

INDIA'S SELF-RELIANCE INITIATIVE: OLD IDEA OR NEW DIRECTION?

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India's Self-Reliance Initiative: Old Idea or New Direction?

Special Report

Authored by Ronojoy Sen and Vani Swarupa Murali

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Executive Summary

It has been more than a year since Indian Prime Minister Narendra Modi launched *AatmaNirbhar Bharat Abhiyaan* (Self-Reliant India) campaign on 12 May 2020 in the midst of the COVID-19 pandemic. As part of the campaign, he announced a ₹20 lakh crore (S\$18.2 billion) economic package to help the country face the challenges posed by COVID-19 and to aid the poor, migrants and labourers who had been worst hit by the pandemic. It was also meant to build a stronger economy that could withstand global competition. The prime minister also stated that a self-reliant India would stand on five pillars, namely, the economy, infrastructure, a technology-driven system, vibrant demography and demand. The scheduled rollout of the programme was set to be in five phases, starting with a focus on businesses and micro, small and medium enterprises (MSMEs) and ending with government reforms.

There was, however, a lack of clarity on what the AatmaNirbhar Bharat campaign stood for.

The *AatmaNirbhar Bharat* campaign received mixed response. On the one hand, it raised fears of a return to the pre-liberalisation era and protectionist policies. Analysts and policymakers questioned how different it would be from the existing 'Make in India' campaign and whether it would hurt domestic industry. On the other hand, some welcomed the move by viewing the focus on local industry and indigenous modes of production as similar to the idea of *Swadeshi*. There was, however, a lack of clarity on what the *AatmaNirbhar Bharat* campaign stood for.

The Institute of South Asian Studies (ISAS) at the National University of Singapore organised a roundtable on 'India's Self-Reliance Initiative: Old Idea or New Direction?' on 10 December 2020. The event brought together academics and policymakers to discuss key themes about the *AatmaNirbhar Bharat* campaign. They discussed various aspects of the campaign through several historical, ideological, social, political and economic lenses.

This Special Report largely draws upon the discussions at the roundtable. It focuses on two key areas: first, the changes and continuities of the *AatmaNirbhar Bharat* policy vis-à-vis earlier government policies; and second, the implications and challenges facing the implementation of the policy.

The COVID-19 pandemic and the mitigation measures have caused a global economic slowdown, and the Indian economy has not been immune to the consequences.

Introduction

The COVID-19 pandemic and the mitigation measures have caused a global economic slowdown, and the Indian economy has not been immune to the consequences (Table 1). Industrial and service activities have significantly declined and sectors like tourism have been badly hit due to the impact of the pandemic and the fall in global demand.¹ The International Monetary Fund (IMF) revised India's growth forecast downward by 130 basis points to 4.8 per cent for the 2019-2020 period.² The Reserve Bank of India also revised its projected growth for 2021-2022 from 10.5 per cent down to 9.5 per cent due to the second wave of COVID-19.³

Table 1: World Bank Projections for South Asia⁴

| South Asia Country Forecasts (Annual percent change unless indicated otherwise) | | | | | |
|---|--------------|--------------|---------------|---------------|---------------|
| | 2017 | 2018 | 2019e | 2020f | 2021f |
| GDP at market prices (2010 US\$) | | | | | |
| Calendar Year Basis^a | | | | | |
| Afghanistan | 2.7 | 1.8 | 2.9 | -5.5 | 1.0 |
| Maldives | 6.8 | 6.9 | 5.2 | -13.0 | 8.5 |
| Sri Lanka | 3.6 | 3.3 | 2.3 | -3.2 | 0.0 |
| Fiscal Year Basis^a | | | | | |
| Bangladesh | 16/17 | 17/18 | 18/19e | 19/20f | 20/21f |
| Bhutan | 7.3 | 7.9 | 8.2 | 1.6 | 1.0 |
| India | 6.3 | 3.8 | 3.9 | 1.5 | 1.8 |
| Nepal | 8.3 | 7.0 | 6.1 | 4.2 | -3.2 |
| Pakistan (factor cost) | 8.2 | 6.7 | 7.0 | 1.8 | 2.1 |
| | 5.2 | 5.5 | 1.9 | -2.6 | -0.2 |

Notes: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.
a. Please see regional annex for details on fiscal year reporting.

