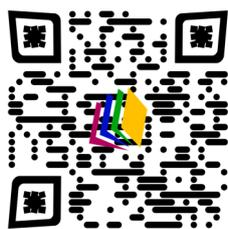


e-ISSN: 2582-502X

Asiatic Society for Social Science
Research. 2(2): Dec 2020, 72-80.

Research Article



www.asssr.org

www.asssr.in

(Peer Reviewed)

***Corresponding Author**

Mr. Debananda Behera

Assistant Professor in Economics,
DDCE, Fakir Mohan University.
debanandabehera13@gmail.com

Received on 04.12.2020

Modified on 29.12.2020

Accepted on 08.01.2021

© Asiatic Society for Social Science
Research all right reserved.

Aatma Nirvar Bharat as a Pump Priming During Covid-19 in India

Mr. Debananda Behera* and Dr. Nityananda Barik**

* Assistant Professor in Economics, DDCE, Fakir Mohan University.

** Assistant Professor in Political Science, DDCE, Fakir Mohan University.

ABSTRACT:

At present all over world is fighting with pandemic covid-19. December ,2019 was very gloomy time in which that virus was awaked in Wuhan city of China. Indian economy faces crisis in several sector due to lockdown and shutdown. Fastest economy is to be turned into slowest economy in advent of twenty first century. Government of India announced fiscal package of 20 lakh crore i.e. Aatma Nirvar Bharat, which will act as pump priming amid of depression. The package contains 10 percent total GDP of Indian economy, which can boost the economy with well balanced growth to several sectors. This paper aims to look into the allocation of funds to several sectors by the package of Aatma Nirvar Bharat and to study the economic impact of covid-19 to several sectors. It is found out that a well-balanced allocation of funds and root meaning of Aatma Nirvar can accelerate the economy to outbreak the recession.

KEY WORDS: Covid-19, Aatma Nirvar Bharat, Fiscal policy, Lockdown.

The outbreak of pandemic covid-19 is unprecedented shock to fastest growing Indian economy at the advent of twenty first century. The impact of covid-19 has rattled the accelerating growth path of the economy. Allover world is also facing humanity's biggest health crisis now. Primarily two main challenges are faced by India Government that firstly to save human life from spread of corona virus and secondly to save the economy from economic crisis due to lockdown and covid19. According to the International Monetary Fund (IMF), many economies may face negative per capita income growth in 2020 due to the Coronavirus pandemic. In its recent forecast, the World Trade Organisation (WTO) indicated a clear fall in world trade between 13 per cent and 32 per cent in 2020, perhaps the highest fall since the Great Depression of the 1930s. The IMF has also declined growth forecast for the Indian economy, projecting a GDP growth of 1.9 per cent in 2020. India has managed the outspread of corona virus

well but its economy has disrupted badly. If swain flu and bird flu are spreaded then pigs and chicken are brutally damaged as measures, but in corona virus human being is attacked. Can human being be destroyed?

The impact of lockdown and short down during covid-19 situation have completely weaken the growing GDP of India. Most of multilateral and credit rating agencies have forecasted and revised their growth projection in 2020 and 2021.

Barclays – Barclays has lowered India's economic growth forecast to 5.6% for 2020 as against 6.5% projected earlier.

Fitch Ratings - Fitch has also cut its forecast for India's economic growth to 4.9% for 2019-20 from 5.1% projected earlier.

Moody's - Moody's Investors Service has revised down its growth forecast for India to 5.3% for 2020 from its earlier estimate of 5.4% made in February. S&P Global Ratings – S&P has lowered India's economic growth forecast to 5.2% for 2020 as against 5.7% projected earlier.

According to the UN report, the trade impact of the corona virus epidemic for India is estimated to be about 348 million dollars and the country figures among the top 15 economies most affected as slowdown of manufacturing in China disrupts world trade. Whereas according to Asian Development Bank (ADB) the Covid-19 outbreak could cost the Indian economy between \$387 million and \$29.9 billion in personal consumption losses. So, to accelerate the growth during recessionary period of Indian economy, the package 'Aatma Nirvar Bharat' as a pump priming can boost Indian economy which is announced by the Finance

Minister of India recently. Can self-reliance and self-employment be achieved? Globalisation and world trade are badly affected by covid -19 which throw light to self-sufficient economy by import substitution policy.

