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AN ATTEMPT TOWARDS REVIVING THE INDIAN ECONOMY FROM EXTREME SLOWDOWN TO SURVIVAL: Some Introspections

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INTRODUCTION

The uniqueness of Indian economy is to show its resilience as and when it faces the challenges. India has pursued a policy to maximise growth on the assumption that the 'trickle down' effect will take care of the bottom of the pyramid. This expected percolation has, of course, been well augmented by a multitude of welfare schemes and social security measures, all of which have managed to lift millions from poverty, to a considerable extend, although India's success in the context of removal of inequality in income levels is considerably quite unimpressive. After the sudden invading of the covid- pandemic- 19, in India in March 2020, now it is an urgent need to survive and revive the economy from the probable extreme slowdown cum lockdown phase. It is the time to uphold and strengthen the foundations of the economy, through certain appropriate social and economic measures, by skill fully using suitable instruments available within the domain of monetary, banking and fiscal systems, controlling inflation and currency stability, simultaneously with increment in productivity of land , labour and capital.

First and foremost task is to keep in mind that "*jaan hai to jahaan hai*"; we must plan for all Indians' well being to move out of the commercial possibilities to the realm of fiscal policy. Our Prime Minister on May 13-14,

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2020, has announced an incentive package of Rupees, 20 Lakh Crore to protect and revive the Indian economy from the current possibly extreme slowdown and disaster due to pandemic and long total lockdown phase.

According to a current estimated figure there are about 45 lakh migratory workers within different parts of India. As per the 2011 census, 3.5 million migrants moved away from their region for their survival. The corresponding numbers for the 2001 and 1991 census were, respectively, 2.2 and 1.4 million. Nearly one-fifth of India's labour force consists of internal migrants. (Tariq Thachil, 2015). Those migrants are mostly from the less developed northern and eastern parts of the state, they dependent primarily on daily wages and live a precarious livelihoods. There is also a massive reverse migration from one city to other cities and from cities to different semi urban and villages. Even under the current lockdown phase, the supply chain has not been disrupted or collapsed totally. Foods are available in the markets at more or less usual prices , and the ration shops, community kitchens and relief camps are active to a great extend. People may be hungry, but not starving.

Immediately after the post pandemic phase, economic activities are unlikely to return to normal in the near future partly due to by disruptions in supply chains, labour and logistical issues and the fall in end-consumer demand. Economic activities mostly all the sectors mainly stopped. It's severe impact on rural and unskilled sectors mostly and especially to the low-income workers who are informally employed, meaning they lack formal contracts. Many migrant workers perform daily wage labour on construction sites, or are self-employed (for example street vendors). Such employment is obviously precarious and day-to-day in nature, with no protections are mainly from the rural sector, informal sector and partly from the agricultural sector.

We must sustain and strengthen our own economy to show the world that it is capable to revatilised its development goals within the rubric of its federal structure. IMF estimate shows that India had already accounts for 15% of global growth. Even though nearly 40% of its population live in various shades of poverty and barely a third are connected to the internet. Still India is capable in its own way of its economic activities, way towards Atmanirbhar Bharat.

Since India has one of the thinnest covers of social protection, therefore first task of the government is to ensure a steady supply of food grains and easing of cash woes of vulnerable sections. It makes more sense to target the low income and poor segments of the population because their marginal propensity to spend is higher. Better way of utilizing that space would have been to increase some allocation for an expenditure program that would have put [more] money in the hands of low-income people. Incidentally, the allocations for both the MGNREGA and PM KISAN programs are already going in the right direction. Already in the budget, agriculture is placed along with health, water, sanitation and education in a section called "*Aspirational India*" (Budget speech 2020-21). First and foremost task is to reset the safety nets for large sections of the rural population mainly labour force which also included the migrant labour. Secondly, the inadequacies of the health care system also needed to revisit and reforms is needed in order to ensure a commensurate rise in the quality of public health care facilities. Much will also depend on the depth and breadth of the policy response. Discretionary spending may take a hit risk aversion by firms and banks, and continuation of social distancing norms, among others, will determine how economic activity shapes up in post pandemic phase.