Source: The World Bank

With the pandemic having taken a huge human toll, India also runs the risk of a prolonged increase in poverty levels.⁵ Moreover, the

1 The World Bank, *Global Economic Prospects: South Asia* (2020), <http://pubdocs.worldbank.org/en/389601588787976753/Global-Economic-Prospects-June-2020-Regional-Overview-SAR.pdf>.

2 Asit Ranjan Mishra, 'IMF revises downward India's economic growth to 4.8% for 2019-20', *Livemint*, 20 January 2020, <https://www.livemint.com/news/india/imf-revises-downward-india-s-economic-growth-to-4-8-for-2019-20-11579527054651.html>.

3 Roshan Kishore, 'RBI cuts 2021-22 GDP growth forecast to 9.5%', *Hindustan Times*, 5 June 2021, <https://www.hindustantimes.com/business/rbi-cuts-2021-22-gdp-growth-forecast-to-95-101622833373551.html>.

4 The World Bank, *Global Economic Prospects: South Asia* (2020).

5 *Ibid.*

disruption to the global supply chains could increase food prices and give rise to food insecurity.

To cope with these rising challenges, Modi launched *AatmaNirbhar Bharat* in 2020 alongside an economic package of ₹20 lakh crore (S\$18.2 billion). During his address to the nation on 12 May 2020, when the COVID-19 pandemic worsened in India, Modi shared that self-reliance was crucial to the country's economic revival. He stated that the package would be based on the five pillars of economy, infrastructure, a technology-driven system, vibrant demography and demand. He also mentioned that the package was targeted at the majority of the Indian population, saying, "The economic package will help cottage industries, home industry, small-scale industries, MSMEs, which are the means of livelihood for crores of people. This package is also for farmers, who toil in different weather conditions and for the middle class who pay their taxes on time."⁶ To further the idea of self-reliance, Modi also urged all Indian citizens to buy and promote local products, coining the slogan 'vocal for local'.

To further the idea of self-reliance, Modi also urged all Indian citizens to buy and promote local products, coining the slogan 'vocal for local'.

Figure 1: Five pillars of *AatmaNirbhar Bharat*



Source: *AatmaNirbhar Bharat Government Website*⁷

Moreover, the campaign for *AatmaNirbhar Bharat* began in the wake of the border clashes between India and China in May 2020.

6 Arfa Javaid, 'Aatma Nirbhar Bharat Abhiyan: All you need to know about the package announced by Prime Minister Modi', *Jagran Josh*, 13 May 2020, <https://www.jagranjosh.com/general-knowledge/atmanirbhar-bharat-abhiyan-1589350908-1>.

7 'AatmaNirbhar Bharat Abhiyan', Government of India website, <https://aatmanirbharbharat.mygov.in/>.

In July 2020, Modi launched the 'AatmaNirbhar Bharat App Innovation Challenge' to create "world-class 'Made in India' apps".

This provided further impetus to the idea of self-reliance, which was seen as being partly directed against China and the burgeoning trade gap between the two countries. This emphasis continued into the digital technology space a month later when the Indian government banned 59 Chinese-origin apps such as TikTok, PUBG Mobile and Bigo Live. In September 2020, India's Ministry of Electronics and Information Technology banned another 118 Chinese-origin apps, with an additional 43 apps being banned in November 2020.⁸ The ministry cited data security and national sovereignty concerns to ban the apps under Section 69A of the Information Technology Act.⁹ In July 2020, Modi launched the 'AatmaNirbhar Bharat App Innovation Challenge' to create "world-class 'Made in India' apps" (Figure 2).¹⁰ Subsequently, Indian start-ups began launching apps to replace the Chinese-origin apps and to compete with global brands. For instance, a Bengaluru-based company launched Koo, a microblogging site that has gained some popularity. Another app, FAU-G, has been developed as India's alternative to PUBG Mobile.

