

Challenges and opportunities to defence and other sectors with respect to Atmanirbhar Bharat after Covid-19 pandemic

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Abstract

In order to sustain public health and the economy, India must use its resources internally. India is in a precarious situation right now. The Indian government's intention to give the US, Western Europe, Japan, and South Korea opportunities to set up manufacturing bases in India and rebuild the global supply chain around India is timely. The United States, Brazil, and India are among the countries most severely affected. Many government programmes and initiatives, such as 'Digital India,' 'Clean India,' 'Skill India,' 'Start up India,' 'Make in India,' and others, were launched to attain the core goal. India, too, was not immune to the global epidemic known as Covid-19 Pandemic. India is speeding up the procurement of equipment worth Rs 400 billion from both foreign and domestic vendors. Despite the fact that India is the world's leading exporter of generic pharmaceuticals, the pharmaceutical industry is significantly reliant on Chinese imports. Some 200 of the 373 pharmaceuticals on India's national essential medicines list are imported as APIs from China. During the epidemic, a trial was undertaken on 25,800 persons in India, and drugs were distributed to over 120 nations. India has provided nearly 60 million Covid-19 vaccine doses to about 70 countries to support their Covid-19 immunization programmes.

Keywords: Atmanirbhar Bharat / Make in India, challenges and opportunities, pharmaceutical industry

1. Introduction

“Self-reliance also empowers us besides giving us happiness. We resolve to make India self-reliant. Making India self-reliant is the only way to ensure that the 21st century belongs to India.”

—*Shri Narendra Modi, Hon'ble Prime Minister of India*

The Covid-19 pandemic has resulted in a widespread deterioration of global economic conditions, requiring all governments to turn inwards in order to rebalance their economies and restore public trust. The inauguration of the “Self-reliant India” initiative, or “Aatma-nirbhar Bharat” Abhiyan, by

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Hon'ble Prime Minister Shri Narendra Modi on May 12, 2020, was a move to put the country back on the path of economic recovery. Prime Minister Shri Modi contrasted "Self-reliant India" to "Self-sufficient India" as the world's only way for India today. Though some may compare the approach to earlier 'Swadeshi' economics, in which foreign goods were avoided, the Prime Minister made it quite clear that "India does not encourage self-centric tactics when it comes to self-reliance." He continued, "This magnificent structure of self-sufficiency in India will be built on five pillars: first, an economy that brings quantum leaps rather than incremental change; second, infrastructure that becomes the identity of modern India; third, our system, which is driven by technology to realize the dreams of the twenty-first century; fourth, our demography; and fifth, demand - the demand and supply chain cycle in our economy." He also pushed people to work hard to make India self-sufficient, and he presented a special economic package in response to the downturn in the economy caused by the Covid-19 Pandemic.

In this time of geopolitical instability, India faces two particularly challenging challenges: maintaining public health and containing pandemic spread while also renewing the economy; and defending her sovereignty and territorial integrity on land and sea. In order to achieve disengagement and de-escalation with China, India must be militarily equipped and, without endangering her national interests, ally or collaborate with friendly countries. In order to sustain public health and the economy, India must use its resources internally. On India's 74th Independence Day, Hon'ble Prime Minister Shri Narendra Modi addressed the nation from the Red Fort's ramparts, concentrating on two vital issues: the Covid-19 and China (though without naming it), both of which are on Indians' minds. He expounded "*A strong, confident and 'Aatma-nirbhar' (self-reliant) India is essential not just for itself, but for the sake of larger global good.*"

There are two elements to defining 'Challenges and Opportunities' for a Self-Reliant India: external or geopolitical and internal or socio-economic. India is in a precarious situation right now. Following the trade war between the United States and China, the COVID-19 disease has forced the United States to seek economic and military alliances with like-minded countries in order to counter China's expansionist goals. There is enough evidence to show that the US and India have similar political, economic, and military goals. The Indian government's intention to give the US, Western Europe, Japan, and South Korea opportunities to set up manufacturing bases in India and rebuild the global supply chain around India is timely.

