

TOWARDS “ATMANIRBHAR BHARAT”

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ABSTRACT

The Industrial policies of India has evolved over time and has incorporated changes as per the need of the hour. At the time of Independence, the leaders had an uphill task of transforming an Agriculture dominant economy into and Industrial One. Over time, the government cleared their stand through successive Industrial Policies. An important approach by the government in 1948 was that they accepted the role of both Public and Private sector in the development of the country as an Industrial economy. After the 1991 Economic Policy, the economic and Industrial system of the country became free from the clutches of Controlled Economy and moved towards open and global economic system and these changes were initiated and supported by the government. The Government has declared its ambitious Plan “Atmanirbhar Bharat Abhiyaan”. The idea is to reinstate and develop Economic capacities and strength to reduce dependence on Imports esp. Products of critical importance. The actions that result in ease of doing business can be best provided by the government and the district authorities in which the industry operates. The state governments should be encouraged to make business friendly policies and categorizing regions for prompt industrial developments. A stable and permissible policy will help in development of businesses eases in promoting activities. The contribution of India in Global Supply Chains and Value Chains is extremely futile. With numerous schemes like Make in India, Production linked Incentive, enhancing Infrastructure, and steps taken to increase investment and Domestic manufacturing; All these steps will help India in carving out a niche in Global Supply Chains.

Keywords: Atmanirbhar Bharat, Industrial Policy, Global Supply Chain, Gross Value Addition, Make In India.

Introduction

The entire World Economy has been in turmoil because of the Pandemic in 2020. This pandemic has been the biggest setback to the world economy since the Great depression of 1930 and the II world War. At the National front also, the country is facing twin challenge of depleting economy and struggling Health Infrastructure. However, the major focus of the government has shifted towards revival of the economy as the cases have slowed down giving a breather to the Medical and Health Infra.

The Industrial policies of India has evolved over time and has incorporated changes as per the need of the hour. At the time of Independence, the leaders had an uphill task of transforming an Agriculture dominant economy into and Industrial One. The major hurdle was the scarce resources that had to be allocated into multiple sectors for holistic development of the economy. But, for an under developed economy, simultaneous allocation of resources towards all sectors is seemingly impossible. Therefore, India adopted the approach of “**Big Push**” in which the most important sectors are identified and invested upon.

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P. C. Mahalanobis, the Architect of second Five Year Plan, paved the way for Industrial Development in the country and focussed in reducing our over-dependence on Imports. This plan was based on the idea that there should be higher duty on imported items till the time the domestic industries of our country can develop and become self-sufficient and do not require Government assistance. Thus, the onus of developing the Industrial scene in India was put on the Public Sector.

Over time, the government cleared their stand through successive Industrial Policies. An important approach by the government in 1948 was that they accepted the role of both Public and Private sector in the development of the country as an Industrial economy. The Industrial Development and Regulation act of 1951 aimed at enhancing cooperation between public and private sector but focussed on increasing role of Public Sector so that it can take up the economy to new heights in a gradual manner.

The Industrial Policy of 1990 was reactionary to the prevailing problems of the 1980s in the Indian economy. It focussed on reforms in Industrial regulation, Foreign Exchange Policy, Currency Regulation and Payments, Capital Markets and Banking sector and fiscal consolidation by the government. LPG (Liberalization, Privatization and Globalization) reforms were adopted to attract more foreign investments and increase economic growth.

The Government of India had declared a National Manufacturing Policy in 2011. The main objective of the policy was:

- To increase the growth rate of manufacturing sector @ 12-14% in the medium term.
- To increase the share of manufacturing sector in GDP upto 25% by 2022.
- To create 10 Crore additional jobs I manufacturing sector.
- To enhance technological advancements and Gross Value Addition (GVA) in manufacturing sector.

Thus, it can be said that Industrial Policies in Indian have evolved as per the need of the country and have been changed accordingly. After Independence, it was crucial to know as to where the resources should be mobilized and focus was on the Capital Goods Market. Thus, the reins of Development were held by the public sector to pave a solid foundation for future. After the 1991 Economic Policy, the economic and Industrial system of the country became free from the clutches of Controlled Economy and moved towards open and global economic system and these changes were initiated and supported by the government. With Passage of time, the idea that inspired most of the policy makers was that the government should not interfere directly in the economic system and rather should adapt to indicative planning wherein the focus should be on healthy competition and increasing overall efficiency.

