

# INDIAN ECONOMY :

OPPORTUNITIES AND CHALLENGES

Dr. Jagatrao Uttam Dhangar



# **INDIAN ECONOMY: OPPORTUNITIES AND CHALLENGES**

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# Contents

- **Impact of COVID-19 Pandemic on Interstate migrant workers in India ..... 11**  
Ms. Usha Ashok Manore
- **Socio-Economic Conditions and Problems of Coconut Cultivators in Kanyakumari District ..... 18**  
Saranya. C., Dr. Mathanraj. T.
- **An Inquiry in to Growth and Employment in Maharashtra ..... 28**  
Dr. Dipak C. Chaudhari
- **Vocal for Local– Paving Way for Atmanirbhar Bharat..... 35**  
Dr. Anupam Karmakar
- **Multi-dimensional Impact of Covid-19 on Indian Economy and the Problem of Sustainable Employment .... 43**  
Dr. Balasaheb Asaram Sarate
- **Indian Economy and It’s Challenging Opportunities..... 50**  
Dr. Manisha Vinay Aole
- **COVID-19 and Interstate Migration in India ..... 56**  
Mr. Badrinath Vishnu Katare
- **A Study of Make in India Advantages & Challenges..... 62**  
Mr. Chandrakant B. Dhumale
- **Network Economics and the Economics of Network ..... 69**  
R.Pazhanisamy
- **The Role of Government in Environment towards Sustainable Development ..... 77**  
Dr. Sushma Saini, Vikrant Panwar
- **Problems of Indian Economy; A Theoretical Study..... 87**  
Gnanadeva. S
- **Interstate Migration in India ..... 93**  
Ms. Riya Nankani

- **Investments in New Self-Reliant India ..... 100**  
Patil Vedini Milind, Dr. Dhangar Jagatrao Uttam
- **Impact of Covid-19 on Indian Higher Education System..... 109**  
Jayashri Ramrao Patil, Dr. Santosh K. Khirade
- **Impact of Social Media on Student’s Academic Performance...116**  
Mr. Milind Gautam Gurchal
- **A Study COVID-19 and Indian FDI Policy ..... 122**  
Prof. Rahul G. Mahure
- **Self-Reliant India Campaign: A Strategy to Mitigate  
The Impact of Covid-19 Pandemic and A Pathway to  
Development ..... 125**  
Mr. Nijil Jacobi
- **Goods and Services Tax Game Changer For Indian  
Economy ..... 133**  
Dr. Ranjeet Manikrao Athawale
- **Regional Imbalance in India ..... 137**  
Prof. Jadhav Manoj Kisan
- **Opportunities and Challenges in the Transformation  
of India to an Information Economy ..... 144**  
Dr. Chacko Jose P.
- **Covid 19 & Interstate migration in India ..... 154**  
Ambore Padmini Shankar, Dr. Jagatrao Uttam Dhangar
- **Indian Economy: Opportunity and Challenges..... 160**  
Prof. Dilip R. Jagtap
- **Regional Imbalance in India ..... 171**  
Dr. Y. S. Vaggi
- **The Covid-19 and its Impact on Education & Employment ...177**  
Miss. Jaishri Shamkuwar Shingade
- **Regional Imbalances in India..... 183**  
Sagar Bapu Mane, Dr. Shivaji Nagnath Thoke
- **Livelihood Diversification of Rural Households in  
Sikkim: A Study ..... 190**  
Santosh Sharma
- **Women Entrepreneurship in India: Problems and Prospects.203**  
Dr. M. J. Gaikwad, Mr. Vishal P. Hause