² <https://www.hindustantimes.com/india-news/strong-self-reliant-india-stands-for-greater-good-of-world-modi/story-DxSPQDcuxkDXtkI2R7yh1J.html>

2. Impact of Covid-19 pandemic on the world

WHO has received reports of 267,184,623 confirmed cases of COVID-19, with 5,277,327 deaths, as of 4:08 p.m. CET on December 9, 2021. As of December 8, 2021, a total of 8,158,815,265 vaccine doses had been administered. Furthermore, 3,605,386,928 vaccine doses were distributed. Covid-19 is an invisible virus that is now being fought by 219 governments and territories around the world. The pandemic has ravaged the United States, the world's largest economy, with around 29.6 million cases and 5,39,138 deaths. As of December 8, 2021, the Covid-19 disease outbreak had been confirmed in over 220 nations and territories. Around 267 million people have been infected with the virus, with 5.3 million people dying as a result. The United States, Brazil, and India are among the countries most severely affected. However, India's case fatality rate (CFR) – the proportion of deaths to the total recorded infections – at 1.9 percent is lower than the global average of 3.5 percent, indicating that the nation has controlled deaths better than other nations with similar or higher caseload.³

The Covid-19 is a problem the world has never experienced in recent memory in terms of possible economic and societal ramifications. According to UN estimates, the pandemic will have forced 8 percent of the world's population, or half a billion people, into poverty by the end of the year. The world's leaders are fighting the disease, but there is no clear indication of when the countries will be able to recover. The medical community is in a race against time, with containment being the only option before a major section of the population is vaccinated. The virus had overrun the entire world by the time it was formally announced by China in December 2019, shutting down industries, airlines, trains, and public transit, closing educational and training institutes, and forcing athletic events and concerts to be postponed. Even the Summer Olympics in Tokyo have been postponed. The majority of experts believe that predicting the pandemic's final economic impact at this point is impossible. After Covid-19, it's hard to predict what kind of new world order will emerge. Furthermore, the transition from pre- to post-Covid-19 appears to be protracted, signaling that trouble is on the way. As a result, when confronted with unprecedented challenges, great national leaders will look for opportunities for their country. In his address to the nation on 12th May, Hon'ble Prime Minister Shri Narendra Modi said, ***“Covid-19 outbreak has provided an opportunity for India to become self-reliant”***.

³. <https://www.hindustantimes.com/india-news/india-s-covid-death-toll-hits-50-000-mark/story-GcEGRIHivveuLSxfqlqmhJ.html>

4. <https://www.hindustantimes.com/india-news/covid-19-an-opportunity-taught-india-to-become-self-reliant-pm-modi/story-EQkEObjvNSvZpH46z6HIOP.html>

3. Vision of new India by the Government

Since the creation of the new government in 2014, it has pursued a vision of creating a “New India” based on economic success, national security, and well-being. To achieve the main goal, many governmental programmes and programmes such as ‘Digital India,’ ‘Clean India,’ ‘Skill India,’ ‘Start up India,’ ‘Make in India,’ and so on were introduced. These missions had a variable level of success, despite the fact that they were confident of reaching the set targets in the first five years. The current government made a mid-course correction when Hon’ble Prime Minister Shri Narendra Modi declared that the election results laid the groundwork for a “New India” and urged citizens to pledge to help develop it by 2022. “No one can stop India from becoming a world power if we succeed,” he declared⁵. In its most recent budget, the government outlined a five-year plan to roughly double the size of the Indian economy to USD 5 trillion by rising per capita income, expanding consumption, and increasing productivity. The globalised world, on the other hand, had something else in store for humanity. As the year 2020 approached, the unique Covid-19 travelled from Wuhan, China, to every nook and cranny of the globe, wreaking havoc not only on public health but also on global economies. India also could not remain untouched from this world crisis named as Covid-19⁶.

4. Self-reliant economy

The term “Self-Reliant Economy” should not be confused with “Swadeshi” (or “Indigenous”), as it refers to an economy that is not reliant on resources that become unreliable in times of crisis. The pandemic of the Covid-19 showed the vulnerability of countries and businesses who rely significantly on global supply networks that originate in China. Because raw materials and components were not being produced, supply chains were severely disrupted, and transportation networks came to a halt. Electronics, automobiles, and medicines are among the industries that have been struck particularly hard. Chinese companies applied for a record number of force majeure certificates to try to get out of contracts they couldn’t fulfill without having to pay penalties⁷.

