stones and jewellery which is around 14 % of total imports followed up by electrical machinery and equipment (10 %); nuclear reactors, boilers, machinery and mechanical appliances (8 %); and organic chemicals (4 %).

It has been claimed by Mahendra and Rajeswari(2020)<sup>14</sup> that before Covid-19, there existed a reduction in demand in Indian Economy but now supply has also been reduced which is because of many factors like external supply and demand constraints due to global recession and disruption of global supply chains, domestic supply disruptions, and decline in domestic demand which has caused an economic shock to the Indian economy and no sector has to remain untouched of this shock. Therefore, PM has come up with this vision to become vocal about local products and make them global. Having said that, the government has disallowed global tenders in government procurement tenders up to Rs. 200 crores. Additionally, the comprehensive package of Rs 20 Lakh crores which is equivalent to 10% of India's GDP with bold reforms implementation across different sectors under Atmanirbhar Bharat<sup>12</sup> to revive Indian Economy is one of the main agenda of this mission.



Figure 4: Vision of Aatma Nirbhar Bharat

Source: [www.india.gov.in](http://www.india.gov.in)

The total stimulus has been distributed into five tranches as shown in the figure 5 below. However, as per some critics, it is not right to include

the earlier measures taken by the government as an immediate relief for the people and RBI measures to

show it as a huge amount for the publicity of the government.



Figure 5: Phases in which stimulus is provided under Aatma Nirbhar Bharat Abhiyan.

Source: www.india.gov.in

In this mission, there are different amount allocated to different sectors and different people of the society keeping their basic needs and survival in mind.

**Pradhan Mantri Garib Kalyan Yojana**

Government has announced Rs 1.70 crore relief package under Pradhan Mantri Garib Kalyan Yojana/scheme(PMGKY). It includes-

1. Insurance cover of Rs 50 Lakh per health worker.
2. Starting from June 2020, 80 crore poor people have been given benefit of 5 kg wheat/rice per person for the next three months.
3. Moreover, each household would get 1kg pulses for free every month for the next months.
4. Before Corona, the government had taken initiatives of financial inclusion under which it opened the bank accounts for all the poor people to transfer some of the financial aid into their accounts. This step has been taken forward in PMGKY scheme under which Rs 500 per month will be given to 200 crore women Jan Dhan account holders. Furthermore, free gas cylinders would be provided to 8 crore poor families for the next three months.
5. There is an employment programme called MNREGA under which wages of labourers has been increased from Rs 182 to Rs 202

per day in order to provide the benefit to 13.62 crore families.

6. There will be a transfer of Rs 1000 to 3 crore poor senior citizen, poor widows and differently abled people. Additionally, there is a transfer of Rs 2000 to farmers benefitting 8.7 crore farmers.
7. Government has decided to use construction workers welfare fund in order to provide relief to workers.
8. It has been decided to credit 24% of monthly wages into Pension Fund(PF) accounts for the next three months for those wage-earners who earn below Rs 15000 per month.
9. Under PMGKY relief package, 5 crore workers have registered under EPF to get non-refundable advance of 75% of the amount or 3 months of the wages.
10. The government has increased the limit of collateral-free lending from Rs 10 lakhs to Rs 20 lakhs for women Self Help Groups(SHG) supporting 6.85 crore households.

However, critics have claimed that 1,92,800 Crore rupees as shown in figure 6 are invested in earlier measures which should not be included in Aatma Nirbhar Bharat mission as can be seen in the below figure.



Figure 6: Stimulus provided before the announcement of Aatma Nirbhar Bharat Abhiyan.

