

Aatmanirbhar Bharat and EOD: their interconnection and impact in India

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ABSTRACT

The paper offers an insight into Prime Minister's Aatmanirbhar Bharat vision and its inter-connection with Ease of Doing Business in India. Launched in the year 2014, the phrase Aatmanirbhar Bharat has since been used in multiple references. Defence manufacturing, Vocal for Local, self-reliance, Digital Bharat, Make in India, national security, to name a few, are some key concepts covered under the purview of the blanket mission "Aatmanirbharta". As per World Bank's Ease of Doing Business Ranking 2020, India stood at 63rd position, being one of the top 10 improvers, for the 3rd time in a row, with an improvement of 67 ranks in 3 years. A key gradient which can be associated to this remarkable success is the slew of measures launched under the Aatmanirbhar Bharat initiative, which aim to encourage and attract global investments, relax the complexities of procedures involved and make the country an attractive hub worldwide for doing business. The purpose of the findings is to thoroughly examine the two concepts- Aatmanirbhar Bharat and Ease of Doing Business, their linkage, how the two complement one another, the major challenges faced in attaining the desired positions and countering any and every kind of dependencies overseas

INTRODUCTION

The ambition of India's Prime Minister Narendra Modi, Aatmanirbhar Bharat, which translates to "independent India," is to make India "a greater and more significant element of the global economy." This will be achieved by acting naturally supportive and self-creatively and seeking out arrangements that are strong, serious, and effective. A new phase of growth has been stimulated by the need to remind the people of the country of their potential. The country has started along the path to independence in several sectors. Just as we could not get a freedom in one day, similarly we cannot become self-reliant overnight. India has a population of 1.38 cr, the population is our strength. If we decide not to buy foreign goods, the economy of our country will boost.

Even though India is vast country with an enormous economic potential, overcoming the diverse and complicated corporate landscape can be an intimidating task. Doing business in India is no cup of tea. For instance, in order to open a restaurant in India, one needs to obtain 11 different licenses. These include the FSSAI licence, liquor license, eating house license and many more.

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The number of restrictions in place being this high, act as firm barriers for any domestic or international organisation to run its operations in India. This in turn increases our dependencies on Chinese and other foreign products. One of the main contributors to the dependence on other countries has been imports. Countries like China have been taking advantage of other nations' reliance on imports. According to data from 2020, China accounted for 18% of all imports into India while making for 9% of all exports from India. Prior to Pandemic, Indian economy was majorly dependent on Chinese imports. For instance, China exports were 70% of active pharmaceutical ingredients, 10-30% of the raw materials and base components for automobiles, 80% of solar panel requirement sectors to India. Moreover, many MSMEs were dependent on Chinese imports. And consequently, post pandemic, due to closure of borders, bans on travel and lockdowns, India had suffered undulation effect on Global trade flows. And due to this interdependence nature, COVID pandemic severely impacted Indian socio-economic sphere. Resultantly, urgent need to diversify supply chain and generate alternative source of supply chain in instant period was felt by the Indian government.

On 12th May 2020, Prime Minister Narendra Modi announced a flag for Aatma Nirbhar Bharat Abhiyan or a Self-Reliant India and marked five pillars of AatmaNirbhar Bharat-

- Economy: An economy that brings Quantum Jump rather than Incremental change.
- Infrastructure: Represents the modern India.
- System: Technology-driven systems fulfill the needs of the 21st century.
- Demography: Vibrant Demography of the largest democracy.
- Demand–Full utilisation of the power of demand & supply

The 4 Es of Education, Employability, Employment and Entrepreneurship are also vital in building an Aatmanirbhar Bharat.

Economy, Infrastructure, System, Vibrant Demography and Demand. Now the aim of the government is promote local manufacturing, local markets and local supply chains enhance ease of doing business, attract FDI investments and entrust MSMEs by boosting their liquidity support and improve the policies for Make in India. The Aatmnirbhar Bharat programme has encouraged competitiveness of the Indian industry through a plethora of schemes and initiatives. Through the arduous effort of The Government of India, the country has flourished in translating the resources of the package into results that have made business easier in the country. Following the launch of the regulatory reforms, India ranked 63rd in doing business in 2020 which was a 79 position jump from 2014 (World Bank Report).

India has altered its aim to become self-reliant in order to reduce the supply risk and inter-dependence. This might be achieved by transforming the workforce's skills and talents in India into a driving force for national economic growth.