5. “PM slams ‘professional pessimists’, says India poised to become \$5-trillion economy by 2024”, Business Today, 6 July 2019, available at <https://www.businesstoday.in/current/corporate/pm-slams-professional-pessimists-says-india-poised-to-become-5-trillion-economy-by-2024/story/362195.html>

6. “COVID-19 CORONAVIRUS PANDEMIC”, available at <https://www.worldometers.info/coronavirus/> (accessed on 16 August 2020)

7. [Aatma-Nirbhar-Bharat-Self-Reliant-India/dp/9390095131](https://www.aatmanirbharbharat.gov.in/9390095131)

The attitude behind the Self-Reliant India campaign has sparked much discussion, with many speculating that it represented a reversal of a liberal, globalised economic paradigm. Self-Reliant India is about uniting domestic production and consumption with global supply chains. Prime Minister Narendra Modi in a video address to the inaugural session of India Global Week, an event organized by a London-based company mentioned that it's not about being self-contained or shut off from the rest of the world. It is all about self-sufficiency and self-generation, as well as policies that encourage efficiency, equity, and resilience. He asserted that just a few countries now provide the opportunities that India does.

5. Strengthen Defence Services

Since modern warfare has infiltrated various fields, current weapons will soon become obsolete, next generation technical invention will overcome them. Every year, military leaders request more cash to modernize the armed forces, but due to a constrained budget, the political hierarchy will not completely accept their demands unless conflict is imminent. The defence budget has been increased by around 1.4 percent to Rs 4.78 lakh crore for 2021-22, up from Rs 4.71 lakh crore the previous year, while it has been revealed that the armed forces spent an additional amount of Rs 20,776 crore under capital outlay to buy military hardware in the face of the eastern Ladakh border standoff. China also hiked its defence budget for the first time to more than USD 200 billion, over three times higher than that of India, maintaining a single-digit growth for the sixth consecutive year with a 6.8 per cent increase in 2021⁸. China is the second biggest spender of defence after the US. However, there is lack of transparency in China's defense expenditure, which is much higher than what is announced due to the rapid expansion of Beijing's military and modern weapons⁹. The strength of a country's economy is strongly tied to its military expenditure or defence budget.

During a military crisis, the government is resorted to buying weapons on an emergency basis, ranging from small arms to fighter planes, missiles, and ammunition. It has started with Doklam standoff and continued during the Pulwama crisis. India is fast-tracking purchase of equipment worth Rs 400 billion from foreign and domestic suppliers¹⁰. Now that the Chief of Defense Staff (CDS) has been appointed, planning and procurement should be streamlined, and when funds are few, the only objective should be winning the battle with

⁸. <https://economictimes.indiatimes.com/news/defence/china-military-budget-to-grow-6-8-in-2021/articleshow/81342267.cms>

⁹. <https://chinapower.csis.org/military-spending/>

¹⁰. http://164.100.47.193/Refinput/New_Reference_Notes/English/16122020_155303_1021205239.pdf

the least amount of resources. It's worth remembering that cutting-edge defensive technology isn't readily available. It takes five to 10 years to deliver after identifying the requirement and placing an order for purchase or development. The most important factor in winning a war is 'The man behind the equipment.'

6. Focus on rural sector

It is a war of a different kind, in which each nation is fighting to save precious human lives while still having to use human resources to rebuild the economy on a war footing. And, in order to win a war, the tried-and-true principles of war must be followed. First and foremost is the 'Selection and Maintenance of Aim' that is 'to give a quantum jump to the Economy with a view to build 'Self-reliant India'. How do we achieve it? Follow other principles – 'concentration of force' (or rather resources) at the point of decision or in other words at the 'center of gravity' at the right time. With two-third of the country's population residing in rural areas comprising of 6,50,000 villages and almost 10 million of migrant labor (of an estimated total of 23 million) having shifted from urban to rural areas, this is the 'center of gravity' in post-Covid-19 period where economic resources and effort should be concentrated to leverage the demographic dividend¹¹.

The federal and state governments must act quickly and cooperatively to ensure that returned migrant workers are gainfully employed and equipped with the necessary skills for demand-driven small and medium-scale companies that should emerge in the rural sector in a planned manner. Food processing, fruit juice, farm tools, textiles (including face covers and PPEs), leather items, khadi cosmetics, village craft, and so forth are examples of these industries. It will be nature's way of rebalancing the population, with villages no longer being emptied of young people and urban enterprises being forced to value their workers based on their abilities. The rural economy will receive a much-needed boost, and it will contribute a larger part of GDP.