Figure 2: AatmaNirbhar Bharat App Challenge¹¹



Source: Government of India website, Digital India AatmaNirbhar Bharat Innovate Challenge

- 8 'AliExpress among 43 new Chinese apps banned in India: Check full list,' *The Indian Express*, 25 November 2020, <https://indianexpress.com/article/technology/tech-news-technology/aliexpress-and-more-govt-bans-43-more-chinese-apps-in-the-country-7063997/>.
- 9 K Bharat Kumar, 'The Hindu Explains | What will be the impact of Chinese apps ban?', *The Hindu*, 5 July 2020, <https://www.thehindu.com/news/national/the-hindu-explains-what-will-be-the-impact-of-chinese-apps-ban/article31991127.ece>.
- 10 'Centre announces AatmaNirbhar App Innovation Challenge winners, Chingari wins in "social" category', *The Hindu BusinessLine*, 8 August 2020, <https://www.thehindubusinessline.com/info-tech/centre-announces-aatmanirbhar-app-innovation-challenge-winners-chingari-wins-in-social-category/article32302150.ece>.
- 11 'AatmaNirbhar Bharat App Innovation Challenge', Government of India website, <https://innovate.mygov.in/app-challenge/#tab2>.

The *AatmaNirbhar Bharat* campaign occupied a prominent part in Modi's 2020 Independence Day speech. He said, "The mindset of free India should be 'vocal for local'. We should appreciate our local products, if we don't do this then our products will not get the opportunity to do better and will not get encouraged."¹² He added, "There are lakhs of challenges for *Atmanirbhar Bharat* and they increase if there is global competitiveness. However, if there are lakhs of challenges, then the country also has power which gives crores of solutions."¹³ He cited the example of India's production of N-95 masks, personal protective equipment and ventilators.

The *AatmaNirbhar Bharat* campaign has also been used as a nationalist tool to rally the citizens. Addressing the convocation of Tezpur University in January 2021, Modi linked *AatmaNirbhar Bharat* with the Indian cricket team's recent victory against Australia and India's fight against COVID-19. He said that the idea of *AatmaNirbhar Bharat* "encapsulated the nation's dreams, hopes, its motivation and determination". Likewise, he shared how this spirit was "also visible on the cricket field when the Indian team lost disastrously but fought back with confidence and determination in the next match to beat a much more experienced Australian team." Similarly, he said, the country fought against the virus with local solutions to implement the "world's largest vaccination programme".¹⁴ In his February 2021 '*Mann Ki Baat*' programme, Modi emphasised that the campaign was part of the national spirit, saying, "*Aatmanirbhar Bharat Abhiyaan* is not just a government policy, it's a national spirit...Today *Aatmanirbhar Bharat* has become a sentiment growing in the hearts of common man."¹⁵

The AatmaNirbhar Bharat campaign has also been used as a nationalist tool to rally the citizens.

12 'Independence Day 2020: "Make for World" is PM Modi's new call', *The Indian Express*, 15 August 2020, <https://indianexpress.com/article/india/pm-modi-independence-day-2020-aatmanirbhar-bharat-digital-health-mission-covid-19-vaccine-6555410/>.

13 Ibid.

14 'Atmanirbhar Bharat pervades every sphere: PM', *The Hindu*, 22 January 2021, <https://www.thehindu.com/news/national/aatmanirbhar-bharat-spirit-pervades-everyday-life-from-cricket-field-to-covid-fight-pm/article33633108.ece>.

15 Liz Mathew, 'Atmanirbhar campaign is a national spirit, citizens should recognise collective responsibility to water: PM Modi', *The Indian Express*, 28 February 2021, <https://indianexpress.com/article/india/mann-ki-baat-aatmanirbhar-bharat-pm-modi-water-conservation-7208218/>.

Figure 3: Kamdhenu Paints' New Social Media Campaign¹⁶

Source: Facebook/Kamdhenu Paints

This raised concerns whether India would put up more trade barriers.

However, participants at the ISAS roundtable raised questions on the originality of the *AatmaNirbhar Bharat* campaign and its implications. Some also questioned whether this was a re-packaged 21st century version of the *Swadeshi* idea while others noted the parallels of the 'vocal for local' slogan to the 2014 'Make in India' drive, which arguably did not live up to its promise. This was apparent from some of the advertisements for consumer products that have conflated both campaigns (Figure 3). Others have raised fears of a return to protectionism, citing that the government's recent trade direction seemed more protectionist with tariff increases targetting imports that the Indian government saw as too competitive for domestic industry. This raised concerns whether India would put up more trade barriers.

