

18. Will 3 + 3 be NINE?

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ABSTRACT

In Economic view, COVID 19, forced us to make $3 + 3 = \text{NINE}$. The logic of this slogan is to create a new economy for our country. The first '3' implies the Agriculture, Industry and Service sectors and the second '3' indicates Public, Private and Foreign sector. These two 3s combined together make New India New Economy (NINE). Chapter one narrates few classical theories to reconcile demand and supply. Chapter two enlists the review of literature. Chapter three pronounces the economic impact of current pandemic situation. Chapter four elucidates the government initiation towards the recovery of economy. Chapter five enumerates how to create a New India New Economy (NINE). The final chapter summarizes the future changes required for the Indian economy.

KEYWORDS

Agriculture, Industry, Service, Public, Private, Foreign and Indian Economy

INTRODUCTION

Stitch in time saves nine is the right adage to apply in terms of combining 3 with 3 makes NINE is the new phrase in order to recover the Indian economy. One of the Classical Economist Jean Baptiste Say has profound a law of markets with his great words 'Supply creates its own demand' called Say's Law. This classical view is applicable for normal circumstances but pandemic situation like COVID-19, it fails in its way. But keep it in mind; creation of demand must be originated from the

economy itself not by political, social and economic emergencies. As a layman view, the easiest way to make the $3+3=\text{NINE}$ is, we have to tilt the relationship of productive three sectors (Agriculture, Industry and Service) with operating three sectors (Public, Private and Foreign). That is, make '+' into 'x'. In easy words, instead of adding employment opportunities in operating sectors, we have to multiply them. In Economic view, we have to reconsider the working methodology of Agricultural sector, Industrial sector and Service Sector. The classical theory of employment assumes that in the long run there will be a full employment without inflation. In my view, instead of concentrating on the production (supply) and Consumption (demand), make every individual of the economy above 16 years must be employable and it should be mandatory to work, either physically, mentally or socially. The available land in agriculture in the economy must be utilized optimally, by moving or sharing the unutilised lands from the private sector to public and foreign sector. The industrial Sector must be equally shared with private and foreign sector and Public sector should be responsible for all core areas like Education, Health, Energy, Environment, foreign affairs and Civil Supply.

REVIEW OF LITERATURE

The history of Global era has witnessed many economic quakes like financial crisis, hyper-inflation and depression. The latest one is COVID 19 pandemic.

The credit crisis of 1772 started in London which spread all over the Europe leads to an unforeseen close down of many banking institutions. The great depression of 1929-39 considered to be the worst economic quake in the last century originated in Wall Street crash and extended to output loss, unemployment problem and financial crisis in most of the developed countries. It reaches its crowning crisis during 1933. The OPEC oil price shock in 1973 originated from member nations of Organisation of the Petroleum Exporting countries leads to Economic crisis resulted in stagnation with inflation. The Asian Crisis of 1997 started from Thailand and quickly spread in the economies east Asia, the Asian tigers – from Thailand to Indonesia, Malaysia Singapore, South Korea and Hong Kong leads to bankruptcies of stakeholders. Fortunately International Monetary Fund has stepped up to rescue these economies to evade the worldwide fear of financial collapse. Financial Crisis of 2007-08 triggered from US and spread all over the world leads to edge of financial collapse. It is to be noted that India, has witnessed the supremacy of handling the economic situation. In all these five top most economic quake situations India stood unaffected in its economic indicators. However, the present pandemic situation, COVID 19, triggered from China and quickly spread all over the world and has collapsed almost all the economies irrespective of under developed, developing, developed and super countries. India is going to face a blink of financial crisis, depression, recession and unemployment problem for the days to come.

ECONOMIC IMPACT OF COVID 19 PANDEMIC SITUATIONS

According to government records, the fourth quarter of 2019-20 fiscal year, the economic growth of Indian economy

has reduced to 3.1 per cent due to coronavirus pandemic situation. Already India has witnessed the economic slowdown in pre-pandemic period and the pandemic COVID19 has added the fuel in burning deck. The World Bank also rightly pointed out that the current pandemic has “magnified pre-existing risks to India’s Economic outlook”. Most of the rating agencies of the globe have made precaution about the negative growth and signalling the recession. One of the biggest commercial bank of India, State Bank of India conducted a research and announced that over 40 per cent contraction in GDP during the first quarter of financial year 2021. Most of the predictions at world level indicate that the unemployment level will rise from 6.7 per cent to 26 per cent in the beginning of financial year 2021 and reach 45 per cent, end of the first quarter. The estimated value of the Corona virus outbreak is INR 32,000 crores loss per day during 21 days complete lockdown in March-April 2020. The lock down has been extended more than three months. Production stopped abruptly, mobilisation of resources stagnated, the purchasing power of the public reduced drastically, contracted and casual labourers are starving and the jobless migrants (people from other districts and states) have moved to their hometown which catalysed huge unemployment level. Huge number of marginal farmers who engaged in growing perishables, the vegetables and fruits stopped their production due to uncertainty and those who cultivated find difficult to move the output to the ultimate consumer due to lockdown. Most of the education institutes and few trains are converted into quarantine health clinic and all the international transactions stopped due to lockdown. Most of the private firms find difficult to continue their entrepreneurship and facing heavy loss due to lockdown. All the education institute are not able to impart education to their students and planning to take online classes.