In Indian economy, always agriculture is seen as almost a part of welfare; it's not seen as core part of the productive sector of the economy, the farmer is not seen as a risk-taking entrepreneur. The farmer is seen as someone who needs to be protected, given some things. Our farmers never maintained a narrow accountant's approach to profits. Operating income, return on capital employed or earnings per share are all alien concepts; the key metric for them is *bhaav* (price). So long as it covers costs, not the most rigidly defined, and generates cash flows to run the home and finance the next crop cycle, they will keep producing.

Emphasis was given on reforms in agriculture marketing, management of marketable surplus, access of farmers to institutional credit and freeing the agriculture sector of various restrictions with appropriate backing of statute. The focus was on making strategic interventions in the existing marketing eco-system and bringing appropriate reforms in the context of rapid agricultural development Concessional credit flow to strengthen agriculture infrastructure, special Kisan Credit Card saturation drive for PM-KISAN beneficiaries and facilitating inter and intra-state trade of agriculture produce to ensure fairest returns to farmers were some of the important areas covered. Emphasis was also given to explore the possibilities of uniform statutory framework to facilitate new ways for farming which will infuse capital and technology in agrarian economy.

By resetting the priority, needs to be freed agriculture from misdirected intervention. There has been a stop to supply of free intermittent power that led to water pumps pulling out and wasting ground water and allowing for perverse cropping patterns to get established. Minimum support prices have been replaced by direct benefit transfers to farmers. The mindset is rooted in the government's desire to control all input and output prices in the farm sector. The farmer almost never gets the upside of high prices, but bears most of the downside of low prices. Government programs such as minimum support prices for crops do little to help because they work only in a few states and for few crops. Even though agriculture contributes only about 15% to the country's GDP and its capacity to absorb livelihood nearly 60% of rural unskilled labor force, till its performance is important not only to the economic wellbeing of India, but even to the emotional wellbeing of India.

Fortunately, the government has a large stock of wheat and rice procured over the last three years. There are 58 million tons of foodgrain stocks with the government, of which no more than about 21 million tons are required as buffer-cum-operational stocks. This leaves a surplus of 37 million tons which can be used for distribution as enhanced ration and also providing a cushion against inflation. In most districts of India, the Food Corporation of India and state agencies has a storage capacity of more than the three months requirement of the public distribution system. The government has already announced that an additional quantity of five kg of food grains will be provided, free of cost, to all ration card holders for the next three months. Most of the unorganised labour and families migrating back from their place of work will probably have their ration cards in the villages itself. So, it should not be much of a problem for them to find food during the period of lockdown. But, for those who do not have ration cards in the villages, it is the right time to use this extra stock of food grains.

In villages, primary schools have facilities for cooking mid-day meals for children. Some *anganwadis* also have this facility. This infrastructure can be used to provide cooked meals to those who do not have ration cards in the villages. The government can easily offer to meet their requirement of wheat and rice and panchayats can be asked to meet a part of the expenditure required to purchase vegetables, spices and cooking oil.

THE ISSUES OF MIGRANT WORKERS

The thousands of migrant workers who have returned to their villages since the lockdown used to send home large remittances. Tariq Thachil's (2015) field work shows that a majority of the migrant workers send 25 to 50 per cent of their monthly income to their families which will now miss this money. In Bihar, these remittances accounted for 35.6 per cent of gross state domestic product in 2011-12, up from 11.6 per cent in 2004-05. How will the villagers of Bihar, or Orissa, for that matter, cope with this new situation?

