



Mains Practice Question

Q. In order to make a truly Atma Nirbhar Bharat, the economic stimulus needs to be complemented by bold reforms. Discuss. (250 words)

03 Jun, 2020 GS Paper 3 Economy

References: [Atma Nirbhar Bharat Abhiyan: Challenges](#), [Atma-nirbhar Bharat and Economic Stimulus](#)

Approach

- Start your answer by giving the context of Atma-Nirbhar Bharat Abhiyan, recently announced by the government. Briefly, state how through this policy government intends to make India self-reliant.
- Mention the possible impact of the economic stimulus package. Along with it, briefly discuss the associated challenges.
- Discuss the various reforms that should complement this stimulus package.
- Conclude suitably.

Introduction

The covid-19 pandemic has impacted the **lives and livelihoods** of the people. Thus, in order to revive the economic activity, the Government of India has announced an **economic stimulus package of Rs 20 lakh crore**.

However, without bold reforms, especially in areas of **4L's: Land, Labour, Law and Liquidity**, this economic package may not be able to put India's growth back on track.

Body

Intended Goal and Associated Challenges

- The **Rs 3 lakh crore collateral-free loan facility for MSMEs** under the package will help this finance-starved sector and thereby provide a kickstart to the dismal state of the economy.
 - Amid **migrant workers crisis, lack of demand**, this credit facility is unlikely to achieve its intended goal.
- A slew of measures related to agriculture marketing like **amending Essential commodities Act, APMC Act, promoting contract farming**, have been announced.
 - Since **Agriculture is a state subject**, cooperation amongst states and union is critical to implement these reforms.
 - Apart from it, without **augmenting the agriculture supply chain**, these reforms may not bring the desired result.
- The government also intends to boost domestic manufacturing, **by further liberalising FDI policy in the defence and aviation sector**.
 - The issues of **land acquisition, labour laws and lack of credit due to the incomplete**

transmission of monetary policy, have acted as a roadblock in the path of India becoming a manufacturing hub.

Way Forward

- Immediate measures should be taken to revive the **aggregate demand** in the Indian economy. In this pursuit, the policy of **emergency basic income** for a short time may be a good option.
- In order to have success in revamping agriculture and doubling farmers' income, there is a need for **cooperative federalism and augmenting agricultural infrastructure**.
- There is a need for holistic reforms like **addressing skill deficit, establishing a land bank, introducing innovative financing tools like InVITS, bringing labour reforms** and **improving ease of doing business**.

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