

## **30. Global Investments and Aatma Nirbhar Bharat**

**By Gopal Krishna Agarwal,**

Prime Minister in his message at Indo US Business Summit, invited Global investors to invest in India; 'India offers combination of openness, opportunities and options'. He has been saying that 'India has undertaken deep structural reforms, improving domestic manufacturing and is committed to diversified international trade'. He talks about merging of domestic production and consumption with global supply chains.

Shri Narendra Modi has never shied from taking tough decisions in the interest of the nation. He has the will power and is always ready to take bold decisions; privatization of railways, PSU disinvestments, reducing corporate tax and opening up of coal mining to private sector, may have been unpopular with certain quarters, but are necessary for the long-term health of our economy, particularly strengthening our manufacturing base. The goal is; politically and economically strong India and Aatma Nirbhar Bharat is the roadmap.

Government's Aatma Nirbhar Bharat Abhiyan is a 360 degree initiative to make India an economic superpower, integrating domestic manufacturing into regional and global supply chain. The focus is on five pillars of development; economy, infrastructure, technology, demography and demand. Our targets are the factors of production; land, labor, legislation and liquidity, improving their efficiency and reducing cost to make our industries, globally competitive. It is not only restricted to manufacturing, but targeted to direct benefit transfer to the needy and the poor, also resulting in the demand creation in the economy and helping the needy, particularly farmers, migrant laborers, daily wagers etc.

Aatma Nirbhar Bharat Abhiyan has little to do with disengagement with China alone. We saw the design of Chinese economic imperialism very early. Our disengagement with China began much early than many would like to believe. It began with Prime Minister opting out of (Regional Comprehensive Economic Partnership) RCEP. Chinese leadership was all out to pressurise Indian side to go for RCEP or face isolation amongst the 16 countries. But the PM stood for the interest of the Nation. In 2010, UPA II signed Free Trade Agreements (FTA) with 10 ASEAN countries, the benefits of which were being reaped by China as well. Reduced custom duties from these

countries was creating inverted duty structure in domestic manufacturing sector, destroying local industries and converting manufacturers into traders. Therefore in the last Budget in 2019, government had increased import duties in about 56 items spread across eight classification. Items like toys saw an increase of 60 percent from 20 percent earlier. All these efforts were to protect domestic industries from the onslaught of dumping and competition. Without first strengthening domestic manufacturing by providing level playing field and reducing the cost and increasing the efficiency of factors of production, we cannot open the floodgates of imports.

Chinese leadership had almost hit the target with the UPA led government accepting RCEP. The reports by Rajiv Gandhi Foundation (RGF) points towards that clearly. India's signing of FTA with ASEAN countries without strengthening our domestic industries and opening them to regional and global competition, shows that India's interest were compromised. One important question; why did India which was a global leader in the pharma sector, gradually concede API production to China. Let UPA leaders answer them all.

As of now, with the unprecedented Corona pandemic, world saw the risk associated with over dependence for supply chain on one nation. We rose to the occasion identifying it as a Risk Diversion Strategy for Global Manufacturing companies. It was an opportunity for India within the challenges arising from Corona crisis. Further, the Chinese aggression at LAC at Galwan valley, forced the government to immediately ban imports, FDI and 59 apps from China. This is being hailed as a timely move, though certain economist and industrialist are sounding caution on its long term impact. But many of the logic put forward and concerns expressed by them seem to be the line propagated by the Chinese media and the government officials.

Fortunately what we import from China are mostly where India has domestic technology and can leverage itself for import substitution. Most of these items do not come under the essential consumption requirements category and are generally non Merit Goods.

Except pharma, where China is dominating through the supply chain of API, it has not been able to penetrate into strategic sectors,. India's manufacturers need to come forward to take this golden opportunity in sectors such as; toys, electrical equipments, electronics, minerals, chemicals, iron & steel, plastics, furniture, sports goods, musical instruments, fertilisers and Apps. Earlier ministry of commerce and industry had identified 12 such

sectors, which now constitute 20 sectors. And 371 items have been identified for increasing import duties including non tariff barriers on some of them.

If you look into the comparative advantage theory domestically we have to focus on areas such as agriculture; particularly food processing, textiles, affordable housing, healthcare and education, and increase their contribution to our GDP. These sectors have ample scope, can generate large employment and are looking up, on our path to recovery.