7. Physical infrastructure

Construction of roads, bridges, oil and gas pipelines, power production, and other physical infrastructure projects not only employs a large number of people, providing millions of jobs, but also revitalizes sectors that produce steel, cement, paints, and other raw materials. The Indian government should devote a significant portion of its economic stimulus package to infrastructure, which should yield multiple benefits, including not only eco-

¹¹. <https://economictimes.indiatimes.com/news/politics-and-nation/lockdown-in-india-has-impacted-40-million-internal-migrants-world-bank/articleshow/75311966.cms?from=mdr>

conomic recovery through the infrastructure development cycle as discussed above, but also attracting foreign companies to relocate their manufacturing bases to India as part of our “Make in India” mission. For example, Sagarmala Project, which is aimed at accelerating economic development in the country by harnessing the potential of India’s coastline and inland waterways and was approved by the Union Cabinet on 25 March 2015, should be completed in time¹².

8. Household consumption

In terms of household consumption in India, it has traditionally been substantially greater. According to the International Monetary Fund, household consumption accounted for 62.8 percent, 54.1 percent, 57.3 percent, and 35.1 percent of GDP in Brazil, Russia, India, and China, respectively, in 2011. Despite its significant contribution to economic growth, household consumption in India is not evenly dispersed across the whole socioeconomic spectrum. The trend of private consumption after Covid is expected to be different. According to 2011-12 NSSO data, the wealthiest strata of society, which made up 20% of the population but contributed nearly 50% of domestic consumption, will likely cut back on their spending. This will happen because, in the face of financial uncertainty induced by the pandemic lockdown, wealthy people’s precautionary savings will tend to rise, and this trend will continue for at least the next five years.

The Indian government made the right decision in implementing schemes such as the National Rural Employment Guarantee Scheme (NREGS) for job security and the Public Distribution System (PDS) for food security, both of which cost 0.5 percent and 1% of GDP, respectively. According to recent study, PDS can protect the poor from food-grain price volatility and enhance the proportion of the population who can meet minimal nutrition standards. The government’s plan to enhance NREGS and PDS budgets is reasonable because the benefits will almost certainly outweigh the expenditures. However, much more is required for India’s economic recovery and progress. A third pillar of social protection is being planned by the government, which would be based on modest but nearly universal income transfers that will enhance both public welfare and economic recovery. Implementation of a Universal Basic Income (UBI) is under examination and active consideration of the government¹³.

¹². <https://www.businesstoday.in/sectors/jobs/sagarmala-project-created-nearly-10000-jobs-in-last-3-years-says-minister/story/364571.html>

¹³. <https://www.thehindu.com/news/national/govt-actively-considering-universal-basic-income-nhrc-tells-un/article31805107.ece>

9. Import and Exports

One of the fundamental foundations of a country's GDP growth is net exports minus imports. The quantity of exports has become a game changer in country's economic growth due to significant advancements in transportation and communications. India's export growth was strong until the 2008 financial crisis, but it slowed after that. Exports are unlikely to recover anytime soon, with the increase of protectionism and trade disputes in recent years, followed by the shock of this pandemic, and even global trade is in peril. India's failure to join any major big regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), may be seen as a barrier to its export growth. However, this is a once-in-a-lifetime opportunity for India to reorganize and expand its manufacturing sector to manufacture things with higher export potential and larger domestic demand.

10. Health industry and pharmaceuticals

India's well-known strengths in biotechnology, pharmaceuticals, medical supplies and equipment, and related infrastructure must be used to strengthen our health-care sector. Although India is the world's largest exporter of generic pharmaceuticals, the pharmaceutical industry still relies heavily on imports from China. The basic components used to make formulations or medicines are known as bulk pharmaceuticals or active pharmaceutical ingredients (APIs). India imports almost 80 percent of APIs and intermediates from China. Of the 373 drugs listed under India's national essential medicines list, 200 are imported as APIs, mostly from China¹⁴. The Ministry of Chemicals and Fertilizers' Department of Pharmaceuticals has continuously said that the imports from China are due to economic factors. India has the capacity to produce ventilators, personal protective equipments, and even test kits at a low cost, which should be taken advantage of by leveraging economies of scale for worldwide supply. To achieve the status of original equipment manufacturers (OEMs), developments in this field need be patented.