¹⁶ 'Be Indian Buy Indian', Vocal for Local Campaign, *Economic Times Brand Equity*, 2020.

Continuities with the Idea of *Swadeshi*

Although *AatmaNirbhar Bharat* is a new initiative, many of its features are similar to ideas of *Swadeshi* that go back to the late 19th century when Indian intellectuals and nationalist leaders, such as M G Ranade and Dadabhai Naoroji, criticised the high duties that were placed on Indian exports versus the low duties on British imports. They argued on the need for a level playing field. However, these leaders were not opposed to foreign trade or competition. Their version of *Swadeshi* insisted on a level playing field. On the other hand, from the early 20th century, there was a growing sense that the level playing field would never appear because of colonial policies. As a result, a more angry and negative account of *Swadeshi* started to gain ground. This version of *Swadeshi* involved boycotts and burning of foreign goods, which was prevalent during the *Swadeshi* movement from 1905 onwards, and invited the criticism of prominent figures like Rabindranath Tagore.

Over the late 19th and early 20th centuries, three different trajectories of the idea of *Swadeshi* emerged. The first was of *Swadeshi* as the protection and promotion of indigenous manufacture. This stemmed from traditional forms of weaving coming under threat from machine-manufactured cloth. This formulation was intent on protecting indigenous manufacturers and techniques and was present in the late 19th century as well in the era of Gandhian politics, and later found place in Rashtriya Swayamsevak Sangh (RSS) ideology.

The second was of *Swadeshi* as protection, which viewed international trade as dangerous and fundamentally unfair. It supported high tariffs and import substitution methods. This idea stemmed from a 20th century socialist critique of international trade, which believed that regardless of the mechanisms that the state might put in place, international trade was fundamentally unfair.

The third, which is closest to *AatmaNirbhar Bharat*, was the idea of *Swadeshi* as raising domestic champions of industry. This idea had its origins in the late 19th century in places where Indian entrepreneurs

Over the late 19th and early 20th centuries, three different trajectories of the idea of Swadeshi emerged.

sought to generate domestic business and enterprise that could be internationally competitive. It was also less antagonistic to international competition and more willing to compete.

This third account of raising domestic champions consists of two separate streams. The first sees the state as playing an essential role in raising domestic champions. An example of this would be that of Chinese state-owned or state-linked enterprises. India, however, has followed a second path, which emulates the East Asian model. This model seeks to raise domestic champions in the private sector that would get preferential state treatment. These domestic champions would be privately owned due to the broader recognition that private enterprise should be fostered.

There is a sense that *AatmaNirbhar Bharat* takes on board all three accounts – the desire to promote indigenous products; to have protectionist barriers; and raise domestic champions.

The independent Indian state subsequently imposed higher tariffs, more protection and industrial controls.

On the economic front, India's autarkic tendencies had a precedent from the interwar period and its aftermath. The Indian nationalist movement had built on Naoroji's argument that trade with Britain had bled India. In the 1950s, few countries embraced the principles of free trade and globalisation, and instead implemented high tariffs to protect their economies. India also chose a path which seemed very much aligned with this economic nationalist idea. The independent Indian state subsequently imposed higher tariffs, more protection and industrial controls.

Later, the reliance on oil began to exert a huge pressure on India's foreign exchange reserve. This was also when controls on foreign exchange began to be implemented. The period between the 1950s and 1970s saw autarkic tendencies work in conjunction with the emphasis on conserving foreign exchange. India's status as an oil-reliant nation placed continuous pressure on India's balance of payments and pushed policymakers towards conserving foreign exchange. The oil shock of the 1970s also placed huge pressure on the Indian economy that had a long-lasting impact. This meant that India had to reduce imports and instead build import-substituting industries.

The RSS and *Swadeshi*

The RSS has welcomed and supported the *AatmaNirbhar Bharat* mission as the move to focus on local industry and indigenous modes of production resonated with the ideology of *Swadeshi*.