Source: www.india.gov.in

### RBI RELIEF MEASURES

The proactiveness of the Reserve Bank of India (RBI) is much appreciated as one of the greatest relief measures, but these measures have also been incorporated in Atmanirbhar Bharat Abhiyan. These measures include<sup>15</sup>-

1. Reduction in Cash Reserve Ratio (CRR) which hence resulted in the liquidity of Rs. 1,37,000 crores.
2. RBI has introduced targeted Long-Term Repo Operations (TLTROs) of Rs 1,00,050 crore for fresh deployment in investment-grade corporate bonds. Moreover, TLTRO of Rs 50,000 crore has been decided to invest in bonds, Commercial Paper and non-convertible debentures of Non-banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs).
3. RBI has also increased the borrowing limits of banks overnight under the Marginal Standing Facility (MSF) to avail an additional of Rs 1,37,000 crore of liquidity at reduced MSF rate of the banking system.
4. It has provided special refinance facilities to the financial institutions like National Bank For Agriculture & Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB) for a total amount of Rs 50,000 crore at the policy repo rate.
5. Mutual Funds are provided with Special Liquidity Facility (SLF) of Rs 50,000 crore to alleviate intensified liquidity pressures.
6. There is also a relief measure for Loan payers in terms of a moratorium of 3 months on payment of instalments and payment of Interest on working Capital Facilities.
7. RBI has reduced margins to facilitate Working Capital Financing.
8. Extension of date for commencement for commercial operations (DCCO) for 1 year to commercial estate sector has been given for loans by NBFCs.

In part 1 of stimulus provided under Aatma Nirbhar Bharat Abhiyan, Rs. 5,94,550 crores, are allocated for different measures as can be seen in the figure 7 below.



Figure 7: Stimulus given in phase 1 of Aatma Nirbhar Bharat Abhiyan

Source: www.india.gov.in

Furthermore, stimulus in part 2 has the allocation of Rs.3,10,000 crores (figure 8) followed by stimulus in part 3 of Rs.1,50,000 crores (figure 9).

In the announcement of part 4 and part 5 of the allocation of Rs 48100 crore (figure 10)



Figure 8: Source: www.india.gov.in



Figure 9:Source:www.india.gov.in

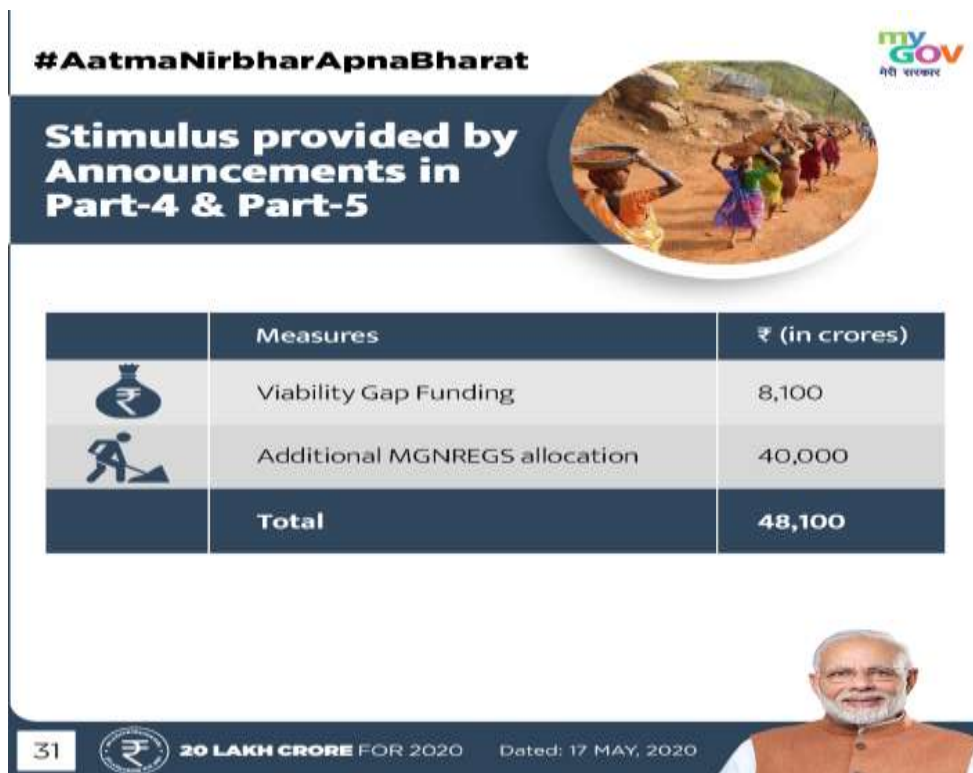


Figure 10: Source:www.india.gov.in

Further section will give an insight on the amount of money received by each section.

