

Self Reliant india: Prospects and Strategies

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Abstract: *Faced with one of the most disruptive health challenges in recent history, each country is crafting its strategy to cope with the pandemic. The subtle balance between protecting lives and restarting economic activities is hard to strike. India is navigating this complex odyssey with great agility, flexibility, sensitivity and tenacity. The challenge has engendered a spirit of solidarity and unity. As India looks at opening up after four phases of lockdown, it is seeking to find new doors and windows of opportunity. It is aiming to discover possibilities for spurring inclusive, equitable growth, to discover new value chains that would create wealth, to harness the untapped human potential and optimally utilise the natural resources. It is embarking on a mission that would make the country self-reliant. The Atmanirbhar Bharat Abhiyan, as it is called, is a mission to galvanise the forces of growth across the country in various sectors of the economy. It's a launchpad for fostering*

entrepreneurship, nurturing innovation and creation of an ecosystem for rural-urban symbiotic development.

Keywords: Odessey, Tenacity, Solidarity, Entrepreneurship, Lockdown.

I. Introduction : At a time when the world is suffering from a deadly pandemic, India plans to convert this crisis into an opportunity and strengthen its fight by becoming Aatmanirbhar or self-reliant. The term was coined by the Prime Minister of India, Mr Narendra Modi during his address to the nation on May 12, 2020. He called this campaign as Aatma Nirbhar Bharat Abhiyaan (Self- Reliant India Movement). He also defined five pillars of Aatmanirbhar Bharat – Economy, Infrastructure, System, Demography and Demand. He stressed upon the fact that it is time to become vocal for our local products and make them global. Under this campaign, a special economic package has been released by the government, which will benefit various segments including cottage industry, Micro, Small and Medium Enterprises (MSMEs), labourers, middle class, and industries, among others.

II. Vocal for local : Prime Minister Narendra Modi said India faces several challenges in the wake of the coronavirus crisis but added that there is no better time for

bold decisions and investments to make India a globally competitive supply chain.

Delivering the inaugural address at the 95th Annual Plenary session of the Indian Chamber of Commerce (ICC), Modi said, “Every citizen of this country has resolved to turn this crisis into an opportunity. We have to make this a major turning point for this nation. What is that turning point? A self-reliant India.”

The new hashtag floating around in our imagination of a modern and national life of commerce and business in India is **#VocalForLocal**. India therefore has an all-new hashtag in the era of Covid. Go local. Trust local. Go for a self-sufficient and self-reliant India. Make-in-India. Believe in Made-in-India and put your buying power into products and services that are made locally.

III. Economic slowdown before COVID-19 pandemic :

Today, once again, India is experiencing a slowdown. The present crisis is fundamentally different from the 1991-92 crisis in two ways. First, it is afflicting the real sector. India’s macroeconomic fundamentals have remained solid, foreign reserves continue to be robust, and there is no serious risk of inflation, devaluation or a debt crisis. Rather than a macroeconomic breakdown, the current state of affairs has revealed a microeconomic breakdown in key sectors across the economy. In the corporate sector, companies face a potential debt trap in which they pay more in bank interest than their earnings. Locked in a cycle in which interest, now at an average rate of 10.5%, outstrips nominal growth, at 6.1%, these companies have experienced steep rises in corporate stress. Low agricultural prices have reduced farmer earnings, while climate conditions, poorly designed policy incentives, and insufficient R&D in the agriculture sector have conspired

to depress agricultural productivity and overall incomes. And rural, commercial, and urban consumption demand, as measured by automobile sales for two-wheelers, trucks, and cars respectively, has contracted across the board to the tune of 30-40%.[1]

Moving past this growth rate, and particularly boosting manufacturing from its anemic current state, will require a return to the reform agenda as it pertains to all four factors of production: land, labor, capital, and ease of doing business.

IV. Five pillars of self-reliant India:

The Prime Minister listed “five pillars” for a self-reliant India, namely: Economy, Infrastructure, Technology Driven System, Vibrant Demography and Demand. These are well-crafted words taking into account both economic and diplomatic issues, and not mere political rhetoric.[2]

First Pillar: Economy

PM Modi said government’s endeavour is towards building an economy that brings quantum jump rather than incremental change.

Second Pillar: Infrastructure

PM Modi said infrastructure should be world-class which becomes the identity of modern India.

Third Pillar: Technology-driven system

The Prime Minister focussed on a technology-driven system which can fulfill the dreams of the 21st century; a system not based on the policy of the past century.

Fourth Pillar: Demography

PM Modi termed India’s vibrant demography as the country’s strength. He said it is the source of energy for a self-reliant India.