The New Approach after Covid-19 Pandemic

With the emergence of the Pandemic in 2019, the approach of letting the Market Forces decide what is needed and reducing the role of governments in directing Investments took a beating and the need has arisen to assess this approach altogether. This is because amid the pandemic India was not only ill equipped with Medical supplies, equipment and medicines but we were also short on Electronics esp. semi-conductors, Machinery and Chemical inputs as we were and still are dependent on such products on certain countries.

For this purpose, the Government has declared its ambitious Plan "**Atmanirbhar Bharat Abhiyaan**". The idea is to reinstate and develop Economic capacities and strength to reduce dependence on Imports esp. Products of critical importance. This does not mean to drive away competitors or to become a closed economy again; but to increase self-sufficiency and become a crucial part of Global Supply Chain for such products. The pandemic has given us an opportunity to understand our shortcomings and one important lesson lies in enhancing domestic capacities and strengthening our supply chains.

In general, Industrial Policies adopt various instruments like Subsidy over Direct and Indirect Taxes, protection from Foreign Competition, easy availability of Capital, assured buying by the government and government approval over production and for Import-Export of products. These instruments help the government to play an active role in indicative planning in certain sectors and focus on their growth. The main aim is to increase production capacity of Domestic Industries.

In the **Post-Covid Era**, following factors should be kept in mind for formulating a **new Industrial Policy**:

- In order to make programmes like Make in India a success, the government needs to focus on certain key areas and reform them so that India can become a Global Player in their production. This way, we will be able to decrease our dependency on any particular nation for critical products and hence focus on manufacturing such products like Medicines/ API (Active Pharmaceutical Ingredient), Electronic Products, Consumer goods and Defence Equipment thereby making us self-reliant in them. Though initially, we still might be dependent on products esp. parts and raw material that we essentially import, but overtime we will be able to manufacture those parts and raw material on our own. However, whatever initiative that the government takes up, primary focus should be on creation of Jobs.
- India should focus on developing Quality checks and assurances that match Global Standards if it wants to make products for the World. Better Quality in goods and services is the key to growth and overcome competition. Despite that, India has not been able to attain parity with Global Standards and Technology regulation. Because of this, Indian manufactures are finding it difficult to penetrate Global Export Markets on one hand and at the same time our domestic industries and customers are forced to compete with sub-par goods imported for countries like China. In order to better pose ourselves at the Global and Regional Supply Chains, we need to take certain measures in order to improve our domestic standards and technology regulation:
 - The Industrial Sector should be Voluntarily allowed to set standards for itself and pushed towards growth. If need be, the Institutions that set standards should work closely under the leadership of Industrial Bodies in setting up standards.
 - Regular Participation of specialists that have served in Regulatory Bodies like International Organization for Standardization (ISO), International Electro-Technical Commission (IEC), CODAX etc.
 - To develop a proper infrastructure for Testing, Inspection and Certification with participation of Private Sector.
- Strengthening basic infrastructure in the country and reducing logistics cost so that the overall cost of product is reduced and products made in India become more cost effective and become more competitive in Export Market.
- **Role of Government**
 - The actions that result in ease of doing business can be best provided by the government and the district authorities in which the industry operates. The state governments should be encouraged to make business friendly policies and categorizing regions for prompt industrial developments. A stable and permissible policy will help in development of businesses eases in promoting activities.
 - There should be an Institution to assess the impact of Regulations formulated by the government on businesses. The assessment should be neutral so that the industries are not over-burdened into following rules.
- The technological advancement in India has been under a sorry state for too long now. The businesses should be encouraged to adopt new technologies. Also, Technologies developed at National and International level should be made available to Indian industries. Under Industrial Revolution 4.0, many opportunities are being offered for increasing productivity, reduction in wastages and boosting efficiency. But there is also a downside to it that more technological adoption would lead to probable Job cuts. However, adoption of Digital Technology would also earn Indian Industries their rightful place in Global Competition.

India is adopting technology at a swift pace now. Measures such as establishing National Digital Grid, Data Protection etc. should be adopted. The sectors include Agriculture, Smart Cities, Transportation, Goods and Public Utility services etc.