**Other measures and relief<sup>12</sup>**

**For Taxpayers-**

1. Special refund and Drawback Disposal Drive has been implemented in which Rs

18000 crore are disbursed under issuance of pending Income Tax refund to taxpayers up to Rs 5 lakh to 14 lakhs.

2. Rs.15000 crores have been announced for Emergency Health Response Package.





3. The relief has been provided to taxpayers by extending last date for Income Tax returns and GST returns to 30 June 2020.
4. Also, the time schedule for custom clearance has been changed to 24/7 till 30 June 2020.

### **Relief Measures for Small Business owners<sup>12</sup>**

1. Loan taken for small businesses is called as Mudra shishu loan under which people can take loan up to Rs.50000. This amount makes the current portfolio of Mudra Shishu loan as Rs. 1.62 lakh crore. The government of India has decided to provide interest subvention of 2% for prompt payees for 12 months which makes total interest subvention of Rs. 1500 crores.

### **Relief Measures for street vendors<sup>12</sup>**

The Aatma Nirbhar Bharat mission has the agenda of making India self-reliant by promoting local goods. In this direction, the government has announced special access to facilitate easy access to credit to street vendors within a month. In order to support street vendors, the government has provided initial working capital up to Rs.10000 which will benefit nearly 50 lakh street vendors.

### **Special liquidity scheme for Non-Banking Finance Institutions(NBFCs), Housing Finance Commission(HFCs) and Micro Financial Institutions(MFIs) worth Rs 30,000 crores<sup>12</sup>.**

In this scheme, investment is to be made in both primary and secondary market transactions in investment grade debt paper of financial institutions like NBFCs, HFCs and MFIs. Moreover, securities will be fully guaranteed by the government of India. This scheme is made under the vision to provide liquidity support for NBFCs/HFC/MFIs and mutual funds to further create confidence in the market.

### **Partial Credit Guarantee Scheme(PCGS) 2.0<sup>16</sup>**

This scheme worth Rs.45000 is to extend the existing PCGS scheme for NBFCs to cover borrowings such as primary issuance of bonds or Commercial papers(CPs). Under this scheme, the first 20% of loss to be borne by the government of India which will result in the liquidity of Rs 45000 crore.

### **Liquidity Injection for DISCOMs<sup>12</sup>**

Currently, the payables of DISCOM(Distribution Companies) to power generation and transmission companies is Rs 94000 crores. PFC(Public Infrastructure Finance Company)/REC(Rural Electrification Corporation Limited) has decided to infuse liquidity of Rs.90,000 crore to DISCOMs against receivables. These loans are to be given against State guarantees which will help to reduce financial and operational losses by introducing digital facility for DISCOMs consumers. Furthermore, central public sector generation

companies are about to give rebate to Discoms to be passed on to the final consumers(industries).

### **TDS(Tax Deducted at Source)/TCS(Tax Collected at Source) Rate Reduction<sup>12</sup>**

In order to help the people to cope with these hard times, the government has reduced TDS and TCS by 25% of the existing rates. The timeline for which this reduction is applicable is from 14 May 2020 to 31 March 2021. This reduction will provide the liquidity of Rs 50,000 crores. Moreover, the government has extended the due date of all income-tax returns for the financial year of 2019-2020 to 30 November 2020.