- **COVID-19 and Interstate Migration in India ..... 214**  
Dr. Shivaji Nagnath Thoke, Mr. Desai Devendra Mahadev
- **A Historical Study And Migration Of Banjara In Telangana .220**  
Dr. Shivaram Suresh Goud
- **Socio-Economic Conditions of Scheduled Castes:  
A Study in Kalaburagi District ..... 230**  
Dr. Budhabharat Shankarrao
- **Analysis of India’s Forex Reserves in COVID Period ..... 237**  
Rupesh Bawane, Amol Patil
- **Rural Development: Strong path to a self-reliant India ..... 245**  
Mr. B. S. Jogdand
- **Various Government Schemes and Economic  
Development ..... 250**  
Mrs. Harsha Nankani
- **Imbalance in India: Trends, Emerging Challenges and  
Path Ways for Reduction of Inequality ..... 257**  
Mrs. Madhuri Sanjay Tambe
- **Studies on Organic Farming In India ..... 264**  
Yedatkar R. B., Kalyankar S. D.
- **Problems of Indian Economy ..... 271**  
Mr. Bhalerao Sudhir R., Dr. Shivaji Nagnath Thoke
- **Financial Literacy of Women in Navi Mumbai ..... 278**  
Indrayani Abhay Uthale, Ms. Saloni S Kakanur,  
Ms. Mokshada Salunkhe

## Self-Reliant India Campaign: A Strategy to Mitigate The Impact of Covid-19 Pandemic and A Pathway to Development

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### **Abstract:**

*To survive than to live becomes the norm of everyday life. Even we come to normal life from an unfortunate confrontation; the second wave of COVID-19 in India comes to be a new threat. Today, everybody is discussing the methods required to bring the situation under control. In these techniques both rural and urban areas has to be given importance. This article points on Self-Reliant India Campaign: A Strategy to Mitigate the Impact of Covid-19 Pandemic and A Pathway to Development. The article discusses the major packages initiated by the Government to stimulate the Indian Economy from the clutches of the pandemic.*

**Keywords:** COVID-19, Economy, Self-Reliant.

### **Introduction:**

COVID-19 is still there in the Economy even though the life of people comes to normal. It will be an obsession to the days to come as its impacts are more perplexing than we speculate because the ensuing health emergency around COVID-19 has become an economic emergency. The focus on Sanitizer, Mask and Social distancing (SMS) in the new normal life has an equivalent role along with the daily bread. This is not just a regional life conditions, it's international in character. The initial efforts by various governments to curb the international movement of human made economic shocks in different sectors and brought about social cost in the nation. Even these actions impacted the agricultural and food systems worldwide. Burst of COVID-19 in India and the strict lockdown, unfortunately, also occurred simultaneously with the nation's peak harvesting period of a variety of crops of the season. This epoch witnessed another unusual dilemma. In opposite to the Fei-Ranis model of economic growth and Lewis model of economic development, lots of labours getaway from cities to their respective villages, to be with their kith and kin. To survive and see the family in the village became more important than better standard of living in the

cities. This mass departure of the migrant labours to their homes has halted the economic activities in the country created severe paucity of farm labour in the states of Punjab, Haryana and Uttar Pradesh, which confide on farm labourers from eastern India. Agriculture continues to be the source of livelihood for majority of the population. The Aatmanirbhar Abhiyan initiates a protectionist policy to make India self-reliant and more important part in the global economy. The target also intends to accelerate manufacturing in India and generate more employment including agriculture sector which has a great potential.

### **Discussions:**

Implications of Self-reliant India campaign (Atmanirbhar Bharat Abhiyaan)

The initial days of COVID-19 in India and the strict lockdown measures severely impacted the Indian economy. To pacify this crisis the Government of India under Honourable Prime Minister Shri Narendra Modi introduced Atmanirbhar Bharat Abhiyaan or Self-reliant India campaign as a vision of new India on 12 May 2020. The Government put up a good show to the nation bestowing a exhilaration outset to the Atmanirbhar Bharat Abhiyaan (Self-reliant India campaign) and declared the Special economic and meticulous package of INR 20 lakh crores - equivalent to 10% of India's GDP – to combat COVID-19 pandemic in India. The purpose of this package is to give rise to the nation and its citizens independent and self-reliant in all perceptions.

### **The Five pillars of Atmanirbhar Bharat focus on:**



**Source:** National Investment Promotion and Facilitation Agency



1. **Economy** - an economy that brings Quantum Jump rather than Incremental change.
2. **Infrastructure** - an infrastructure that became the identity of modern India.
3. **System** - A system that is driven by technology which can fulfil the dreams of the 21st century; a system not based on the policy of the past century.
4. **Demography** - Our Vibrant Demography is our strength in the world's largest democracy, our source of energy for self-reliant India.
5. **Demand** - The cycle of demand and supply chain in our economy, is the strength that needs to be harnessed to its full potential.

