

India's policy response to stimulate the economy in the wake of Covid-19

Governments across the globe have launched different policy responses and plans to stimulate economic recovery in their respective countries to mitigate the adverse effects of Covid-19. For instance, the Royal Government of Bhutan led by His Highly Lyonchen has launched the National Economic Contingency Plan including immediate and long term measures to safeguard the country's economy, some of which include the impressive Build Bhutan Project, the Tourism Stimulus Plan and the Agriculture Contingency Plan.

India has also recalibrated its policy approach to deal with the economic challenges posed by the pandemic. To this end, Prime Minister Narendra Modi has enunciated a forward-looking economic approach under the rubric of *Aatmanirbhar Bharat*. The stimulus package of nearly USD 170 billion (Rs 20 Lakh Crores) launched by the Prime Minister under the *Aatmanirbhar Bharat* aims to both reinvigorate the economy and provide a social safety net to our vulnerable sections. The vision of *Aatmanirbhar Bharat*, as the Prime Minister said, will stand on the pillars of: economy, infrastructure, India's system driven by technology, demography, and demand.

The *Aatmanirbhar Bharat* is aimed at not only mitigating the socio-economic impact of the pandemic in the short term, but instilling confidence in Indian businesses and industries, making Indian manufacturing globally competitive, integrating Indian agriculture and small farmers with global food supply chains, and embracing both investment and technology. The size of the economic relief and stimuli measures under the *Aatmanirbhar Bharat* is equivalent to 10% of India's GDP. Structural reforms and relief measures under the *Aatmanirbhar Bharat* cover every section of the Indian economy, including small farmers, migrant workers and labourers, agriculture, the MSME sector, small businesses, start-ups, industrial infrastructure, healthcare, and education, among others.

Private sector participation has been given a big push in eight areas, including coal, minerals, defence production, civil aviation, power distribution, social infrastructure, space and atomic energy. New Public Sector Enterprise policy will be a significant step in enabling private participation in a greater number of sectors. There are just a few examples of opening previously restricted sectors to private participation. Access to affordable capital has been made easier by GCH for small businesses, which are important economic en-

gines and job creators.

The idea of self-reliance or *Aatmanirbhar* does not mean seeking self-centred arrangements or turning the country towards. The call for *Aatmanirbhar* is not about reverting to economic isolationism. Its essential aim is to ensure India's position as a key participant in global supply chains. Through building capacities at home, India also intends to contribute to mitigating disruptions in global markets. It is important to identify products and commodities where India has the ability or potential to expand domestic production and enhance global availability. As such there is no contradiction between an India that is building its economic capacities, and an India that is looking to play a bigger role in global business, trade and innovation.

In addition to domestic stimulus and welfare measures, global engagement and cooperation are critical to deal with the pandemic, and ensure economic recovery. Countries need to pool their efforts and resources to develop vaccines and therapeutic treatments to contain the virus, while working together to ensure that the economic fallout of the pandemic is mitigated. India remains strongly committed to this and was among the first countries to recognize the need for global engagement on the Covid-19 crisis. India took the lead in engaging world leaders for evolving a coordinated response. A virtual conference of SAARC leaders was hosted by India at the Prime Minister's initiative and he also encouraged early convening of the virtual G-20 summit. Later he spoke at the virtual Global Vaccine Summit, where India pledged USD 15 million to GAVI, the international vaccine alliance. Prime Minister of India also highlighted that during the pandemic India had tried to live up to the teaching of seeing the world as one family, *Vasudhaiva Kutumbam*, by sharing medicines with over 120 countries, including Bhutan, by forging a common response strategy with its neighbouring countries, and by providing specific support to countries that sought it, while also protecting India's own population. He also pledged solidarity with the world along with India's capacity to produce quality medicines and vaccines at low cost. India's domestic experience in rapidly expanding immunization as well her scientific talent.

The Covid-19 pandemic has generated debate about the future of globalization and the structural limitations of the international order. Virtual summits of global leaders have been useful platforms at which to highlight shortcomings of existing arrangements for global cooperation,

and to share India's vision of a new, people-centric template for multilateral cooperation. This formed the thrust of the Prime Minister's interventions in the virtual summits of the G-20 and NAM, to cite two examples. He highlighted the limitations of the existing international system and globalization in which individual countries cooperated to balance their competing interests instead of advancing India's collective interests. The Prime Minister underscored the need for reorienting globalization to focus more on human welfare in the post-Covid world. He also highlighted how global initiatives such as the International Solar Alliance or the Coalition for Disaster Resilient Infrastructure launched by India in the last few years have been aimed at fostering a more human-centric international system.

Diplomacy has adapted to the new situation and gone strongly digital. Even though a few world leaders have recently resumed physical meetings, virtual meetings have been the dominant mode of engagement – and will probably continue to remain so till there is an effective vaccine. India has been at the forefront of such digital diplomacy.

Virtual diplomacy has been complemented by efforts on the ground to

deliver medical aid and assistance. This has included supply of essential medicines, test kits and protective gear worth around USD 11 million (Rs 82 crores) to 89 countries, including Bhutan. India undertook a number of medical supply missions across the world, from South Asia to South America and from Australia to Africa. India also deployed rapid response medical teams to the Maldives, Kuwait, Mauritius and Comoros to deal with the pandemic.

Ambassador of India Ruchira Kamboj stated that, "In the context of the fast-changing environment and the challenges posed by the Covid-19 outbreak, this excellent and well-thought out initiative of *Aatmanirbhar Bharat*, *Aatmanirbhar Bharat* by the Prime Minister of India will ensure that India stays well ahead of all challenges, poised as she is to reclaim one of the pole positions in the new global economic scenario of a post-Coronavirus world. Concurrently and in keeping with our ancient Indian ethos of *Vasudhaiva Kutumbam* i.e. the world is one family, India will continue to share its resources, expertise and knowledge with humanity, for a greater global good."

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