In urban areas, as per the Periodic Labour Force Survey, there were about 1.6 crore casual labourers and four crore self-employed persons in 2017-18. Even after the reverse migration to villages, there would still be millions of them who are stuck in cities at their place of work. These are people who do not have any savings or source of income for their sustaining livelihood. These people living in slums, in the poorer areas of cities, are in need of urgent assistance for food. Due to lack of safety nets and a drop in their income needs to ensure provision of food through the public distribution system. The long term strategy should be to bring greater numbers into the formal workforce, which will provide them with some form of social security. The government could incentivise this shift by funding part of the social security contributions as it has already initiated through *Pradhan Mantri Rojgar Protsahan Yojana* (PMRPY) where it pays the full employers' contribution towards their provident fund.

THE NGO'S ROLE

More than 67,000 NGOs are registered with the Niti Aayog on their NGO Darpan platform which was created to bring about greater partnership between the government and the voluntary sector, and to foster transparency, efficiency and accountability. This is the time to use such a platform. The Centre can easily provide free rice and wheat to the NGOs from its stock and the NGOs can provide cooked meals in urban areas. For one crore individuals, the government needs to provide just about 75,000 tons of rice. Since the milling of wheat would be difficult due to the closure of flour mills, only rice can be provided at this stage. (Niti Aayog, Government of India, 2015).

RURAL URBAN CONSUMPTION INEQUALITY

The data from the 75th round of NSSO for 2017-18 suggests that the rural-urban gap widened during 2012-18. The rural monthly per capita expenditure declined from Rs 1,430 in 2011-12 to Rs 1,304 in 2017-18 an 8.8 per cent decline while it rose from Rs 2,630 to Rs 3,155 in urban India a 2.6 per cent increase. This is partly due to the slow growth of agriculture over the last decade. In 2013-2019, the average agricultural GDP growth rate was 3.1 per cent, much lower than the average GDP growth rate 6.7 per cent. This growth in agriculture was also driven by non-crop sectors, including livestock. The average growth of the crop sector, which accounts for two-thirds of the agricultural sector GDP, was 0.3 per cent, the lowest in two decades (NSSO, 75th round, 2017-18).

AGRICULTURAL SCENARIO

With the procurement season for *rabi* crops have started, the *mandi* system will choke, and social distancing will go for a toss if immediate steps are not taken to organise procurement operations in an orderly manner. Due to significant disruption in supply chains as a result of the lockdown, farmers are stuck with a large amount of produce, especially of perishables like milk, fruits and vegetables, flowers and even poultry meat and eggs. Due to this glut, farm prices are collapsing, pushing farmers into destitution. Many of them are dumping milk and vegetables on the roads. Given the imperative of social distancing, even if the farmers were come, they have no enough labour to unload, Secondly, due to lack of demand in hotel, restaurants, carterers and most agro- processing units shut, the market cannot absorb a bumper crop not due to cash crunch but due to lack of institutional buyers. The wisdom lies in converting this crisis into an opportunity for reforming the agri-marketing system (Datta, K.K 2017).

To avoid the overcrowding the *mandi*, farmers have to give incentive for not bringing their entire harvesting from field to *mandi* of Rs 50 over the minimum support price of Rs 1925 per quintal that is sold after April 30 and Rs 100 if after May 30. Also needs to reframe the APMC Act and encourage direct buying of agri-produce from farmers or from farmer producer organisations (FPOs). The companies, processors, organised retailers, exporters, consumer groups, that buy directly from FPOs need not pay any market fee as they do not avail the facilities of APMC yards.

SUPPLY CHAIN ISSUES AND MARKETING

Immediately most important priority should be to strengthen the supply chain management both through backyard and forward linkages so that common personal will not be affected from their day to day requirements. Processing and marketing logistics for agri produce, particularly perishables, needs to be restored, with SHGs, banks and civil society groups taking the lead. Efforts at creating local supply chains that links local producers to the local consumers, spread mostly around the nearest urban locales, can be of help. An experiment by a small farmers' collective of 37 members to build a farm-to-home model in the Nhavi Budruk village of the Satara district emerged effective in this respect. A network of local producers and local consumers facilitated by local government officials, civil society organisations (CSOs), bankers, transporters and SHGs may stem the rot with immediate effect.