### **Five phases of Atmanirbhar Bharat**

#### **Phase-I: Businesses including MSMEs**

- Special economic and comprehensive package of Rs 20 lakh crores – equivalent to 10% of India's GDP.
- Package to cater to various sections including cottage industry, MSMEs, labourers, middle class, industries, among others.
- Bold reforms across sectors will drive the country's push towards self-reliance.
- It is time to become vocal for our local products and make them global.

#### **Phase-II: Poor, including migrants and farmers**

- 3 crore farmers with agricultural loans of Rs. 4.22 lakhs crore availed the benefit of 3 months loan moratorium.
- Interest Subvention and Prompt Repayment Incentive on crop loans, due from 1 st March, extended up to 31st May 2020.
- 25 lakh new Kisan Credit Cards sanctioned with a loan limit of Rs. 25,000 cr.

#### **Phase-III: Agriculture**

- Rs 30,000 crore Additional Emergency Working Capital for farmers through NABARD.
- NABARD will extend additional re-finance support of Rs 30,000 crore over and above the Rs 90,000 already

being provided by NABARD for meeting crop loan requirements of Rural Cooperative Banks and RRBs.

- Will benefit 3 crore farmers, mostly small and marginal. Rs 2 lakh crore credit boost to 2.5 crore farmers under the Kisan Credit Card Scheme.
- A special drive to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards.
- Fisherman and Animal Husbandry Farmers will also be included in this drive.
- Will inject additional liquidity of Rs. 2 lakh crore to 2.5 crore farmers.

#### **Phase-IV: New Horizons of Growth**

- Fast track Investment Clearance through the Empowered Group of Secretaries (EGoS).
- Project Development Cell in each Ministry to prepare investible projects, coordinate with investors and Central/ State Governments.
- Ranking of States on Investment Attractiveness to compete for new investments.
- Incentive schemes for Promotion of New Champion Sectors will be launched in sectors such as Solar PV manufacturing; Advanced cell battery storage; etc.

#### **Phase-V: Government Reforms and Enablers**

- Reforming Governance for Ease of Doing Business.
- Globally, potential investors look at a country's Doing Business Report (DBR) ranking.
- Sustained measures taken have resulted in steadily improving India's position in World Bank's Doing Business Report ranks from 142 in 2014 to 63 in 2019.
- This included streamlining processes such as granting of permits and clearance, self-certification, and third party certification among others.
- Government is working on a mission mode on the next phase of Ease of Doing Business Reforms relating to easy registration of property, fast disposal of commercial disputes, and the simpler tax regime for making India one of the easiest places to do business.

Source: india.gov.in

**Overall stimulus package of Atmanirbhar Bharat Abhiyan:**

<b>Aatmanirbhar Bharat Abhiyan (Rupees in Crores)</b>	
<b>Part 1</b>	5,94,550
Emergency W/C facility for business, including MSMEs	3,00,000
Subordinate debt for stressed MSMEs	20,000
Fund of funds for MSMEs	50,000
EPF support for business & workers	2,800
Reduction in EPF rates	6,750
Special liquidity scheme for NBFC/HFC/MFIs	30,000
Partial credit guarantee scheme 2.0 for liabilities of NBFCs/MFIs	45,000
Liquidity injection for DISCOMs	90,000
Reduction in TDS/TCS rates	50,000
<b>Part 2</b>	3,10,000
Free food grain supply to migrant workers for 2 months	3,500
Interest subvention for MUDRA Shishu loans	1,500
Special credit facility to street vendors	5,000
Housing CLSS-MIG	70,000
Additional emergency working capital through NABARD	30,000
Additional credit through KCC	2,00,000
<b>Part 3</b>	1,50,000
Food micro enterprises	10,000
Pradhan Mantri Matsya Sampada Yojana	20,000
TOP to TOTAL: Operation Greens	500
Agri infrastructure fund	1,00,000
Animal husbandry infrastructure development fund	15,000
Promotion of herbal cultivation	4,000
Beekeeping initiative	500
<b>Part 4 &amp; 5</b>	48,100