Covid-19 and its economic impact on Indian Economy:

Covid-19 has emerged like a black swan of the century in the history of world which has a significant and emerging impact not only to world economy but also to Indian economy. As on 31st December 2019 covid-19 has captured china creating from its Uhan city. In late February,2020 it started to swallow up the emerging Indian economy. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story.

On the demand side, Tourism, Hospitality, and Education are mostly affected sector during this outbreak. Closing of cinema halls, cricket match and many cultural spiritual events have shocked its demand side impact. Consumption is also getting impacted due to job losses and decline in income. Travel restrictions by Govt. has disrupted the transportation and communication. Hotel and restaurants are closed which is not only loss for the owners but also for poor worker.

As per supply side is concerned, shutdown of industries and lack of labour availability have weakened its production and productivity. Communication and transportation of inputs threatened its output production. India's manufacturing sector is broken down due to slowdown in global market. Some sectors like automobiles, pharmaceuticals, electronics, chemical

products etc. are facing an imminent raw material and component shortage. The primary impact on the sector has been a dramatic contraction in demand as industrial production, and construction, has effectively halted across a large swathe of the planet, for a period yet to be determined. (Laing T,2020).Global economic shifts such as increased recycling and moves to a circular economy have potentially large implications for the mining sector (Lebre et al., 2017). These shifts are likely to be impacted by, and interact with, the economic consequences of the Covid-19 pandemic.

India adopted the Fiscal Responsibility and Budget Management (FRBM) Act in 2003 in order to improve fiscal discipline and bring down the fiscal deficit under pre-defined limits (Buiter and Patel, 2010). Ideally, fiscal deficit should be reduced in each successive year until the revenue deficit and government dissaving have been eliminated (Rangarajan and Srivastava, 2005) After the outbreak of covid-19 there is no package stimulus taken by several states of India. If expenditures are not slashed—as the fiscal deficit was already at 10% of the old GDP—it could touch 15.5% of the already reduced GDP levels. In fact, even before this crisis emerged, the fiscal deficit was already at 10% of the GDP pointing out at the poor health of the economy (Kumar A,2020)

According to UNCTAD, India's trade impact due to corona virus outbreak could be about US\$ 348 million. India is among the top 15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade. Threatening of globalisation and import and export policy shows weak performance in industrial production. China has been a major market for many Indian products like sea food, petrochemicals, gems and jewellery etc. The

outbreak of corona virus has adversely impacted exports of these items to China.

Agriculture and allied activities are greatly affected by outbreak of corona virus. Poultry farming is severely affected by losses in meat and eggs. Spreading of human rumour and post in social media relating corona virus to consumption of eggs and meat have slowed down profitability of poultry farms. Likely in paddy and vegetable farming, transportation and rapid short down create damage and cause low price. Harvesting of Rabi crops is also got affected by weak transport and non-availability of labour.

Currently there is lack of flow of funds to capital market due to low turnover. FDI and FII are affected due to low investment. With a view to prevent community spread of Covid-19, the Government has issued advisory for social distancing and isolation by asking corporate to allow work from home to their employees. Real estate and construction industry are affected by shortage of labour and transportation facilities. In American economy it is found that the effect of the COVID-19 on the geopolitical risk substantially higher than on the US economic uncertainty. The COVID-19 risk is perceived differently over the short and the long-run and may be firstly viewed as an economic crisis (Sharif A, et al,2020).

As the covid-19 spread all colleges, schools and universities are closed till further order. Many coaching and private institution are completely closed. Examinations, evaluation and many administrative works are done from home with some guide line. Future of many students are like pigeon in a cage. Many private universities provide E-learning facilities to students and many examinations are postponed.