The increased production through technological advancement is a Pre-requisite to attain global competitive edge. However, the focus should be on Indigenous development of Technology and Innovation. There have been numerous innovations in the field of Goods and Service Delivery in different sectors. In order to be Globally Competitive, it will be economic prudence to acquire such technologies and milk their benefits. A viable option is to set up a "Technology Development Fund" with participation of Private Sector to encourage and acquire innovation.

- To prepare Industrial Sector with the economic challenges and realities thrown by Covid-19 pandemic. This will include:
 - The companies should be encouraged to adopt alternative mediums to promote businesses. Like Social Media Marketing, Online Grievance Redress, and E-commerce etc.
 - Various Business Support Institutions can play an important role in connecting economic opportunities for Buyers and Sellers that can be beneficial for all.

Initiatives taken by the Government in this Regard

During the Pandemic, the government has adopted many measures to overcome economic slowdown. However, the world and India is still grappling with the after effects of Second wave of covid-19 and hence these measures are also undergoing frequent progression:

- **Increasing Manufacturing in India**
 - Make in India 2.0 is focussing on 15 important sectors of Manufacturing like: Clothing and Apparels, Food Processing, Gems and Jewellery, Medicine, Chemicals, Motor Vehicles, Electronics, Leather goods etc. These sectors are being promoted as per the consultation with their respective ministries.
 - Many PIL (Production Linked Incentives) are being provided for manufacturers of Mobile Electronics, API and Medical Devices etc. This PIL is set to be extended to other sectors also so that Industrial Sector is rightfully promoted.
 - Phased manufacturing Program has been launched for Cellular Mobile Handsets and E-Vehicles. Other areas identified by NITI Ayog under this scheme are: LED Lights, Network Products, Security Equipment, Medicines etc.
 - 20 Industries have been identified on which special emphasis will be provided to make India Self-Reliant (Atmanirbhar). These include: Defence, Production and Packaging, Motor Vehicle parts, Integrated Circuits, Leather goods, Ready-to-eat foods, Capital Goods like Industrial Machinery, Ethanol, Transmission lines, Steel, Furniture, Toys, Gym Equipment etc.
 - In order to make **Domestic Manufacturing** and "**Make in India**" more attractive, the Department of Export Promotion and Internal Trade has made changes to Public Procurement Act for increasing Gross Value Addition (GVA) of products manufactured under Make in India Incentive.
 - In order to contain Dumping activities of certain Export orient countries like China, the government has imposed certain restrictions on Importing such as:
 - Palm Oil, Palmoline Tyres and Television Stes have been put under the "Controlled" category from "Free" Category.
 - Import Monitoring System.
 - Surprise Sampling of Toys etc. to be sent for testing.
 - Fixing Quota for Import of Agricultural Products like Pulses etc.
- Promoting FDI to enhance Domestic Manufacturing and Technological Enhancement.
 - The Gol is continuously working towards developing an empowering and Investor Friendly Investment Policy. The policy will aim to remove hurdles in getting investment for Indiawhile upholding India's National Interests.
 - The Gol is looking for sustainable Foreign investments and esp. from those companies who are eyeing diversity in their manufacturing and increasing market capitalization. The government is developing policy for tapping investors with following incentives:
 - Having One-on-One conversations with potential investors about their requirements and also helping them in areas that they want support.
- The government has constituted a Project Development Cell (PDC) to assist flow of FDI in India. This PDC consists of certain empowered secretaries of Government of India that work towards ensuring smooth functioning of Investments in the country.

- **Logistics and Basic Infrastructure**

The Government has set up a National Infrastructure Pipeline (NIP). Under this, the government will be taking up 44 projects worth 111 lakh crore to facelift the entire Infrastructure system in India. Also, the government is mulling over creating a National Logistics Policy in order to reduce operating and manufacturing costs drastically.

Conclusion

The contribution of India in Global Supply Chains and Value Chains is extremely futile. With numerous schemes like Make in India, Production linked Incentive, enhancing Infrastructure, and steps taken to increase investment and Domestic manufacturing; All these steps will help India in carving out a niche in Global Supply Chains. India will also be able to reap benefits opportunities created by Global Conglomerates that are looking to bring in diversity in their Manufacturing and Supply Chain Systems. Most importantly, the benefits are not just confined to India only but are for world to reap; as our Prime Minister rightly said "Make in India for the World".

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