Viability gap funding	8,100
Additional MGNREGS allocation	40,000
<b>Total</b> (Parts 1+2+3+4+5)	11,02,650
<b>Earlier Measures</b> (Including PMGKP)	1,92,800
<b>RBI Measures</b> (Actual)	8,01,603
<b>Grand Total</b>	20,97,053

**Source:** National Portal of India

Thus, this package of Rs. 20 lakh crores which is about 10% of our GDP focuses mainly on land, labour, liquidity and laws to cater to labourers, middle class, cottage industries, MSMEs and industries among others. Even though these packages are here to uplift the economy and the living standard of the people, the unemployment rate is higher than ever. The labour market is really a reflection of the broader economy, and we are seeing a lot of signs that we are having a massive increase in unemployment. Both the services and manufacturing sectors of the economy tumbled. Some companies were already suffering from a supply shock after China shut down factories earlier this year because of the Coronavirus. The border issue also added fire to this crisis. Some sectors of the economy are also suffering from a lack of demand, especially the luxury goods market, real estates, retail sector, aviation, as consumers stay home. This global drop in demand is reflected in the price of oil, which is near its lowest level in nearly two decades.

The government took several bold reforms such as Supply Chain Reforms for Agriculture, Rational Tax Systems, Simple and Clear Laws, Capable Human Resource and Strong Financial System. India has encountered the COVID-19 emergency with determination and a spirit of self-reliance that is apparent in the fact that from zero production of Personal Protection Equipment (PPE) before March 2020, India today has generated a potential of manufacturing 2 lakh PPE kits daily, which is also growing steadily. More over India has ascertained how it rises up to challenges and uncovers openings therein, epitomized in the re-purposing of several automobile sector industries to work together

in the makings of life saving ventilators. The clarion call provided to utilize these trying times to become Atmanirbhar (self-reliant) has been very well obtained to facilitate the revitalization of the Indian economy. Unlock Guidelines have been issued to enable resumption of economic activities while upholding adequate warning thus enabling graded easing of regulations.

**Conclusion:**

If we consider COVID-19 pandemic as a turning point in the history of India, we can definitely consider Atmanirbhar Bharat Abhiyaan as an accelerating economic package to pacify the overall impact of this pandemic and a boosting measure to the development path of India in all domains which focus 'in' than 'out'. Thus, this self-reliant campaign is a massive measure taken by the government to reduce the economic havoc of the Coronavirus pandemic. The effort that policymakers bring currently will enable how long the coronavirus slow-down lasts and how rapidly the Indian economy can recover. The primary step on the path to recovery is regulating the spread of the virus. If you can get the biology under control, then the economy can start to recover. Some like to think of economic recessions and recoveries in terms of the letters V, U or L. V is a quick rebound in growth where consumer and business activity surges after a downturn. U means a slightly longer downturn followed by a recovery. L is the worst case scenario, a long, slow recovery like the one U.S saw from the financial crisis of Great Depression. We have to wait to see how this self-reliant campaign is going to impact the economy and how the economy is going to recover.

Some are putting up warnings that the Government and the RBI are risking another crisis by mounting debt and deficits with their stimulus measures. Nevertheless as the human costs of the pandemic continue to expand, the emphasis for now should be on rendering relief to workers and to businesses so that the economy can bounce back. We cannot set this in the framework of other recessions. This is smashing us on so numerous sides and could metastasize into something that is crucially viral for the economy as well, and that the whole point is to survive this and come out healthy on the other side. The objectives of the Atmanirbhar Bharat Abhiyaan are impressive in their perceptions. The successful implementation of the package and it's forth coming

impacts have to benefit the economy in order to direct the nation to the path of development.

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This edited book on Indian Economy : Opportunities and Challenges is an effort in the direction of evaluating the impact of different sectors and analyzing the government's policies to combat this pandemic situation. Scholars have tried to suggest new strategies and measures to handle such an unprecedented event. It is just an effort to share our different thoughts. We are not perfect in divulging the ways out but we are trying to be a part of all discussions to fight this downturn.



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