MSMEs are likely to be severely impacted if the lockdown continues for a longer duration in wake of the Corona virus epidemic. A large number of MSMEs could incur business losses and also face severe cash flow disruption, which in all likelihood will have an adverse effect on the livelihood of several people working in this sector. Uncertainty surrounding the corona virus has also impacted the demand for vehicles as consumers have been postponing their vehicle purchase decisions. Automobile sectors have slowing down production due to low demand and low supply of raw materials.

Result and Discussion:

The immediate future appears dire for the emerging Indian economy which shows only 1.9 percent decreasing from 5.8 percent, estimated by International Monetary Fund. Amid these gloomy growing rates of future economy, only policy should be enforced to overlook optimistic. RBI predicted that the impact of covid-19 is more severe than anticipated and GDP growth during 2020-21 is likely to remain in the negative territory.

Even if the Fiscal Responsibility and Budget Management constraints are relaxed, there is a need to seek capital flows to enhance foreign investment which have multiple effect to GDP of nation. Some richer nations like Singapore, which has managed to tap into their deep reserve, benefiting from their wealth funds. But India has not maintained that much luxury. Can country's \$476 millions of foreign exchange reserve be used towards this purpose? However, it will be more risky option in comparison to India's sizeable current account deficit. A radical monetary policy option would be to monetise deficit by allowing RBI to print money by Government bonds which RBI stopped doing in 1997. By that policy can inflationary situation be

controlled? Finance minister Nirmala Sitharaman said future fiscal policy action to stimulate the economy will depend on how covid-19 pandemic pans out. The Government announced a economic package of 20.97 lakh crore, which includes RBI's 8.01 lakh crore.

Table No.1 - Overall stimulus provided by Aatmanivar Bharat package

S.No	Items	Rs. crore
1	Part-I	5,94,550
2	Part-II	3,10,000
3	Part-III	1,50,000
4	Part-IV&V	48,100
Sub-total (1)		11,02,650
5	Earlier measures inc.PMGKP	1,92,800
6	RBI measures actual	8,01,603
Sub-total (2)		9,94,403
Grand total		20,97,053

Source: Ministry of Finance, GOI

The Finance minister had announced an economic package named 'Aatma Nirbhar Bharat in five tranches, which included a 3.70 lakh crore support for MSME, 75,000 crore for NBFC and 90,000 crore to power distribution companies, free food grains to migrant workers, increased allocation for MGNREGA, tax relief to certain sections and 15000 crore allocated to health care sector to deal with the pandemic.

Precaution for death in corona may cause death due to hungry. Inequality in India is already very high and so this is to be more worry. So, a policy 'Wealthy being taxed and poor being relaxed' is required to bridge the gap of inequality. Fitch solution said that Govt's 20.97 lakh crore package lacks in benefiting immediate concerns of the economy, which is only 1 percent of GDP as opposed to claim of 10 percent. This financial package is new wine in a old battle. Because half of

the package amount covers fiscal measures that had previously been announced. Aatma Nibhar Bharat is announced by Govt. of India in five phases to accelerate the poor, middle and rich section people.

Part-1

About 1.70 lakh crore relief package will be provided under Pradhan Mantri Garib Kalyan Yojana. Government of India declares insurance coverage of 50 lakh per health worker. About 80 crore poor people are given benefit of 5 kg wheat and 1 kg pulses for each household for next 3 month. About 20 crore women having Jan Dhan account will be benefited with 500 per month for next 3 month. Free gas cylinders will be provided to 8 crore poor families and there is increase in MGNREGA wages from 182 to 202 per day. About 24 percent of monthly wages are to be credited into their provident fund accounts for next 3 months for the wage earner below 15000 per month. Limit of collateral free lending is to be increased from 10 lakh to 20 lakh for women self-help groups supporting 6.85 crore households.

Regarding tax measures, last date for income tax will be extended to 30th june2020. Similarly there is extending filling of GST returns to end of June, 2020. Revival of Vivad se Viswas scheme is extended to 31st December 2020. The definition of MSME has been altered to accelerate the economy with increasing the asset limit.