11. Development of Vaccine

Corona's spread has demonstrated that developing novel infection management approaches and technologies, as well as commensurate vaccinations, for large populations in the quickest time possible, is a pressing need. A vac-

¹⁴. <https://www.livemint.com/industry/manufacturing/india-to-boost-drug-ingredient-output-to-pare-china-reliance-11586787116741.html>

cine that develops neutralizing antibodies to provide protection is considered successful. The Drug Controller General of India approved the emergency or conditional use of AstraZeneca's Covid-19 vaccine on January 1, 2021 (marketed as Covishield). It can be stored, transported, and handled at room temperature (2°C–8°C/ 36°F–46°F). It has a six-month shelf life at the very least. The Drug Controller General of India approved BBV152 (marketed as Covaxin), the first indigenous vaccine produced by Bharat Biotech in collaboration with the Indian Council of Medical Research and the National Institute of Virology, for emergency or conditional use on January 2, 2021. Bharat Biotech stated on March 3, 2021 that interim Covaxin efficacy data showed an 81 percent efficacy rate. Trial was conducted on the 25,800 people in India.¹⁵ Vaccines from India have been sent to Afghanistan, Bangladesh, Bhutan, Sri Lanka, the Maldives, Myanmar, and Nepal, as well as to the Seychelles, Cambodia, Mongolia, and Pacific Island, Caribbean, and African countries. Vaccines have aided in the development of amicable relations with the majority of nations. On December 9, 2021, the total number of COVID-19 vaccination doses provided in the country surpassed 131 crore (1.31 billion).

12. Medical Equipments and Infrastructure

To stop the spread of Covid-19 in the future, India has to develop a manufacturing base for ventilators and personal protective equipment (PPEs). Though the existing demand is largely under control, capacity must be built by merging and synergizing the private and public sectors' capabilities. Defence Research and Development Organization (DRDO) made a personal protective equipment (PPE) by using a unique adhesive that is used in submarines. A 6-way radial header connected to a single cylinder was used to create an innovative 'Portable Multi-feed Oxygen Manifold (MOM)' for the Indian Navy. With this invention, one Oxygen Bottle can now serve six patients at the same time, allowing for critical care treatment of a larger number of Covid-19 patients with limited resources. This innovation has enabled one Oxygen Bottle to supply six patients concurrently thus enabling critical care management to a larger number of Covid-19 patients with the existing limited resources¹⁶. Face masks, gloves, and goggles are produced at the village level by medium and small-scale firms, maintaining quality control through regulatory mechanisms, providing employment for rural youth, and connecting to the logistical supply chain.

¹⁵. https://en.wikipedia.org/wiki/COVID-19_vaccination_in_India

¹⁶. <https://www.indiannavy.nic.in/content/naval-dockyard-visakhapatnam-manufactures-innovative-portable-multi-feed-oxygen-manifold-0>

13. Conclusion

Despite the fact that the Covid-19 arrived as a pandemic, a threat, and a difficulty, our country has resolved to turn it into an opportunity. India has ensured that there will be no banking or credit crises during the interim, and liquidity is maintained at both the household and business levels. Labor displacement is minimized, and workers are encouraged to remain in their current positions or return after the lockdown, insuring their reemployment. Alternatively, employments were created in their home states for migrant workers.

India encourages corporations to establish foreign manufacturing units here and relocate their supply lines from other nations in order to become self-sufficient. The government must act quickly to improve the environment by reducing administrative barriers, offering greater incentives, and committing to a big drive to build a strong infrastructure. Rather than becoming a hub for the assembly of old-generation electronics, India should focus on the production of high-tech parts and components to serve as a support base for global supply chains. In the current context, when the Indian central and state governments are working together to defeat the Covid-19 in the true spirit of federalism, the central government is persuading state leaders to implement long-awaited ‘ease of doing business’ reforms as soon as possible so that foreign manufacturers can establish manufacturing bases in India.

To attract foreign investment, the much-desired economic stimulus should be released proportionately based on each state’s competitive index. Holding aloft its principle of “*Vasudhaiva Kutumbakam*” i.e., ‘Whole Earth is One Family’, India has stood out for its values during the ongoing pandemic, despite its own problems. India has supplied medicines to over 120 countries during this pandemic. Since India is manufacturing a couple of Covid-19 vaccines locally, the ministry of external affairs has received requests from various foreign countries for their supply. India has supplied close to 60 million Covid-19 vaccine doses to about 70 countries, to support their Covid-19 immunisation programme¹⁷. By 09 December 2021, India has surpassed 131 crore (1.31 billion) doses overall, including first and second doses of the currently-approved vaccines to its citizens. There is still a long way to go.

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