LESSONS FROM SUSTAINABLE DEVELOPMENT TOWARDS ATMANIRBHAR BHARAT

Sustainable development in Sustainable development in agricultural economy could be revitalized with the scheme like *Sufal Bangla Scheme* which was initiated in West Bengal 2014. The best and proven illustration of such market linkage is the famous AMUL model in dairy development. This has been replicated across length and breadth of the country with varied success, which has demonstrated that access to market through credible rural institutions, owned and managed by the producers, add value to the produces which are eventually passed on to the primary producers.

In the North Eastern Hilly region of India, a similar initiative has been initiated through Integrated Technology Enabled Agri Management System (i TEAMS 1917) to enable and facilitate access to remunerative and sustainable markets for farmers' produce. It is a marketing portal that links the farmers to markets through the implementation and operation of logistics and extension facilitation services. These lessons are towards *atmanibharata*.

As the scale of operation of the farmers are low, they are forced to depend on different intermediaries who are working as an agent or sub-agent and follow differential norms to different producers and for that farmers are deprived to get the right prices for their product. Initiative of iTEAMS 1917 helps to revitalize the rural economy by exploring the linkages through digital ways of different stake holders. Farmers' perception about the digital way of connectivity & marketing through iTEAMS 1917 has changed the scope of marketing. *Lessons to use the local products and leading towards vocal on their products reflected through iTEAM 1917*. They came up with new ideas in their possible ways to market their produce apart from their daily marketing processes with the help of such organizations. The contours of social protection, which include the preventive, protective and promotional measures, are crucial for which trust build up within the community and among the localities are the foremost requirements for North Eastern Hilly Region and iTEAMS 1917 has attempted in this direction. Efficiency and effectiveness in implementation of social transfers through iTEAMS 1917 is the great challenge for coming days to explore the linkage between social transfers and rural revitalization and analysing the direct and/or indirect impacts of a set of social transfer programs on rural economy which has to be a lesson in the post pandemic phase to other states of India also (Iarasa, 2019).

INCLUSIVE GROWTH ISSUES

What is needed at this juncture is capturing social inclusion by means of investment of effort and resources to the promotion, capacity building and improvement of governance. Empirical evidences suggest that to convert agriculture into business mode needs to be switched from traditional to modern technologies for high value crops.

In the present situation, the economy is much more complex, and it is impossible for the government to create the organisational capability that can see the economy, solve optimisations, and direct private persons on how to organise production. Even in previous decades, when the Indian economy was much smaller and simpler, and when the institutional and intellectual infrastructure for central planning was much stronger, such command and control generally failed. While the complex self-organising system, of the market economy, has been disrupted in some aspects, the best path lies in letting the self-interest of firms figure out how to heal supply chains and business relationships. The private sector will organically negotiate its way, in the quest for profit, to solve the problems that it sees on the field. The self-organising system is the best at obtaining information, arriving at mutually beneficial bargains, and organising production. It is, however, time for Indian industries to revamp their strategies, adopt modern technologies and gear up to compete in global markets as many multinational corporations look towards shifting their manufacturing base out of China. *Atmanirbhar Bharat* has to consider its own ground realities while giving economic stimulus packages to Indian industry, rather than copy the models of countries like Britain and the United States.

WAYS AHEAD

Partnership

Change in partnership of business is a must and needed of the hour, even though there were various difficulties that had surfaced viz., human assets, fund, showcasing, administration and organization. It is not a charity, but a business in every sense. For this we need to recognize that agriculture as an enterprise by converging agri-business to agro-business in the form of monetization of farmers' produce and to provide demand-led, evidence-based. Social business would be conducted and operated with pleasure as it holds a purpose, self satisfaction, and self-sacrifice (Datta, K.K., 2017).