Table No.2 - New definition of MSME

Existing Classification of MSME			
classification	Micro	Small	Medium
Manufacturing sector	< 25 lakhs	< 5 crores	< 10 crores
Service sector	< 10 lakhs	< 2 crores	< 5 crores
Revised MSME classification			
Manufacturing sector	< 1 crore	<10 crores	< 20 crores
Service sector	< 5 crores	< 50 crores	< 100 crores

Government of India will facilitate provision of 20,000 crore as subordinate debt by which about 2 lakh MSME are likely to be benefit. E-marketing linkage for MSME to be promoted to act as a replacement for trade fairs and exhibitions. Govt. will launch 30,000 crore special liquidity scheme for NBFCs. About 90,000 crores will be provided for liquidity injection of revenue of power distribution companies (DISCOMs) payable to power generation and transmission companies is currently 94000 crores.

Table No.3 - Stimulus provided by announcements in Part - 1

SI.	ITEMS	Rs crore
1	Emergency w/facility for business, including MSMEs	3,00,000
2	Subordinate debt for stressed MSMEs	20,000
3	Fund of funds for MSMEs	50,000
4	EPF support for business and workers	2800
5	Reduction in EPF rates	6750
6	Special liquidity scheme for NBFCs	30,000
7	Partial credit guarantee scheme for 2.0 for liabilities of NBFCs	45,000
8	Liquidity injection for DISCOMs	90,000
9	Reduction in TDS/TCS rates	50,000
	Sub-total	5,94,550

Source: Ministry of Finance, GOI

Part-2

Part-2 of Aatma Nivar Bharat is directed by providing to poor including migrants and farmers on 14th may 2020.

The agricultural loan of 4.22 lakh crore is availed to 3 crore farmers for the benefit of 3 months loan moratorium. Interest subvention and prompt repayment on crop loans was extended till 31st may 2020. About 25000 crore loan limits is sanctioned for the benefit of 25 lakh new kisan credit card holders. Three meals a day are to be provided for the residents of shelters for urban homeless. Three crore masks and 1.20 lakh litre of sanitiser are provided by 12000 SHGs to enhance SHG

marketing system. About 14.62 crore person days of work will be generated till 13th may to support returning migrants under MGNREGA.

Universalisation of right of minimum wages and timely payment of wages to all are same procurement in job market including unorganised workers. Free food grain supply is welcome able step to migrants for 2 months in which about 8 core migrants will be benefited. “One nation one ration card” policy enables migrants to access PDS in any state on India. Govt. will launch a scheme under PMAY for migrant labour or urban poor. Rs. 5000 crore special credit will be supplied for street vendors by providing initial capital up to 10,000 to 50 lakh street vendors. About 70,000 crore boosts will be provided to housing sector and middle-income group by CLASS scheme (Credit Linked Subsidy Scheme for Middle Income Group) with extension up to march 2020 which will give benefit to 2.5 lakh middle families. CAMPA (Compensatory Afforestation Management & Planning Authority) funds of 6000 crores are to be used by state Govt. for:

- ⇒ Afforestation and plantation work
- ⇒ Artificial regeneration, assisted natural genus
- ⇒ Forest management and soil conservation work
- ⇒ Forest protection and wild life infrastructural development by creating job opportunities.

About 30,000 crores of additional emergency working capital funding for farmer will be provided through NABARD for refinance support of crop loan requirement of rural co-operator banks & RRBs.

SI	Items	Amount in crore
1	Free food grain supply to migrant workers for 2 months	3500
2	Interest subvention for MUDRA shishu loans	1500
3	Special credit facility to street vendors	5000
4	Housing class-MIG	70,000
5	Additional emergency working capacity through NABARD	30,000
6	Additional credit through KCC	2,00,000
	Sub-total	3,10,000