### **Educational Reforms<sup>12</sup>**

Covid-19 has taught us the importance of technology in development. Education of students has suffered a lot during lockdown and therefore the government has come up with the idea of technology driven education under PMeVIDYA scheme. This scheme is responsible in providing multi-mode access to online education. It includes many steps taken-

1. One Nation -One Digital Platform('Diksha' for school education)- This platform is providing e-content and QR coded energised textbooks for all grades. 200 new textbooks have been added to e-Paathshaala.
2. One Class, One Channel- This initiative brings one earmarked TV channel per class from 1 to 12 into picture. Swayam Prabha DTH channels on Tata Sky and Airtel are designed to support and reach those students who do not have access to the internet. Moreover, live interactive sessions are ongoing on these channels with experts from home through skype.
3. Universities have started to provide online courses from 30 May 2020.
4. Radio, community radio and podcasts are being used as an educational platform.
5. A psychosocial support initiative has been taken under Manodarpan platform for students, teachers and families to ensure their good mental health and emotional well-being.

### **Health reforms, initiatives and investments<sup>12</sup>**

The government has taken some health reforms in order to ensure that India would be prepared for any future Pandemic.

1. Public expenditure has been increased on health to ramp up health and wellness centres in rural and urban areas.
2. To manage pandemics integrated public health labs are set up in all districts with block level labs and public health unit.
3. Research is encouraged by ICMR under National institutional Platform for one health initiative.



4. In order to contain Covid-19, it is important to leverage IT and for that government has rolled out of e-Sanjeevani Tele-Consultation Services.
5. Aarogya Setu App is designed for the self-assessment and contact tracing.
6. India used to import PPE(Personal Protective Equipment) kits but those were not of good quality and hence India started to manufacture PPE kits and now India has 300 domestic suppliers which are not only fulfilling the needs of India but also supplying 51 Lakhs PPE Kits. India has now become the exporter of 87 Lakhs N95 masks and 11.08 crore HCQ(Hydroxychloroquine) tablets.

### Support in favour of Agriculture and Farmers<sup>12</sup>

India is an agricultural country and therefore it is important to include agriculture when it comes to development policies. There have been some relief measures provided to farmers. For instance,

1. Around 3 crore farmers with Rs. 4.22 Lakh crores of agricultural loans have been availed 3 months loan moratorium. Moreover, there is an extension in dates of interest subvention and prompt repayment incentives.
2. The government has sanctioned 25 Lakh new Kisan(Farmer) credit cards with loan limit of Rs. 25000 crores.
3. A loan amount of Rs.86000 crores have been approved for 63 Lakh Agri loans in March and April 2020.
4. NABARD has refinanced Rs.29500 crores to cooperative banks and regional rural banks in March 2020.
5. There has been provided Rs 4200 crores to states in March 2020 for Rural Infrastructure Development Fund.
6. In order to procure agricultural produce, the working capital of Rs 6700 crores has been provided to State Governments since March 2020.
7. The government has announced Rs. 74300 crores worth of procurement at Minimum Support Price(MSP) during lockdown.
8. There is a transfer of Rs 18700 crores to PM KISAN beneficiaries. Moreover, due to loss in agricultural activities during lockdown, claims of Rs 6400 crores paid under PM Fasal Bima Yojana(Insurance).
9. The government has allocated 1 Lakh crore Agri Infrastructure Fund for Farm-Gate Infrastructure in order to benefit primary Agricultural Cooperative Societies, Farmers Producer Organisations, Agriculture entrepreneurs, start-ups etc. This scheme will develop affordable and financially

viable infrastructure for post-harvest management of agricultural produce.

### Pradhan Mantri Matsya Sampada Yojana(PMMSY)<sup>12</sup>

The government has allocated Rs. 20,000 crores to promote blue revolution or fisheries. PMMSY will help in the integrated, sustainable and inclusive development of marine and inland fisheries. The key activities under this scheme involves cage culture, seaweed farming, ornamental fisheries, traceability, making of lab network etc. This scheme will lead to additional fish production of 70 lakh tonnes over 5 years and will double the exports to Rs 100000 crores. Moreover, this scheme will provide employment to over 55 lakh persons as it is designed to focus is on islands, Himalayan states, North-East and aspirational districts. The amount has been divided into two parts-

1. To promote activities in marine, inland fisheries and aquaculture, the amount of Rs. 11000 crores are provided.
2. For infrastructure like fishing harbors, cold chain and markets, the amount of Rs. 9000 crores are allocated.