Post-1991, the RSS had created the Swadeshi Jagran Manch (SJM). It also produced a document called the '*Swadeshi* alternative'. This alternative policy consisted of three essential ingredients: relieve people of a state-dependent mindset and become self-reliant; have community life as a socio-economic safety net; and use temples and other places of worship and institutions to offer social security. These ideas did not have an impact on government policy even when the Bharatiya Janata Party (BJP) was in power from 1998 to 2004. These, instead, created tensions between the Atal Bihari Vajpayee government and the Sangh Parivar.

Under the Modi government, the RSS has been very conscious of not getting involved in the intricacies of economic policy, as it could create internal tensions within the Sangh Parivar. As a result, the RSS has focussed on the ideological underpinning of the Modi government's self-reliance campaign. It has used the Chinese border aggression and the rise of China in a general way to rally the people. The RSS has also supported the creation of a pool of strong domestic businesses in the private sector, which would be able to support the nationalist cause in business and industry as well. However, there are also a large number of members within the RSS and SJM who are comfortable with capital and big business, including foreign business. This is mainly due to the fact that many of the new members of the RSS have not come up through the *Shakha* (gathering of RSS volunteers) system and are more attuned to a globalised world. Hence, they are willing to accept a corporate-led nationalism in business and feel a certain amount of pride that Indians head large global companies like Google. This group believes that India should develop its own big businesses, which will be able to compete globally.

Under the Modi government, the RSS has been very conscious of not getting involved in the intricacies of economic policy, as it could create internal tensions within the Sangh Parivar.

Therefore, just as the liberals in the nationalist movement had to manage the inward-looking version of *Swadeshi*, the RSS has also had to balance two factions within its organisation – the ideological and the pragmatic. It is presently trying to be as vague as possible in defining *Swadeshi*, refraining from getting into the specifics of government policy and restraining the Sangh Parivar from provoking the government too much on economic policy.

In general, Modi's idea of self-reliance was similar to that of the RSS' understanding that globalisation had to be contextualised to suit India's needs.

In general, Modi's idea of self-reliance was similar to that of the RSS' understanding that globalisation had to be contextualised to suit India's needs. However, the Modi government's plan to boost "India's domestic capabilities to make it an attractive destination for FDI [Foreign Direct Investment]" ran counter to the RSS' scepticism of globalisation and FDI. Therefore, "at least at the level of rhetoric, one can see Modi attempting to address RSS' concerns about welfare and labour" by speaking about employment, rural growth and promotion of indigenous products, so as to prevent disunity between the RSS and the BJP.¹⁷

17 Ronojoy Sen and John Vater, 'Modi, the RSS and a Self-Reliant India', Insights No. 624, Institute of South Asian Studies, 24 June 2020, <https://www.isas.nus.edu.sg/papers/modi-the-rss-and-a-self-reliant-india/>.

The Present Version of Self-Reliance

As a result of the idea of *Swadeshi* and India's autarkic tendencies, many people understand the *AatmaNirbhar Bharat* campaign as protectionism. However, during a speech at the Davos Summit on 28 January 2021, Modi stressed India's role in global supply chains, stating, "The *Atmanirbhar Bharat* campaign that we are running is also fully committed to global goods and global supply chain. India also has the capacity and capability to strengthen the global supply chain, and most importantly reliability. India today has a huge consumer base and the more it expands, the more the global economy will benefit."¹⁸

Another difference between the earlier era of protectionist policies and *AatmaNirbhar Bharat* is the changed global context. The argument for import liberalisation in 1991 was that unilateral tariff cuts would create more domestic competition because the local businesses would have to compete with international producers. To do so, they would have to innovate, lower costs, improve the quality of products and operate at higher efficiency. However, the rise of China shifted the global context. Many sectors in China saw increasing returns to scale as the Chinese state supported its infrastructure, provided subsidies and implemented wage policies. As a result, China grew almost into a global monopolist in many sectors. *AatmaNirbhar Bharat* could, therefore, be seen as a response to the Chinese monopoly in various sectors.

AatmaNirbhar Bharat could, therefore, be seen as a response to the Chinese monopoly in various sectors.