This is the right time to be tested the efficiency, reliability and strength of e- NAM. In the e-platform, we are well connected with 585 *mandis* across 16 States and two Union Territories, and 1.7 crore farmers and 1.3 lakh traders on board. It's all set to add another 415 *mandis* to its folder in 2020. The *mandis* across the country stand testimony to the benefits of eNAM. The 70 *mandis* in Andhra Pradesh and Telangana have already moved their operations through e-NAM. Every trader at an eNAM *mandi* in Telangana or AP now logs on to the portal through the mobile app or website and places his bid. There are more than 1.9 lakh transporters and over 7 lakh trucks available on e-NAM now. Ground level checks indicate these truckers are willing to provide the requisite services. The farmers have been asking for more pick-up points and lower minimum load threshold (which the truckers would agree to carry). Also, there should be a reference price for rates on the website to ensure trucker don't charge exorbitantly, farmers point out.

GOVERNANCE AND REGULATIONS

Such an exercise may be effective with adequate regulatory support from the government officials, communication support from the local CSOs, and required short-term credit working capital support from the local bankers, while SHG members may be engaged in procurement and selling. Local transporters will provide the logistic support. Local self governments would be happy to coordinate. Spending on rural infrastructure and employment (MGNREGA, PM-KISAN, and PMGSY) can help alleviate some of the pain in rural areas. West Bengal Government is neither allowing implementing such type schemes and at the same time misdirecting the MGNREGA fund so that neither effective households are benefitted nor any social assets are created (authors own village level experience from WB).

GOVERNMENT MEASURES TOWARDS REVIVAL

PM-KISAN is aimed at boosting rural consumption and helping poor farmers recover from distress through direct transferring of Rs 6000 every year directly to 12 crore farmers holding cultivable land up to 2ha.A direct transfer scheme like PM-KISAN is a game-changer and can have significant effects if it can deliver timely. IFRI- ICAR studies highlighted the impact based on Uttar Pradesh which is the home for 24 million farmers. The study reveals that 30 per cent farmers received the income benefit within three months of the scheme's implementation where Banking infrastructure created through Pradhan Mantri Jan Dhan Yojana (PMJDY) played a key role in the fund disbursal. Empirical study reveals that those who received the first installment, 52 per cent was spent on agriculture, 26 per cent on consumption, 7 per cent on education and health, and the remaining 15 per cent on other incidental expenses (such as during festivals and on social functions like marriage). On the other hand the recipients of the second installment, 39 per cent were spent on consumption, followed by agriculture (23 per cent) and education and medical (19 per cent) (Deepak Varshney *et al.* 2020).

FOOD SECURITY

We must now reorient our economic policy to regain self sufficiency in food production through eco friendly means and the cooperative pooling resources and the endeavour for higher out per drop of our resources. In order to fulfill the economic perspectives in integral humanism our focus so far has been on sorting out distributional issues, especially with regard to the movement of essential goods. It would now have to look at the production end of the supply chain. Our strategy should be to emphasis on '*jaan bhi, jahaan bhi*' (we need life; we also need the world too). Some of the less rational aspects of global supply chains, especially in the multinational food industry (which has encouraged produce from one part of the world to be shipped to another part of the world for processing, before coming back to places near its origin to be consumed), will be questioned and could decline in significance. Other changes in lifestyle and consumption and distribution patterns could follow (Ghosh, 2020).

MSME SECTOR

As per ASI data over 41 percent factories which hire 45 percent of workers and produce almost 50 percent of the output are located in rural areas. Business will need to firm up their plans on restarting production keeping in mind both the issues of labour supply and the collapse in demand. While their operation will help to reduce cash flow problems, as the bulk of the consumption is in urban areas. The challenge is to ensure the smooth functioning of supply channels. MSMEs are the counterpart of *aam aadmi* in the industrial chain. MSMEs which have had a history of viable operations, but are confronted with erosion in net worth, would need support by way of equity or quasi-equity. SIDBI might need additional capitalisation. Long-term debt with convertible options could be a key financial support and viable MSMEs.