Fifth Pillar: Demand

PM Narendra Modi said the cycle of demand and supply chain in the country economy, is the strength which needs to be harnessed to its full potential. He said, "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 system built up with the smell of the soil and the sweat of our labourers."

V. Prospects: Unfortunately, India may well have missed the bus in many of these technologies in which the U.S., Europe and China have established perhaps insurmountable leads. Yet self-reliant capabilities in electric and fuel cell vehicles, electricity storage systems, solar cells and modules, aircraft including UAVs, AI, robotics and automation, biotech/pharma and others are well within reach.[3]

Large-scale concerted endeavours would, however, be required, since self-reliance will not happen by itself. State-funded R&D, including in basic research, by PSUs and research institutions and universities needs to be scaled-up significantly, well above the dismal 1% of GDP currently. Upgraded and reoriented PSUs would also be crucial given their distinctive place in the ecosystem. Private sector delivery-oriented R&D could also be supported, linked to meaningful participation in manufacturing at appropriate levels of the supply chain.

Finally, India's meagre public expenditure on education needs to be substantially ramped up (as against current trends of privatisation which would only shrink access), including in skill development. No country has achieved self-reliance without mass quality public education. And no country has

developed without a much stronger public health system than what we have in India.

VI. Strategies in making India –self reliant

- **MSMEs can play a key role in achieving 'self-reliant India' vision'**

The MSME (micro, small and medium enterprise) sector in India can play a significant role in achieving the vision of self-reliant India supported by a three-pronged strategy. The outbreak of the pandemic will make countries do a rethink on strengthening their local supply chains. India has already stated a vision of 'Atmanirbhar Bharat' or a self-reliant India, which will need strengthening of the local industries and their standing on a global stage.[4][6]

On 12 May the Prime Minister announced an overall economic package worth ₹20 lakh crore (US\$280 billion), 10% of India's GDP, with emphasis on India as a self-reliant nation.

In this vision, MSMEs can become a major growth driver, says a report of NRI (Nomura Research Institute) Consulting & Solutions.

"As is oft-quoted, every crisis brings to the fore an opportunity; the current one has created an urgent need to focus on the MSME sector, which was facing neglect over the last couple of years," said Ashim Sharma, Partner and Group Head, NRI Consulting & Solutions.

- **Key parameters**

Three key parameters that are vital for the success of MSMEs include *financial stability*, *availability of skilled labour* in MSME clusters, and *market competitiveness of their products* to achieve import substitution as well as exports.

While government measures such as collateral-free loans have paved a path for ensuring the financial stability of MSMEs, immediate relief either from the public sector or the private sector will also be needed to ensure the survival of such enterprises, it says.

This is a big challenge in terms of availability of skilled labour to the MSMEs in and around these urban centres. Ensuring the availability of skilled labour by either skilling local workforce or making the conditions lucrative for the migrant labour to come back is essential for the growth of MSMEs.

- **Market-oriented strategy**

With a self-reliant India vision, it is highly important to improve the competitiveness of MSMEs through an inclusive market-oriented strategy. There are five key areas that need stronger focus.

There is a need to improve the capability of Indian MSMEs to supply quality products, especially with new norms of operations being introduced due to Covid. Maintaining social distancing, running on reduced capacity, would further aggravate the situation for the cash-starved MSMEs.

To remain relevant in the market, MSMEs need to be adaptable with changing market and variable demand scenario.

Ensuring the capacity and availability of raw materials to MSMEs is also crucial. The disruption in global logistics has broken the chain for some key raw materials. Low working capital availability also makes it difficult for MSMEs to restore raw material supply

The impact of Covid on business operations will require innovative methods to reduce cost.

Automation is essential in some areas for implementing distancing and also for quality control. MSMEs could be introduced to low-cost automation techniques, which work in tandem with the human workforce.

Finally, branding and advocacy will also be needed to leverage the positive connotations associated with certain Indian products and assess negative connotations that can be removed.

VII. Conclusion: The government of India has put forth an innovative plan to boost economic activity during and after the COVID-19 pandemic.

Instead of waiting for the crisis to be over India has taken this opportunity to plan ahead of time to boost not only the economic activity but also boost morale and confidence.[7]

These measures and steps taken by India can be a learning lesson to other South Asian countries in the trying times of the COVID-19 pandemic.

The bottom line:

- Every crisis is a risk for the economy but every risk presents itself with new opportunities.
 - Economic activity can only increase if and when the population's morale and confidence are boosted.
 - MSMEs are crucial for the economy, therefore should be protected and given priorities.
 - Adequate and appropriate attention and justice for all, from poor to rich population, is essential in times of a crisis.
 - It is never too late to bring new ideas, relief packages, and schemes to uplift the economy, address people's and enterprises' needs in a recession.
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