India's rank in the Ease of Doing Business index back in 2014 was 142nd among 189 countries, owing to which the government has since reduced more than 25,000 compliances and hence improved consistently to 63rd position in 2020 and 37th rank in 2022 (out of 63 nation list) The Aatmanirbhar Bharat Abhiyan was initiated on similar grounds, aiming for self-reliance and digitalisation of India, making it 'Aatmanirbhar'. Augmenting self-reliance in the economy, simplifying complex and futile processes, reducing trivial compliances for business expansion and improvement of business environment are key areas that would be covered.

OBJECTIVES OF REASERCH PAPER –

- To understand the impact of Prime Minister's Aatmanirbhar scheme on easing the procedures involved in setting up a business in India.
- To delve into the parameters of the World Bank's Ease of Doing Business Index and understanding their contents.
- To walk through the developments done and achievements secured by Central Government while implementing the Aatmanirbhar Bharat Abhiyan.
- To pertain the co-efficient of success of doing business in the country and to analyze the impact of dynamic policy reforms undertaken at the ground level.

Impact of Aatmanirbhar Bharat on Indian economy

The purpose of Aatmanirbhar Bharat to make India “self-reliant” and self-sufficient is in its continual process, replacing most of our imports by increasing our capacity to manufacture them locally. Local manufacturers, supply chain and diversified products and services are the key factors for making “Aatmanirbhar Bharat mission” successful. However, this mission is not to isolate the nation from global platform and trade solely on local products. Rather to promote our local products worldwide. This impacted to bring to a situation that India is now manufacturing goods for both consumption and export which were imported before COVID. The biggest example is “Pharmaceutical companies”. India has contributed 60% to the worldwide vaccine production during COVID pandemic. In March, 2020, India is witnessed for the capacity of producing 2 lakh PPE (Personal Protection Kit) on daily basis with a steady growth rate at present. Population from rural area is also now enthusiast enough to open their own business due to the implementation of “Gobar Bank” concept. This not only support rural population to meet their basic needs but also make them creatively independent.

Sectors to benefit from Atma Nirbhar Bharat Abhiyan

S.No.	Sector	Percentage	Allocation
1	FMCG	16.20%	81000
2	Healthcare	13.50%	67500
3	technology	12.20%	61000
4	Financial	11.70%	58500
5	Communication	8.50%	42500
6	Services	7.30%	36500
7	Chemicals	7.20%	36000
8	Energy	6.50%	32500
9	Cons Durable	5.70%	28500
10	Construction	4.70%	23500
11	Automobile	4%	20000
12	Metals	1.50%	7500
13	Others	1%	5000
	Total	100%	500000

Source: CapitalVia Global Research Limited

1. Micro, Small and Medium Enterprises-

The scheme's major focus was on the MSMEs sector and its development as there are about 67 million MSMEs operating in the non-agricultural sector in India, and provide sustenance to a large proportion of the population.

The government will offer Rs 3 lakh crore as a collateral-free or unsecured loan to MSMEs with an annual turnover of Rs 100 crore or an outstanding loan of Rs 25 crore. The loan tenure will have a tenure of four years with a moratorium period of 12 months. Additionally, Rs 20,000 crore loans will be provided to stressed MSMEs.

The government has given a new definition for the MSMEs where it had done away with the distinction between manufacturing and service MSMEs and also increased the limit for investment in these units.

The change in definition will allow these units to expand and at the same time avail the benefits of MSME classification.

It has also disallowed tenders from foreign companies up to Rs 200 crore mainly to protect these small units from unfair competition.

The boost to the MSME sector will consequently benefit a lot more industries, especially the automobile sector as most of the auto companies are MSMEs. It will help resume business, strengthen the supply chain, and will also help reduce dependence on other countries.

2. Power Distribution Companies-

The government will provide a Rs 90,000 crore bailout to cash-starved discoms and independent power producers.

Discoms functioning in Union Territories is expected to be privatized, so as to strengthen as well as bring efficiency to the entire sector. Thus, provide stability to the stressed power sector.

3. Agriculture and allied sectors-

The fiscal assistance will focus on improving the farm gate infrastructure like warehousing, cold chains, post-harvest management infrastructure, dairy infrastructure along with investment in cattle feed, beekeeping, and herbal and medicinal plants.

National Bank for Agriculture & Rural Development (NABARD) will provide a financing facility for funding agriculture infrastructure projects at the farm gate and for cluster formation across all levels.

Thus, addressing fund gaps in the supply chain and also making value-added local products reach global markets.

It will launch Pradhan Mantri Matsya Sampada Yojana for the development of marine and inland fisheries.

This will help to fill in the gaps in the value chain and will also lead to an additional fish production of 70 lakh tons in the next five years and provide employment to about 55 lakh people.

It will also focus on formulating agricultural marketing reforms like barrier-free inter-state trading, the choice to sell produce at attractive prices, and also provide an e-trading platform for agricultural produce.