An example of this would be the active pharmaceutical ingredients (APIs) that India imports from China. Previously, India used to produce APIs locally to manufacture generic drugs and export them. After noticing that such APIs were produced cheaper in China, India began to import them from there. Over time, the Indian government noticed predatory pricing where costs increased from 5 to 200 per cent for some of the APIs that were imported. The *AatmaNirbhar*

¹⁸ 'Aatmanirbhar Bharat Abhiyan is committed to global good and global supply chain: PM', PM Modi's speech at Davos Summit, Narendra Modi Official Page, 28 January 2021, <https://www.narendramodi.in/prime-minister-narendra-modis-address-at-the-world-economic-forum-s-davos-dialogue-553589>.

Bharat campaign provides production-linked incentives to the pharmaceutical industry so that India can produce APIs domestically.

More recently, the Indian government used the COVID-19 pandemic and vaccine diplomacy to counter the inward-looking rhetoric as well.

More recently, the Indian government used the COVID-19 pandemic and vaccine diplomacy to counter the inward-looking rhetoric as well. During the virtual 16th Pravasi Bharatiya Divas Convention on 9 January 2021, Indian President Ram Nath Kovind mentioned that the two vaccines being developed in India – Covaxin and Covishield – were a major step towards *AatmaNirbhar Bharat*. He suggested that a self-reliant India was also based on global well-being and not just self-sufficiency or *Swadeshi*. According to him, India supplied vaccines to nearly 150 countries and established itself as the ‘pharmacy of the world’ while also combatting global supply chain disruptions.¹⁹

Under its ‘Vaccine *Maitri*’ (Vaccine Friendship) campaign, India shipped out its domestically produced Covishield vaccine to over 60 countries, under Oxford-AstraZeneca’s manufacturing licence. Amongst these countries were its neighbours – Afghanistan, Bangladesh, Bhutan, Sri Lanka, the Maldives, Myanmar and Nepal – with whom the distribution of vaccines has “cemented friendly ties”.²⁰ Prior to the development of the vaccine, India provided “pharmaceuticals, test kits, and other equipment” to 90 countries, further reiterating its vision of being the “pharmacy of the world”.²¹ At the same time, many criticised India’s vaccine diplomacy for exporting “three times as many doses as it has administered to its own people.”²²

The second wave of the COVID-19 pandemic in April 2021, however, battered India and severely dented its claims of self-reliance, particularly with regard to medical equipment. The country’s healthcare infrastructure could not cope with the surge in cases and

19 ‘Atmanirbhar Bharat Abhiyaan will make world order more just and fair: Kovind’, *Livemint*, 9 January 2021, <https://www.livemint.com/news/india/aatmanirbhar-bharat-abhiyaan-will-make-world-order-more-just-and-fair-kovind-11610200600936.html>.

20 Shashi Tharoor, ‘Commentary: What’s behind India’s generous vaccine diplomacy?’, *ChannelNews Asia*, 15 March 2021, <https://www.channelnewsasia.com/commentary/india-vaccine-diplomacy-serum-astra-zeneca-oxford-covax-china-326351>.

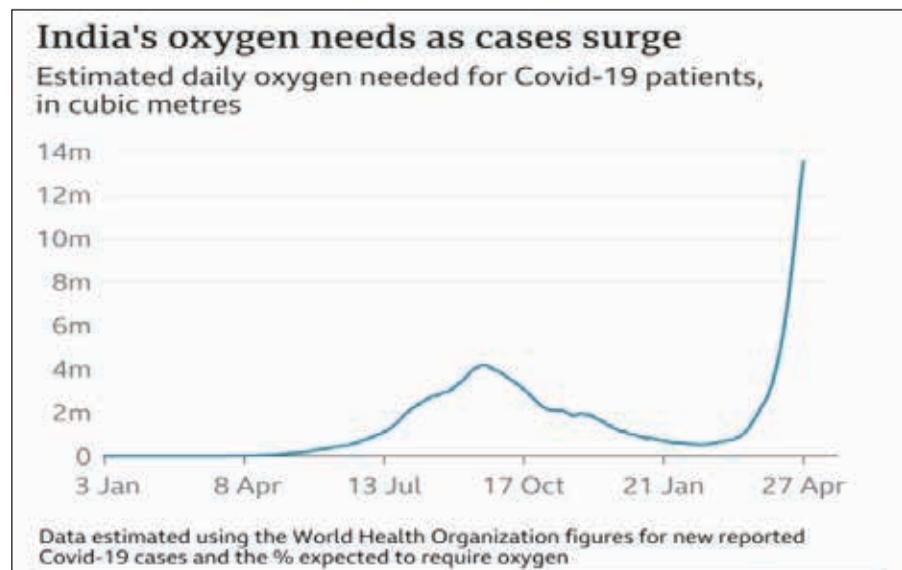
21 *Ibid.*

22 *Ibid.*

There were numerous social media posts too, highlighting the plight of patients and their families.

