

Elements of AatmaNirbhar Bharat

This is the time to redefine everything. Disruptive innovation is the Mantra of the day. All the models or equilibria of economy that were valid before the covidare, either invalid or dysfunctional now. Reverse migration is a classic example. Fresh thinking is needed to absorb the 'new normals'. India's approach towards development also needed reorientation to adjust to the dynamic variables in the post COVID environment. Prime Minister's address to the nation on 12th May highlighted the structure of the reorientation of development approach itself. Discussions in last two days on electronic and print media were focused on finding the contours of the Aatmanirbhar Bharat. Most analysts did the common error of comprehending the structure of development approach through the relief package numbers. Actually the process was reverse. The numbers were ingenuously designed around development model of 'Aatmnirbhar Bharat'.

Some fresh grown authors even went to the extent of comparing it with the 1957 speech of Nehru when he made a call for self reliant India. 'Self reliance' being a generic term, all Prime Ministers including Shastriji to Atal ji used the term freely at different times and contexts. Equating Modi's

Atmnirbhar Bharat with Nehru's self reliance is a conceptual error as Nehru's model of self reliance was based on heavy Industrialization, Urbanisation and Govt.,



Dr. Jyoti Kiran Shukla
Former Chairperson

*State Finance Commission, Rajasthan;
Executive Director, CEPR*

acting as active producer to establish the supply institutions. It brutally killed Gandhi's model of Gram Swaraj and Swadeshi and took no cognizance of Indian realities, enterprise or of rural economy. That is how and why it failed. Mahalanobis Model grossly failed in the context of India. The horrible situation that has emerged now by reversed migration is a result of Nehruvian model only.

Modi's vision of ANB which is clearly presented through his speech is an innovative disrupt. Economy needed to redefine Factors of production which he did by saying that land, labour, liquidity and laws are going to be the centre points of all the stimulus and reforms now on. Actually they are the core factors to influence the final outcome- 'enterprise'. Therefore in ANB model the stimulating environment to enterprise is the key variable and therefore if anything, it is a contrast version of Nehru's self reliance.

Here the attempt is to unshackle the spirit of enterprise and handhold support and nurture it by creating an environment through reforms, liquidity and laws.

Thus a call 'vocal for local' is global version of Gandhian Swadeshi. This is an updated version to install the new normal in the system and convert a crisis into an opportunity.

In ANB, India highlights the strength of its own demand by demography and decides to use technology systems, infrastructure to address its local strengths and convert it into 'global brands. Vocal for global is not just a slogan but a mindset change like 'Swachh-Bharat. Let us now analyse the package numbers in the light of the above.

A package of 20 lakh crores, 10% of the GDP approximately and about 70% of the national budget itself is certainly a voluminous number.

The phased announcement had its first installment on the 13th May which was dedicated to the MSME sector along with some announcements for the NBFC sector and others on tax rate relief and contract related relief. Key feature was to combine reforms with relief for further relief. A strong efforts has been made to strengthen 'enterprise' and thus employment. Revising the definition of MSME, micro and other units with a revision of investment criteria itself was a long standing demand. This is a significant reform which will bring competitiveness, efficiency and productivity and in turn quality improvement for further competitiveness. With this 3lakh crores collateral free automatic loans for business

including MSMEs, 50000 cr equity infusion through funds of funds and 20000 subordinate debt for stressed MSMEs makes a completely virtuous circle of recovery and growth for this sector. Corresponding reform and credit inclusion in the NBSC sector are to support the defective liquidity to ensure supply side.

Most remarkable element of Aatmanirbhar Bharat through MSME is the announcement that no global tenders are necessary upto 200 crores. This is not only opening a new range of opportunities for the local manufacturing sector but also is providing an incentive for quality and competitiveness. So there are demand boosters along with removal of supply bottlenecks. So a virtuous circle is again instituted.

Swadeshi in this was not restricted or inward looking, but it is rational and facilitating for example the definition change of MSME is to bring competition and quality upgradation for international competitive standards.

Some criticized saying that it is just a repetition of Make in India. No it is not! As it speaks about the demand sides forcefully. Make in India is just concentrating on the supply side. So Aatmanirbhar Bharat is taking a comprehensive view and using the demography of India as a demand creating variable for strong markets rather than a liability.

Giving an emphatic commitment to upcoming labour reforms , all the announcement related to food, rental housing and one nation one ration card clearly depict the evident script of Antyodaya with social security and

enhanced productivity with an upgraded version of technology based systems. It's not a coincidence that FM presented all the earlier steps taken for immigrant workers including 1100 cr fund release from disaster fund to the job registration under NREGA in last two months. It was a deliberate attempt to highlight the consistency of the government's intentions and efforts to work for the poor in last 6 years which is now being done along with structural reforms and huge infusion of funds.

In this package where agriculture, migrant labourers and some portion of housing sector was covered, the emphasis again is on relief measures which are boosting demand by enhancing the disposal income on one hand and creating demand in the manufacturing and construction sector on the other. 2.33 crores job opportunities for the migrant labourers on an revised daily wage with a package of 10 thousand crores or middle class housing or Campa fund , meticulous work has been done to obtain the Twin objectives of employment creation and demand expansion in almost all sectors of rural economy. Similarly for the Street vendors 5,000 crore will be infused to give them small loans to restart the business .This again will boost employment and demand and at the same time will create the environment of relief for the small vendors. The design of the entire package is impressive because it is not just providing relief but is simultaneously obtaining and achieving the objectives of boosting demand and employment creation. On the other hand to respond to this demand, an appropriate liquidity environment is being created with corresponding efforts. All the

announcements made in last 2 months and in this package thus show that the Virtuous cycle of substantial demand with significant supply are well crafted and have no gaps. Thus a blue print of dynamic equilibriums is visible and clear.

So the actual story of the package is not confined to numbers only. But it goes beyond by instituting a fresh approach to economic development, where virtuous cycles of investment, employment, demand, Savings and further investments are institutionalized through innovative disrupt based on local strengths and global technology and investment. ANB is all about endogenous model of development based on the Indian ethos of humanitarian globalisation for development or Vasudhaiv Kutumbkam