4. Civil Aviation-

The government will ease the restriction placed on the utilization of the Indian Air Space for commercial flights (currently 60% of domestic airspace is available), and will help these companies save about Rs 1000 in terms of operational costs.

5. Coal Sector and Minerals-

The government will be ending the monopoly of Coal India Limited (CIL), introducing commercial mining of coal. The government is focusing to reduce the country's dependence on coal imports and be fully self-reliant in coal production.

6. NBFCs/HFCS-

The government has come up with a special liquidity scheme worth Rs 30,000 for investing in investment-grade debt papers of NBFCs, HFCs, and MFIs. The scheme will be fully guaranteed by the government and will be especially beneficial for the housing sector.

A partial credit guarantee scheme will also be allocated for NBFCs where the first 20% of the loss will be borne by the government.

Thus, providing the required liquidity support is essential for the smooth functioning of the sector.

7. Real Estate-

The government has extended the CLSS (Credit Linked Subsidy Scheme) for middle-income households to March 2021. This will lead to investments of Rs 70,000 crore in the housing sector, thus boosting the already ailing real estate sector.

The states and regulatory authorities have also been advised to extend the registration and completion date of real estate projects under RERA to de-stress developers and ensure the timely completion of projects.

The boost in the real estate sector will lead to a surge in demand for related sectors like steel, cement, transport and also lead to employment generation.

Atma Nirbhar Bharat Abhiyan Shortcomings:

The package, however, failed to boost confidence and bring optimism among the corporates, as the focus of the package is more on indirect benefits than on direct benefits. The government should have designed packages that would provide cash support rather than relying more on loans.

The collateral-free or unsecured loans announced for MSMEs may lead to higher default by the companies and lead to higher NPAs

The banking sectors, especially the PSU, are already reeling under the bad loan issues and with unsecured loans, may see further deterioration in their asset quality.

Higher default rates will also increase the cost burden of the government, as it may have to provide a cushion to the ailing banks.

The total government expenditure that will be incurred through the package is only 1% of India's GDP growth rate. As such these measures will not be adequate enough to boost the demand sentiment in the economy.

EODB

In 2016 India was at the 130th rank in the World Bank's Ease of Doing Business Index. Within a few years, India has climbed up to the 63rd place which indicates an improvement of 67 ranks as a result of the improvement made by the Government in its policies launched under the Make in India campaign that targets creating more than 100 million jobs by the year 2022, making India a manufacturing hub and raising the contribution of manufacturing sector's share to GDP to 25%. The World Bank's Ease of Doing Business Project is the key driver of regulatory reforms. It ranks 190 economies on various parameters from cradle to grave of a business cycle on a set methodology which indicates how easy it is to do business in the country. These parameters are as under:

STARTING A BUSINESS The introduction of SPICe+ and AGILE PRO form by the Ministry of Corporate Affairs (MCA) saves the time and effort required for a nascent Company Incorporation.

1. Permanent Account Number (PAN), Tax Deduction & Collection Account Number (TAN), Director Identification Number (DIN) have now been merged into a single form (SPICe) for company incorporation.
2. Five-page form and other attachments for reserving the name of the Company with the Ministry of Corporate Affairs has been simplified into a simple web service with only three fields to be filled.
3. Registration under Employee State Insurance Corporation (ESIC) and Employee Provident Fund Organisation (EPFO) are available at Shram Suvidha portal as a common online service with no physical touch point.
4. No requirement of inspection for before registration under Shops & Establishment Act in Mumbai and Delhi.
5. Companies Act was amended to eliminate the requirement of a common company seal.

PAYING TAXES

Reduction of corporate tax from 30% to 25% for mid-sized companies. Domestic companies can opt for concessional tax regime @ 22% (effective tax rate: 25.17% inclusive of surcharge and cess). Such a company cannot claim any income tax incentive or exemption. Such companies are not liable to pay the Minimum Alternate Tax (MAT). Robust IT infrastructure of online return filing for Indian taxpayers. The Goods and Service Tax came into effect on 01 July 2017. It subsumes eight taxes at the Central and nine taxes at the State level. The Employee State Insurance Corporation (ESIC) has developed a fully online module for electronic return filing with online payment. This has substantially reduced the time to prepare and file returns. With the introduction of the e-verification system, there remains no physical touchpoint for document submission to income tax authorities. Instead of filing 3 GST returns, the taxpayer has to now file only 2 returns.