### Investment in Animal Husbandry<sup>12</sup>

The government has announced Rs. 15000 crores to support private investment in Dairy processing, value addition and cattle feed infrastructure.

### Promotion of Herbal Cultivation<sup>12</sup>

National Medicinal Plants Board(NMPB) has supported 2.25 lakh hectare area under cultivation of medicinal plants in which the government has decided to outlay Rs. 4000 crores for herbal cultivation covering 10 lakh hectares in next 2 years. This investment will lead to the income generation of Rs. 5000 crores for farmers by inducing network of regional mandis for medicinal plants.

### Support for Beekeeping<sup>12</sup>

The government has announced Rs. 500 crores for making integrated beekeeping development centres, collection, marketing and storage centres. This measure is expected to increase the income for 2 lakh beekeepers.

### Operation Green<sup>12</sup>

It has been announced that the government has allocated Rs. 500 crores for Operation Green under which subsidies of 50% on transportation from surplus to deficient markets and 50% on storage is provided to farmers. This scheme will help in providing better price realisation to farmers, reduced wastages and affordability of products for consumers.

### Rural Economy<sup>12</sup>

A scheme of Rs.10000 crores is brought up by government for formalisation of Micro Food Enterprises(MFEs). This scheme is designed as per PM's vision of Vocal for Local with global outreach. It will help 2 Lakh MFEs to attain Food Safety and Standards Authority of India (FSSAI) food standards,

build brands and marketing. Moreover, this scheme is expected to result into improved health and safety standards, integration with retail markets and improved incomes.

**Compensatory Afforestation Management and Planning Authority(CAMPA)<sup>12</sup>**

CAMPA has announced Rs.6000 crore to create job opportunities for tribal community in urban, semi-urban and rural areas. This scheme will facilitate afforestation and plantation work including artificial regeneration, forest management, soil and moisture conservation works along with forest protection and wildlife related infrastructure development.

**Employment Boost under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)<sup>12</sup>**

The government has announced Rs. 40,000 crores to generate the employment in rural areas under MGNREGA. This amount will help in creating work opportunities for returning migrant workers.

**Micro Small and Medium Enterprises(MSMEs)<sup>17</sup>**

The government has revised the definition of MSMEs. According to the new definition of MSMEs, the enterprises having the investment up to Rs. 1 crore and turnover up to Rs 5 crores are classified as Micro Enterprises whereas small enterprises are said to have investment up to Rs. 10 crores and turnover up to Rs. 50 crores<sup>18</sup>. As far as Medium Enterprises are categorised as the enterprises having investment up to Rs. 20 crores and turnover up to Rs. 100 crores<sup>19</sup>.



Figure 11: Source:www.india.gov.in

Rs 3 Lakh crores collateral free loan is allocated for MSME businesses. The government has decided to make these loans without any guarantee fee and without any fresh collateral. Moreover, interest will be capped, and government will take 100% credit guarantee cover to Banks and NBFCs on the principal and interest. Borrowers with up to Rs. 25 crores outstanding and Rs. 100 crore turnovers are eligible to apply for this loan. As far as tenure of repayment is concerned, these loans will have four year of tenure with moratorium of 12 months on the principal repayment.

**Credit Guarantee Fund Trust for Micro and Small Enterprises(CGTMSE)<sup>19</sup>**

Government is to provide a support of Rs. 4000 crores to CGTMSE which will provide partial

guarantee support to banks up to 65%. It will benefit 2 lakh MSMEs. The promoters of the MSME are to be given debt by banks, which will then be infused by promoter as equity in the unit. This scheme has the investment of Rs. 20000 crores subordinate debt for stressed MSMEs.

**Fund of Funds(FoF)<sup>19</sup>**

The government has come up with Rs. 50000 crores equity infusion for MSMEs through fund of Funds(FoF). It will encourage MSMEs to get listed on main board of stock exchanges.

**Support for Migrant Workers and Urban Poor<sup>12</sup>**

State Governments are allowed to utilise State Disaster Response Fund(SDRF) for providing food and shelter for migrants. Moreover, Rs. 11002 crores



releases to State Government to augment SDRF on 3 April 2020.

