

Under-Informed Policy Interventions and Long-Run Damage to the MSME Sector in India: An Analysis of the Aatmanirbhar Bharat Abhiyan

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Abstract

The COVID-19 pandemic came as a major shock to the economies around the world. To buy some time in order to plan, execute and implement measures to prevent and face the pandemic, around 50 nations across the globe implemented lockdown. India announced the spring lockdown in March 2020. Given the agile healthcare system, huge population and underdevelopment, the nation had to extend the lockdown. One of the worst-hit sectors because of the lockdown was the micro, small and medium enterprises (MSMEs). The sector looked forward for economic incentives and packages from the government. In June 2020, the Aatmanirbhar Bharat Abhiyan (self-sufficient India campaign) was launched. This article, using the Annual Survey of Industries data, examines in detail how the package was not sufficient to meet the needs and expectations of the MSME sector. It establishes that the MSME sector is the face of industrialisation process in India. We argue that the package failed to address the actual problems in the sector and instead came up with the policies that may well deteriorate the sector further and harm the overall industrialisation process. The major policy recommendation established by the research is strong and honest leadership relying on quadruple-loop learning model.

Keywords

COVID-19, crisis, India, MSMEs

Introduction

The COVID-19 pandemic has been a major shock to the global economic process. Right from the time the first case of COVID-19 was registered in China, economic instability at both macro and micro levels

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