ROLE OF GOVERNMENT IN PANDEMIC SITUATION

Hats off to the Indian Government for the dynamic role of both central and state level of government have restricted the spread of coronavirus to great extent after knowing the economic evil effects in the post pandemic period.

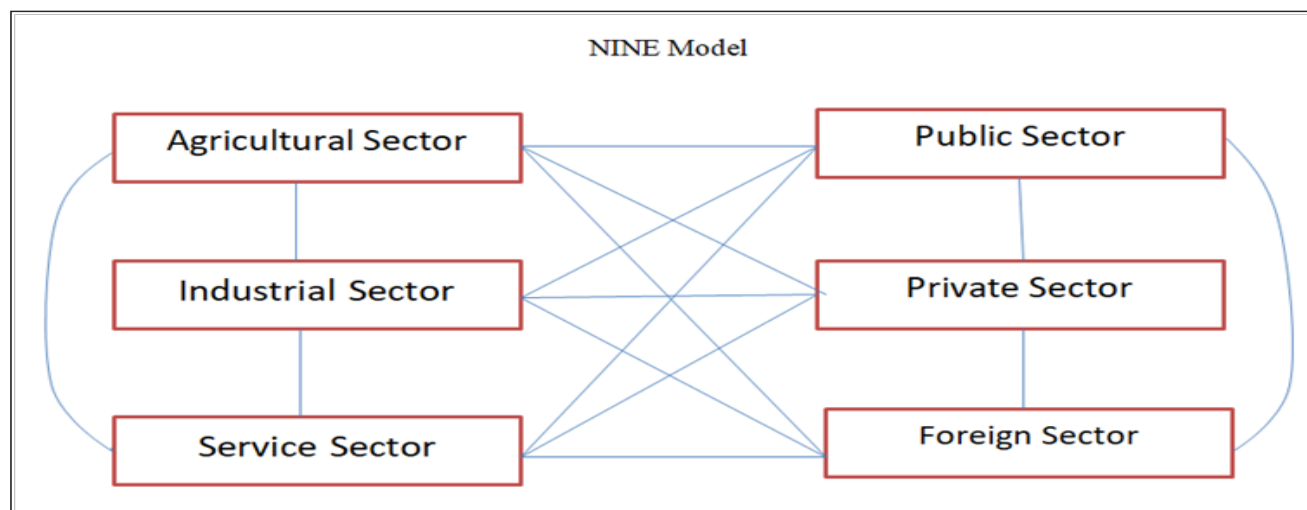
In order to rescue the economy from post pandemic crisis, on April 17, 2020, the Governor of the central bank, the Reserve Bank of India announced special finance of INR 50,000 crores to National bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB). The next day, the government changed the foreign policy in order to protect the Indian companies and Department of Military Affair has held entire capital acquisitions and minimised the imports and encouraged the indigenous production.

On 12 May 2020, our honourable Prime Minister, Mr NarendraModi, announced an overall economic package of INR 20,00,000 crores, nearly 10 per cent of India's GDP to achieve self-reliant nation. In the next five days, our honourable Finance Minister, Mrs. Seetharaman announced the details of the economic package and on 20th May 2020, Cabinet has cleared those economic packages including free good grains package.

State Governments also tried their level best to face the pandemic situation and announced INR 1,000 twice to all families in Tamilnadu state and free rice, oil and provisions for three months through civil supply. Most of the private firm, irrespective of stoppage in production; they disbursed salaries to their employee.

HOW TO CREATE NEW INDIA NEW ECONOMY (NINE)

First of all we should understand that COVID 19 pandemic situation will create huge change in most of the economic indicators such as negative growth of GDP, lack of development activities, unemployment problem, Inflation problem, production stoppage etc., further, huge loss of human life, heavy investment on Research and Development, recession in real estate, lack of marine traffic, complete washout in aviation sector, shut down of tourism industry, poor performance of education sector, close down of private entrepreneurship due to poor mobilisation of factors of production, lack of connectivity between the demand and supply of man power due to movement of migrants. This is the right time to plan for New India New Economy (NINE) movement. The following model can be framed to achieve NINE.



CONCLUSION

There will be three major economic challenges in the post pandemic Indian Economy. The challenges are Poor Agricultural production (Lesser Land Usage) Problem of Unemployment (lesser usage Capital Investment), and Problem related to huge population i.e., excess manpower (Lesser usage of Labour). With the fourth and fifth factors of production, organisation and technology respectively, we can resolve these major challenges. Use the Excess manpower in the Agricultural sector to generate more employment opportunities with new set of rules under the NINE model.

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