thousands struggled due to the “lack of medical intervention, and shortage of oxygen and hospital beds”.²³ With people across India scrambling to find oxygen cylinders, the international community sent ventilators and oxygen concentrators to India.²⁴ The national and international news media reported widely about this deadly second wave and the lack of oxygen (Figure 4). There were numerous social media posts too, highlighting the plight of patients and their families.

Figure 4: Growth of India's Oxygen Needs ²⁵



Source: BBC

Despite this, the Indian government claimed that the oxygen capacity available was “comfortably more than daily consumption.”²⁶ On 12 May 2021, Modi chaired a meeting to look into the availability of oxygen and medication. During this meeting, his ministers shared that the supply of oxygen was “now more than three times of what it was

23 Gurbir Singh, ‘Whither Atmanirbhar Bharat?’, *The New Indian Express*, 2 May 2021, <https://www.newindianexpress.com/business/2021/may/02/whither-aatmanirbhar-bharat-2297363.html>.

24 Shashi Tharoor, ‘Commentary: What’s behind India’s generous vaccine diplomacy?’, *ChannelNews Asia*, 15 March 2021, <https://www.channelnewsasia.com/commentary/india-vaccine-diplomacy-serum-astra-zeneca-oxford-covax-china-326351>.

25 ‘Covid-19 in India: Cases, deaths and oxygen supply’, *BBC*, 29 April 2021, <https://www.bbc.com/news/world-asia-india-56891016>.

26 Gurbir Singh, ‘Whither Atmanirbhar Bharat?’, *The New Indian Express*, 2 May 2021, <https://www.newindianexpress.com/business/2021/may/02/whither-aatmanirbhar-bharat-2297363.html>.

during the peak of the first wave of [C]oronavirus.”²⁷ They also noted that states were adequately stocked with medicines and were receiving help from the Centre.²⁸ Home Minister Amit Shah also reiterated on 3 June 2021 that India always had enough oxygen supply. “Under normal circumstances, the country used to produce about 1000 metric tonnes (MT) of oxygen. Within a month, the demand increased to 10,000 MT. It was a huge challenge to meet this 10-fold increase in demand, but under the leadership of Prime Minister Narendra Modi, the Centre and State rose to the challenge and started our fight against this”, he said.²⁹ Minister of State of Health and Family Welfare, Bharati Pravin Pawar, claimed in the Rajya Sabha on 20 July 2021 that “no deaths due to lack of oxygen has been specifically reported by states/UTs [Union Territories].”³⁰

The changing global context with the COVID-19 pandemic has also led to multiple iterations of AatmaNirbhar Bharat.

The changing global context with the COVID-19 pandemic has also led to multiple iterations of *AatmaNirbhar Bharat*. Towards the end of 2020, Union Finance Minister Nirmala Sitharaman announced an economic stimulus package called *AatmaNirbhar Bharat 3.0*. The package allocated funds across various sectors such as real estate, rural employment and vaccine research, with the most additional expenditure on production-linked incentives for domestic manufacturing.³¹

During his Independence Day speech on 15 August 2021, without mentioning the *AatmaNirbhar Bharat* campaign, Modi said, “Every product is a brand ambassador. It should give them [users abroad] pride. You should dream to capture global market. Government is with you in every way.”³²

27 ‘PM Modi says “oxygen supply now over 3 times” amid shortage complaints’, *Livemint*, 12 May 2021, <https://www.livemint.com/news/india/pm-modi-says-oxygen-supply-now-over-3-times-amid-shortage-complaints-11620837055426.html>.

28 Ibid.

29 ‘India rose to challenges posed by Covid-19, fought patiently: Amit Shah’, *Business Standard*, 3 June 2021, https://www.business-standard.com/article/current-affairs/india-rose-to-challenges-posed-by-covid-19-fought-patiently-amit-shah-121060300546_1.html.