Though GDP figures do not fully capture the informal economy, they are severely affected. Cash flows remain the constrained and they are forced retrench their labour force and that has a direct negative impact on domestic labour market. Local MSMEs would feel encouraged to participate, may be not immediately, but in the medium term, in joining the local marketing network. The experience, however sporadic, of engaging local SHG members in procuring and milling paddy into rice in some districts of West Bengal may be studied in depth and operationalised elsewhere with suitable modification for processing foodgrains like wheat and other coarse cereals. Processing of fruits and some vegetables may also be explored. Re-launch of the Mudra scheme with leanings from the past experience would be necessary and urgent, in addition to being mandated to provide senior debt to private microfinance institutions.

The ASI figures show that 86.15% of the registered manufacturing sector's output of Rs 80.72 lakh crore and 72.41% of its 1.56 crore employees in 2017-18 came from the corporate sector both non-government and government companies and only the balance were from individual proprietorship and partnership firms. If social distancing can be rigorously implemented in organised manufacturing, there would be no need to insist that such activity should be restricted only to the production of "essential goods". Textiles and wearing apparel employing 28.68 lakh persons as per the 2017-18 ASI data, more than the 17.72 lakh employed in food products and 7.40 lakh in pharma units. (ASI, 2017-18).

Other major employers, who may also not fully qualify as supplying so-called essential goods, include basic metals (10.33 lakh persons), other non-metallic mineral products (10.91 lakh), motor vehicles and trailers (10.18 lakh), machinery (8.49 lakh), chemicals (8.28 lakh), plastic and rubber products (7.13 lakh), fabricated metal products (6.92 lakh) and electric equipment (5.98 lakh).

Many small and medium enterprises (SMEs), already weakened over the last few years, may not have the resources to survive. Not all can, or should, be saved given our limited fiscal resources. Some are tiny household operations, which will be supported by the DBTs to households. We need to think of innovative ways in which bigger viable ones, especially those that have considerable human and physical capital embedded in them, can be helped. It would be even more so for units in relatively secluded special economic zones such as Kandla, Mundra and Sri City.

Large firms can also be a way to channel funds to their smaller suppliers. They usually can raise money in bond markets and pass it on. Unfortunately, corporate bond markets are not very receptive to issues. Banks, insurance companies, and bond mutual funds should be encouraged to buy new investment grade bond issuances, and their way eased by the RBI agreeing to lend against their high quality bond portfolios through repo transactions. **The government should also require each of its agencies and PSUs, including at the state level, to pay their bills immediately, so that private firms get valuable liquidity.**

THE BANKING AND FINANCIAL ISSUES

It is certain that the pain experienced by the real sector will rapidly be transferred to the already strained banking system. Prolonged financial sector weakness/ indifference could be relook and revisit/ weigh on credit growth, economic output, investment and productivity in this crisis moment. The monetary policy interventions recently announced by the Reserve Bank have adequately addressed the immediate liquidity concerns of the financial market. The RBI has cut the repo rate to 4.40 percent and reverse repo rate to 3.75 percent. It has also provided liquidity through long- term repo operations.

However, capital adequacy issues, particularly of weak private banks and cooperative banks, will soon surface, consequent to the expected spike in non-performing assets. This might necessitate that the government make available a pool of funds to be invested in banks fulfilling certain criteria in the form of convertible capital bonds, repayable over 10/15 years, or convertible at the option of the government. This would obviate the need for stitching together specific bailout packages, as in the case of the YES Bank situation. (Finance Ministry, GOI).

This might be the right time to create an operationally autonomous holding company for all shareholdings in PSBs, on the lines of Temasek of Singapore, with the charter to select and develop right leadership talent and make the public sector banks competitive and profitable.

WHERE WILL WE GO FROM HERE?

Global financial crisis of 2007-08 remind us to pump currency in the economy. By 2013, India crossed or approached double-digit figures in inflation and the national fiscal deficit, in addition to looming bad loans. In summer 2013, when the Federal Reserve indicated a possible reversal of its ultra-accommodative policy, macroeconomic parameters for India were so weak that it got caught up and experienced external sector fragility. While fiscal excesses and financial sector stress remain issues today, India has improved significantly on at least one dimension namely, inflation which has also stabilised the external sector.