Source: Ministry of Finance, GOI

Part-3

In the third phase, Agricultural sector is core sector which is to be focused by Ataman Nivar Bharat on 15th may 2020. During lockdown period minimum support price purchase of 74,300 crore, PMKISAN fund transfer of 18700 crore and Pradhan Mantri Fasal Bima Yojana claim payment of 6,400 crores are the main stress towards agricultural sector. During lockdown demand for milk is reduced by 20 to 25 percent. So, in order to compensate loss of dairy farmer, a new scheme to provide subvention of 2 percent per annum to dairy co-operatives for 2020-21. This scheme will provide 5000 crore additional liquidity benefit to 2 crore farmers. Financing facilities of 1 lakh crore will be provided for funding agricultural projects at farm-gate and aggregation points. Rs.10,000 corers is allocated for formalisation of Micro food enterprises which promotes ‘vocal for local with global outreach’ helping 2 lakh Micro Finance Enterprises. Govt. will launch the PMMSY (Pradhan Mantri Matsya Sanpad Yojana). So, 11000 crores are allocated for the activity of marine, inland and aquaculture. About 9000 crores is allocated for infrastructure such as fishing harbours, cold chains, market etc.

Under National Animal Disease Control Programme, foot and mouth disease re to be

Table No.4 - Stimulus provided by announcements in Part-2

controlled with total outlay of 13,343 crores. It ensures 100 percent vaccination of cattle, buffalo, sheep, goat and pig population. An animal husbandry infrastructure development fund of 15000 crore will be set up. About 1 lakh hectare will be covered under herbal cultivation in next two years with outlay of 4000 crore. As beekeeping initiatives, 500 crore is allocated by Govt for infrastructure development, capacity building with thrust on women, development of quality nucleus stock and bee breeders. Distress sale of reduction of price of perishable fruits and vegetables at the farm level needs to be prevented by providing 50 percent subsidy on transportation and 50 percent subsidy on storage including cold storage. Govt. will amend essential commodities act to enable better price realisation for farmers. A central law will be formulated to provide adequate choice to farmers to sell produce at affordable price, barrier free inter-state trade and frame work for e-trading of agriculture produce.

constructed to prepare investible projects, coordinate with investors. For the up gradation of industrial infrastructure scheme will be implemented in states through challenges made for industrial cluster up gradation of common infrastructure facilities. About 3376 industrial parks or SEZs in 5 lakh hectares mapped in industrial information system.

In coal sector, Govt. will be introduced competitive transparency and private sector participation through liberalisation of entry norms. Coal gasification or liquification will be incentivised through rebate in revenue share. There will be enhancing private investments in mineral sector to boost growth, employment. About 500 mining blocks would be offered through an open and transparent auction process. For the defence production make in India will provide the platform for self-reliance. FDI limit of defence manufacturing is raised from 49 percent to 74 percent. Like railways more world class airports will be functioned through ppp mode. In order to become a global hub for aircraft, tax regime for MRO (Maintenance Repair and Overhaul) ecosystem has been rationalised.

Table No.5-Stimulus provided by announcements in Part-3

SI	Items	Amount in crore
1	Food micro enterprises	10,000
2	Pradhan Mantri Matsya Sampad Yojana	20,000
3	Top to total; operation greens	500
4	Agri infrastructure funds	1,00,000
5	Animal husbandry infrastructure development funds	15,000
6	Promotion of herbal cultivation	4000
7	Bee keeping initiative	500
	Sub-total	1,50,000

Source: Ministry of Finance, GOI

Part-4

In Atma Nirvar Bharat Govt. has emphasised on investment stimulation. Separate project development cell in each ministry will be

Tariff Policy Reform:

Regarding consumer rights:

- ⇒ Emphasis on DISCOM inefficiency not to burden consumer.
- ⇒ Maintenance of standard of service and penalties for DISCOM
- ⇒ Adequate power is to be supplied to DISCOM

Regarding promotion of industries:

- ⇒ There will be progressive reduction of cross subsidies.
- ⇒ Time bound grant for open access
- ⇒ Generation and transmission project

developers to be selected.

Regarding Atomic energy related reform, there will be establishment of research reactor in PPP mode. For the production of medical isotope, promotion of welfare of humanity through affordable treatment from cancer and other diseases.