30 ‘Covid-19: India outrage over “no oxygen shortage death data” claim’, *BBC*, 21 July 2021, <https://www.bbc.com/news/world-asia-india-57911638>.

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Implications and Challenges

One of the main concerns of the participants at the roundtable was that the *AatmaNirbhar Bharat* initiative remains a political campaign without bringing in any fundamental changes to the economy. They further argued that the Indian industry needed to also take part in the initiative by incurring the initial extra costs and fundamentally changing the way they conduct their business. An example of this would be in the Indian information technology (IT) sector. Looking at the global share in IT services, in the early 2000s, India was almost a decade ahead in terms of the IT revolution. In today's second generation of IT, especially in areas such as artificial intelligence and the internet of things, India is lagging behind China. In this instance, and more broadly, the question arises on what more industry could have done and the kinds of research and development (R&D) investments that it could have made to avoid playing catch up now? As such, it is important to play to the strengths of the Indian economy and constantly think about the capacities and incentives of the private sector in India.

In today's second generation of IT, especially in areas such as artificial intelligence and the internet of things, India is lagging behind China.

However, the priority given to the industry could also give rise to elements of crony capitalism. *AatmaNirbhar Bharat* has been criticised as giving infant industry support to large private corporates which have aligned their business strategies with the BJP's policy goals. Therefore, there have been concerns about crony capitalism as the *AatmaNirbhar Bharat* initiative identifies such large corporate national champions while crowding out the smaller industries. This identification of national champions has also raised questions on how the industries are identified and whether the current BJP regime is pro-reform or backing select corporate entities.

Yet, giving preferential treatment to such large corporates could also reveal the inherent weakness of the economy. Government strategy faces a serious constraint across a range of industries with very high fixed costs, including technology and R&D costs. The two options that the government has are to either encourage domestic talent or allow foreign corporations such as Amazon or Walmart to enter the market. The BJP government has chosen to approach this issue from the

standpoint that it would rather back domestic industry than foreign companies.

Given that the AatmaNirbhar Bharat initiative is a political one, the question arises if India has the government apparatus to deliver.

This issue of crony capitalism also arises when assessing the strength of the Indian bureaucracy to function as an independent regulatory body. In the case of the East Asian model, South Korea and Japan relied on well-paid and capable bureaucracies which exercised scrutiny over the private sector and subjected it to market tests in various ways. An example of a market test would be international competition to test whether the company could generate business independently and, if not, reduce the amount of government subsidy that it received over time. Such market tests require a bureaucracy to comprise capable and independent regulators who will be able to hold the businesses to account for preferential policies. Given that the *AatmaNirbhar Bharat* initiative is a political one, the question arises if India has the government apparatus to deliver.

The *AatmaNirbhar Bharat* initiative seems to imply that corporates will enter the Indian market, build large-scale product assembly lines and, in turn, bring in upstream investments. This builds on the idea that trade drives export-led growth through the employment of people who move from farms into the industry. However, this has not happened due to few labour-intensive sectors in India and de-industrialisation over the last decade. This points towards rising capital intensity in Indian exports without increasing employment.

Thus, despite multiple statements and clarifications by the government, the jury is still out on the content and direction of the *AatmaNirbhar Bharat* campaign.

Appendix 1

About the Authors

Dr Ronojoy Sen is a Senior Research Fellow (and Research Lead, Politics and Governance) at the Institute of South Asian Studies and the South Asian Studies Programme, National University of Singapore. He has worked for over a decade with leading Indian newspapers, most recently as an editor for The Times of India.

His latest book is *Nation at Play: A History of Sport in India* (Columbia University Press/Penguin, 2015). He is also the author of *Articles of Faith: Religion, Secularism, and the Indian Supreme Court* (Oxford University Press, 2010) and has edited several books, the latest being *Media at Work in China and India* (Sage, 2015). He has contributed to edited volumes and has published in several leading journals. He also writes regularly for newspapers.

Dr Sen has a PhD in political science from the University of Chicago and read history at Presidency College, Calcutta. He has held visiting fellowships at the National Endowment for Democracy, Washington, DC, the East-West Center Washington and the International Olympic Museum, Lausanne, Switzerland.

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Appendix 2 List of Participants

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