In the process of interest-rate setting; combined with efforts on managing food inflation, it has brought inflation closer to the target. It has kept borrowing costs in the economy at reasonable levels in spite of the high level of government borrowing and several other distortions. The implicit monetisation of fiscal expenditures through government bond purchases by the RBI in the secondary market has postponed the recognition of the untenable fiscal reality. The delay has meant the government has had limited policy space since the onset.

Supply-chain disruptions due to measures taken to contain the pandemic raise the possibility of cost-push inflationary pressures, especially given the excessively easy fiscal and monetary conditions. This can abruptly raise economy-wide borrowing rates, inflict losses on banks, and imperil financial stability.

INFLATIONARY ISSUES

If inflationary expectations are strong and persistent, then the prices of non-rationed commodities may rise sharply for speculative reasons; but the government can prevent such expectations, by adopting measures such as bringing down petro-product prices. A larger fiscal deficit, therefore, need not cause disquiet on account of inflation.

On the balance of payments front, the worry associated with a larger fiscal deficit is financial flight caused by frightened investors. Some financial flight is already happening, with the rupee taking a fall.

Our food stocks are plentiful, the *rabi* crop has been good, and the prognosis for the monsoon is positive. This, together with the fact that aggregate demand is down, will dampen inflationary impulses. The "new RBI" has acted boldly and strongly. It has taken prompt actions to reduce rates, increase liquidity, adjust prudential norms, allow moratoriums, and protect financial entities. The weakened rupee will help our exports and with a debt to GDP ratio of about 73 per cent, along with better growth prospects, India is relatively better placed than several other countries.

But India has close to half a trillion dollars of foreign exchange reserves. These can be used, up to a point, to check the flight from the rupee to the dollar. If the flight nonetheless persists, then India will have a legitimate reason for putting restrictions on capital outflows in the context of the pandemic. (RBI, 2020).

The current complexities of the Indian economy: We are currently in a bizarre situation where cross-border movement of people is virtually barred, while cross-border movement of finance is freely allowed. If the hardships of the people caused by the pandemic, and the lockdown it has created, are not ameliorated through larger government expenditure, because of the fear that the larger fiscal deficit required for it would frighten finance into fleeing, then the privileging of finance over people would have reached it. This must not be allowed. The Centre must not worry about its fiscal deficit; and since the State governments will bear a substantial expenditure burden on account of the pandemic, the Centre must make more resources available to them. It should raise their borrowing limits; perhaps double their current limits as a general rule, apart from negotiating the magnitude of fiscal transfers it should make towards them.

India cannot afford a currency shock, although the risk of such an event is pretty low as we are cushioned with adequate reserves. This would depend on, however, demand-continued fiscal prudence and maintenance of credit rating. This might be opportune time to canvass for institutionalising and strengthening coordinated action amongst central bankers and market regulators of key nations, with a view to prevent market shocks which have huge global impact.

CAPITAL PRODUCTIVITY

To enhance productivity of capital , first and foremost to closing down unviable public sector undertakings and improving productivity of assets held by Central and State governments and secondly we have to revisit every proposed public expenditure to the test of yielding quick and robust economic returns.

THE PUBLIC SECTOR AND THE ECONOMY

With attention on health awareness amidst the medical crisis, the pharma sector is going to attract investments from the government and the private sector alike. As such, the pharma sector can undoubtedly be the fertile ground for the long-term investors. With the higher incidence of chronic diseases in India, the pharma sector earnings from the domestic business have been getting more secular with contribution improving to 50-60% in most companies from 30% levels four years back.

The Indian pharma sector also exports the products in over 100 countries with branded presence in presence in 20+ countries. India sells 40% of all oral generics and 20% of all injectables sold in the US, which testifies for the global footprints of the Indian pharma sector. If any sector India can claim to be truly a global player and where Make in India has worked, it's the Indian pharmaceutical sector. Domestic, as well as global pharmaceutical business, along with hospitals and diagnostics, provides good diversification and secular investment opportunities. Compared to other defensive sectors, the current valuations for most of the large companies in pharma sectors are still reasonable, staying lower than even their five-year average multiples (Sailesh Raj Bha, 2020).