Part-5

During covid-19 situation, technology driven system of online education is to be promoted. SWAYAM PRAVA DTH channels is to be support and reach those who do not have access to the internet. There is a provision for telecast of live interaction session on these channels with experts from home through Skype. DIKSHA platform has had 61 crore hits from 24th march till date. 200 new text books are to added to e- Pathasala. Top 100 universities will be permitted to automatically start online course by 30th may 2020.

Improvement in rankings in “starting a business” and “insolvency resolution” have contributed to the overall improvement in India’s ranking on ease of doing business for corporate by following steps:

- ⇒ Direct listing of securities by Indian public companies in permissible foreign jurisdiction.
- ⇒ Private companies which list NCDs on stock exchanges not to be regarded as listed companies.

Table No.6 - Stimulus provided by announcements in Part - 4 & 5

SI	Items	Amount in crore
1	Viability gap funding	8100
2	Additional MGNREGS allocation	40000
	Sub-total	48100

Source: Ministry of Finance, GOI

Conclusion

Aatma Nirvar Bharat is not just a greater step for

self-reliance but also engaging with the world from a position of strength. Now India Government has relaxed the maximum limit of loan of states from centre from 3 percent to 5 percent of GDP. But is it sufficient to manage and control the pandemic like covid-19. Lockdown has lowered the aggregate demand. However the package by boosting the economy has failed to recognise that investment will pick up only when people across income segments have money to spend. Government also claimed that the fiscal package is around 10 percent of India’s GDP. Financing for this package would be difficult as the Government is worried about increase in fiscal deficit.

The recent pandemic brought many significant changes in consumer behaviour and their pattern. Our prime minister has quoted for Aatma Nirvar Bharat as our scriptures ‘Esha Upanishadha’ talks about self-reliance. The concept of self-reliant India is brought up during the times of economic slowdown with the purpose to make Indian economy stronger and to promote local products in India as well as over the world.

The first tranche of 5,94,550 crores package focus on MSME sector, Provident fund relief, NBFCs and DISCOM. The 2nd tranche of 3,10,000 crores package aims to boost agriculture, farmers income and migrant livelihood. Likely 3rd tranche of 1,50,000 crore package focus on agriculture, dairy and fisheries. The 4th and 5th tranche of 48,100 crores caters reforms for coal, minerals, air space management, defence production and atomic energy. This mega stimulus package is equal to the GDP of Pakistan, five time of personal income of Mukesh Ambani and 17 percent of BSE market value. But there is a big question that “Is that value is sufficient for managing covid-19 pandemic?” or it is just like new wine in old bottle.

So many package and schemes are announced in India to boost up the economy. But many of them are wealth creating assets and gamble for politicians which creates more inequality. Huge gap between planning of schemes and proper execution creates a debate in India. There are so many employment generations programmes but why machines are employed and labourers are acting as a proxy for getting funds into the pocket of politicians. Is it Aatma Nirvar Bharat?

References

- Rangarajan C.& Srivastava D.K.(2005),“Fiscal deficits and government debt in India: Implicationfor growth and stabilization” *Madras School of Economics, Working Paper*, (35).
- Buiter W.H.& Patel. U.R. (2010), “Fiscal rules in India: Are they effective? ”*Technical Report, National Bureau of Economic Research*.
- Lebre, E., Corder, G.&Golev, A. (2017), “The role of the mining industry in a circular economy: a framework for resource management at the mine site level”*,J. Ind. Ecol.* 21 (3): 662–672.
- Timothy L. (2020), “The economic impact of the Coronavirus 2019 (Covid-2019): Implications for the mining industry”*,International Review of Financial Analysis*,30.
- Sharif A., Aloui C.& Yarovaya L. (2020), “COVID-19 pandemic, oil prices, stock market, geopolitical risk and policyuncertainty nexus in the US economy: Fresh evidence from the waveletbasedapproach”, *International Review of Financial Analysis*, 70.
- Kumar A. (2020), “COVID-19 Crisis: Understanding the State of Economyduring and after the Lockdown”. *Economic and political weekly*, 55(19).