The government is providing three meals a day to residents of shelters for Urban Homeless(SUH).

To provide the employment opportunities, 12000 Self-Help Groups(SHGs) are employing urban poor to produce 3 crore masks and 1.2 lakh litres of sanitisers.

Under PM's Technology driven system reforms, One Nation One Ration Card is developed for migrants which will enable migrant beneficiaries to access Public Distribution System(PDS) from any Fair Price Shop. The agenda of this scheme is to cover 67 crore beneficiaries in 23 states covering PDS 83% of PDS population by national portability by August 2020 and 100% National portability is to be achieved by March 2021.

The government will be launching Affordable Rental Housing Complexes(ARHC) for migrant workers under Pradhan Mantri Awaas Yojana(PMAY). It will provide ease of living at affordable rent by converting government funded housing into ARHC under Public-Private Partnership (PPP) mode through concessionaire.

## LABOUR REFORMS<sup>12</sup>

Under Pradhan Mantri Garib Kalyan Package(PMGKP), the payment of 12% each of employer and employee contributions made into EPF(Employment Provident Fund) accounts. It was initially decided for the salary months of March, April and May 2020 but not it has been extended for 3 more months which will cost around Rs. 2500 crores.

## CRITICISM OF ATMANIRBHAR BHARAT ABHIYAN<sup>20</sup>

According to critics, there is no clarity on the percentage of GDP which government is going to spend in 2020-2021 financial year. On the one hand the government is stating that it is going to be 10% of GDP, but, on the other hand, most calculations suggest that the actual government expenditure in the Atmanirbhar package is just 1%.

According to critics, the economic package which is offered by the government is unable to provide adequate immediate relief to the most distressed sections of the economy. Moreover, the idea of policy makers to put lockdown, though it was required, has put the total quantum of economic activity (which is the monetary value of goods and services produced)in the country low. Moreover, this package is not able to resist the contraction in the Indian Economy which means less production in 2020-21 than last year. In other words, the Gross Value Added (GVA is a proxy for the income earned) across sectors — agriculture, industry and services — will fall.

As incomes fall, three things will happen<sup>21-</sup>

1. Individuals will cut down their expenditure.
2. Seeing overall demand fall, businesses, which were already not investing, will likely postpone their investments further.
3. The government revenues will take a massive hit because of the reduction in the earning as revenues and increase in the expenditure, that is the level of fiscal deficit will be reduced.
4. There is a fourth component called net exports (that is, the net of exports and imports), but with the global demand plummeting as well, this too is unlikely to help matters.

It is to note here that the individual, business and government expenditures prominently make up the GDP of India which are apparently reducing because of fall in income.

Of these four engines of growth, only the government has a "superpower" of increasing liquidity, it is the only one which can spend money even when it doesn't have it.

There is another point claimed by the people who are not in favour of Atmanirbhar Bharat is that there is nothing new about it, in fact, it is the part of Made In India only which is making India less efficient as this would make India less competitive without any imports of equipment and industrial inputs.

- **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.
- **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.
- **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.

## CONCLUSION

To conclude, every nation is trying to sustain amid the economic crisis triggered by Covid-19 pandemic. The Indian government has also announced recently, an economic stimulus package of Rs 20 lakh crore and some reforms under the self-reliant India Mission.



However, there are several challenges that are needed to be addressed in order to fulfill the vision of this plan.

Impact of this Stimulus Package

- **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.
- **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 kickstart 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 defence 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.
- **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.

## SUGGESTIONS

There are so many places in India where there is no Internet connectivity, it is important to have internet connection there as we are moving towards technological reforms like making education digitalised.

Employers are also required to adapt into the technology driven firms so that work can be done from home as well by employees.

There should be an app and farmers should be made aware of it, so that they can be linked with the market and consumers digitally.

- **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.
- **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.
- **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, Aatma nirbhar plan also encompasses the unfinished agenda of holistic reforms which may include reforms in Civil services, Education, Skill and Labour, etc.

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