Second, the collapse in crude prices should work towards easing inflationary pressures, depending on the level of the pass-through to retail prices. The sharp reduction in international crude oil prices, if sustained, could improve the country's terms of trade, but the gain from this may not be expected to offset the loss of external demand. Turning to key messages from forward-looking surveys, the March 2020 round of the Reserve Bank's survey showed that consumer confidence for the year ahead was expected to remain around its level recorded in the previous survey round in January 2020.

Third, the supply chain disruption globally has driven multinational companies to look at diversifying their supply chains. Japan recently announced setting up of a $2.2-billion fund to help its manufacturers shift production out of China. US, too, has indicated a strong intent to diversify manufacturing away from China. India needs to step up as a viable alternative. If a sensible electronic eco-system existed, Apple could be exporting tens of billion worth of equipment out of India. The equipment needed for a 5G future – phones, TVs, laptops – if that's the next wave. If India wants to be a bigger part of the US supply chains, this is the time to show reliability. The list of essential services and critical workforce can be aligned India can basically map the US list along with what it deems critical so supply links are neither broken nor choked. The government must also ensure flawless implementation. The government must take the advantage without going any red trapezium and should consider the following aspects quickly:

1. Task force to provide single clearance window as a point of approval, common application and approval forms for licenses, warehousing and easy compliances.
2. Easy availability of land and power through land acquisition reforms and impetus to renewable energy capacity building.
3. Fiscal incentives could be linked to job creation like income tax relief to companies employing more than 1,000 labourers in the manufacturing sector.
4. Robust dispute resolution mechanism that exhibits a strong commitment to align with International arbitration decisions.

The government and Indian companies could partner to ensure that the availability of skilled and trained labour for the MNCs who are looking to shift base into India. While China may retain a chunk of the market share in the global supply space, India is well-positioned to step in as an alternative global manufacturing hub for the world, given its emergence as a credible economy and the support it has provided to the global community.

There is thus a need to review the sectors which are disproportionately dependent on international market forces. Sectors such as aviation and tourism may well be hit the hardest. But the rush to fix the economy cannot discount the aspect of sustainability. Financial packages for an economic revival should be carefully planned to ensure that they are directed towards activities which provide greater scope for sustainable livelihood security. This is no time to fund losses of chronically loss-making PSUs. Equally, it's important to step up investment in brown field assets, such as power transmission and railways, in order to improve efficiency and productivity (RBI's Monetary Policy Repot, April, 2020).

This is the right time to rest our economy by recognising that life is an integral system. Therefore, whatever economic laws are deducted or codified, must add, or at least not reduce, the integral growth of humanism. The system of social choices based on an aggregation of individual values. Therefore, various conflicting interests in the society that are embedded in our economy are to be rationalised by seeking out complementarities. This is the best time to push major economic reforms and take bold decisions; to remove obstacles in completion of stalled projects and cut red tape.

We must redefine human development goals and prioritise sectors which need more attention. Both villages and cities will have to be treated in a way that factors in the sustainability of their development. We can no longer turn a blind eye to the specific requirements of our villages and cities; we need to make both self-sufficient and non-exploitative when it comes to using natural resources. Catchment areas and floodplains will have to be freed from construction and commercially exploitative activities. Smart cities must be complemented with smart villages that are not just provided electricity, sanitation and water, but are also digitally connected. The move towards green energy, including solar and wind has to be made. We should look in Indian ways that the existence of human really matter not only on *roti, kapra* and *makan* but also good health, and connectivity. We must move away from individualistic utility maximization and the profit motives towards the social business for caring, rearing under the cooperative social frameworks. A somewhat slower pace of life even if that means slower growth of GDP numbers with greater investment in social well-being should be the mantra for *Atmanirbhar Bharat.*

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