RESOLVING INSOLVENCY

1. The Insolvency and Bankruptcy Code of 2016 has introduced new dimensions in resolving insolvency in India. It is India's first comprehensive legislation on corporate insolvency.
2. Under Fast-track Corporate Insolvency Resolution Process (CIRP) for mid-sized companies, the process for insolvency shall be completed within 90 days with a maximum grace period of another 45 days.
- 3.

GETTING CREDIT

1. Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) is a geographically unified electronic registry that provides for registration by asset type. Since 2017, CERSAI also provides search through debtor's name.
2. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) (Central Registry) Rules, 2011 was amended to include additional types of charges, including a security interest in - immovable property by the mortgage, hypothecation of plant and machinery, stocks, debt including book debt or receivables, intangible assets, patent, copyright, trademark, under-construction building.
3. The definition of property, which now includes immovable as well as intangible, allows CERSAI to register these additional charges.

ENFORCING CONTRACTS

Faster resolution of commercial disputes is pivotal to boosting investor confidence in the dispute resolution mechanism of the country. The adoption of technology for case management by lawyers and judicial officers is leading to speedier dispute resolution. e-filing of cases has been introduced in district courts of Delhi and Mumbai. eCourts Services Portal The app and portal offer the following case-related services for litigants and lawyers. To access the laws, regulations, and case law. To access the forms/documents to be submitted to the court. To receive the notifications on emails/SMS. To track the status of the case. To view and manage the case documents. To view court order decisions in a particular case.

CHALLENGES

With this reform momentum in place, it becomes crucial to sustain the same by regularly monitoring and controlling the results. Another significant challenge for the GOI is to make sure that these reforms do not remain confined to the tier-1 cities, but reach the grass root level of the economy. Though a slew of procedures have been simplified, the labour laws still pose a threat, barring a 100% hassle free environment for setting up ventures in the country. In a nutshell, although the scheme has been immensely successful in achieving its target, few things still need to be taken care of, in this journey of self-reliance. With this dual strategy, India has the potential to attract more overseas investment and become the factory of the world. (Indian Express, 2022).

RECOMMENDATIONS

Build a Strategy for Future: A long-term approach that considers regional supply chains and location decision-making is needed to succeed. The vision of 5-pillared growth to self-reliance, in the long run period, is impossible without being “sustainable” in approach. And this is possible only through balanced ecology.

India should Become Increasingly Open to Free and Fair Trade: India should attract investors due to its strengths rather than by using tariffs as a tool to push International business to invest and make in India.

Focus on Developing and Supporting Innovators: Focus on digital, creative and critical thinking skills for innovation and building problem solving skills. India should also develop an innovator -friendly intellectual property policy and enforcement regime.

Improving higher education system: focus on preparing learners into thinking, problem solving and decision-making individuals. Integrate professional practice with teaching learning process to enhance professional development.

Job creators than job seekers: enthusiast young people towards entrepreneurship from their school level by introducing “entrepreneurship” in their course curriculum.

Digital and Data: With digital and data services increasingly important in global trade, there is an opportunity for India to fully integrate with other major democratic markets.

Economic blueprint: an economic blueprint has to be constructed to address domestic growth for lucrative foreign investments.

Systematic implementation of policies: better use of automation and technology, the use of optimization, the use of better transportation, better customer service, sustainability, use of local manufacturing and better use of analytics will be the solution for the success of Aatmanirbhar Bharat.

CONCLUSION

“Self-reliance has the ability to overcome any difficulty” The Atmanirbhar Bharat Program endeavors to achieve self-reliance in the country and its citizens through five pillars - economy, infrastructure, vibrant demography, system, and demand. As mentioned in earlier parts of the paper, the program has strived but posed cumbersome challenges as well. India being the largest democracy in the world is a tedious country to govern. With more people come more businesses around every corner, thus, the vision of making India self-reliant while astute is an onerous task. Through the onset and offset of the pandemic, we have seen how this program has taken shape, it has immensely helped a plethora of businesses and industries in the country by augmenting their progress and lucrativeness through its schemes. However, as stated in the challenges above, to be self-reliant we need to have businesses in the country that can actively replace Chinese products with our products, but, it has become unnecessarily arduous to obtain licenses for operating businesses. Despite the challenges, the program has vastly increased the number of businesses and tried to develop a paucity of Chinese products and applications in the country to a large extent.

Through the diligence of our workers and the State, our country is now ranked 63rd (a 79-position jump from 2014) in Doing Business 2020- World Bank Report. No path that is meant for the betterment of an entire nation would be an effortless and tranquil journey. With the collective hard work of the government and the relentless support of the merchants, traders, and customers the Atmanirbhar Bharat Program would slowly and surely fabricate results that would cement our place in the world as a country that is self-reliant and has massively increased its position in ease of doing business in the country.

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