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Modinomics vs Abenomics

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ABSTRACT

This research paper is a review of economic policies implemented in two different nations by their Prime minister during their term though there are a lot of disparities in conditions of both the nations still Abenomics and Modinomics complement one another

Further it has been stated what was the objective behind the implementation of the respective economic policies how they have effected the growth of the country further Initiatives taken by government and policy recommendation have been discussed in it .

INTRODUCTION

Since both nations have great comparative advantages and are implementing significant market opening reforms under Abenomics and Modinomics, we observe a rising symbiotic relationship between India and Japan.

Let's talk about these terms in greater detail:

ABENOMICS – It refers to the economic policies implemented by the government of Japan led by the Liberal Democratic Party since the December 2012 general election. They are named after *Shinzo Abe* who served as second stint as Prime Minister of Japan from 2012 to 2020. He was the longest serving prime minister in Japanese history.

MODINOMICS – It refers to the economic policies implemented by the Prime Minister of India *Mr. Narendra Modi.* It is the economics of a welfare state with equity and inclusivity, customized for the relativities of India. He wants the positive and potential forces to give their best whether through demographic dividend or through Skill India. Modi-nomics is a well-known and primarily created by the media word that has been criticised for being ambiguous.

However, it has come to be used to describe a multitude of theories and plans backed by Narendra Modi and his administration.

Among them is enhancing the nation's business climate (viaefficiency and openness), putting money into infrastr ucture, concentrating on manufacturingutilising technology, developing skills, and providing vocational educatio n for economic growth. The phrase "Modi-nomics" is frequently used to refer to a type of economic policy. governing, where Modi is portrayed as "an effective, tenacious, and incorruptibleadministrator' (Ghatak and Roy 2014). (Ghatak and Roy 2014). Modi-nomics, on the other hand, has been

Contrarily, it has been criticised for lacking a clear vision and actionable policy.for instance, the eponymous Abe nomics Modi's Japanese version is referred to by this phrase.(Schöttli & Pauli, 2016)

Both countries offer each other large comparative advantages. While, Japan can play an important role in developing India's infrastructure, India offers low costs, burgeoning markets and soon, the world's largest population. About 1,000 Japanese firms operate in India including brands like Honda and Suzuki in automobiles: Sony and Panasonic in electronic goods: Cannon, Ricoh and Nikon in optical instruments and Hitachi and Mitsubishi in capital goods. Under the Modi Administration, the issues like infrastructure constraints, uncertainty of laws, archaic labor laws, myriad and complex legal procedures that are faced by Japanese investors would gradually be addressed. India-Japan bilateral trade has increased steadily over the last decade, at a compound annual growth rate of around 15% during the period 2004-2014.

RESEARCH OBJECTIVE

The broad objective of this paper is an attempt to study *Abenomics v/s Modinomics.* In light of the broad objective, the specific objectives of the present study are as follows -

1. To evaluate the policies of *Abenomics* and *Modinomics* in detail.
2. To analyze the economic condition before and after the implementation of *Abenomics* and *Modinomics.*
3. To analyse the role of women in the context of Abenomics
4. To study the main reason behind implementing these policies and their results.
5. Difference and comparison between Abenomics and modinomic's economic polices

DATA AND RESEARCH METHODOLOGY

- This section discusses the research methodology adopted to attempt to address the research objectives of this paper. Both primary and secondary research has been conducted to determine various factors that contribute in the collection of data about the topic.
- Extensive secondary research has been conducted to evaluate the objectives at national and state levels. Different research papers, journals, websites and databases were analyzed. The Wikipedia and some other sites were used in depth. Due credit has been given wherever necessary.
- To meet the objectives, the study used qualitative research. The descriptive study was done through review of existing literature that helped in validation and extraction of the important variables and factors.
- We have created an intensive discussion in which every member of the group is encouraged to think out of the box. All the students have put on their mind and suggested as many ideas as possible based on their diverse knowledge.

SIYA

Abenomics and modinomics: new bestfriends

India lacks the technology and investment capital that Japan possesses. Japan lacks India's growth and sizeable working population. Abenomics and Modinomics complement one another because of this. Large comparative advantages are provided by both nations to one another. India provides low costs, expanding markets, and eventually the largest population in the world, the research claimed, while Japan can play a significant role in developing India's infrastructure. Initiatives for international cooperation between Japan and India complement each other's conceptions of the regional order. The leaders of the two nations were frequently in agreement on matters ranging from strategic views to connectivity efforts. The Indo-Pacific idea has also received support from both nations.(Ming Hui Nazia Hussain, 2021)

In 2012, the Japanese government announced its determination to playing a bigger role in the world by announcing its "Proactive Contribution to Peace" policy. In 2016, Abe also unveiled the "Free and Open Indo-Pacific Strategy," which aims to advance economic prosperity by supporting free trade, freedom of navigation, and a rules-based system. It also aims to increase connectivity in sea lanes and inclusivity through joint ventures and infrastructure development.(Ming Hui Nazia Hussain, 2021)

During the national election campaign, voters connected with the Gujarat model. In his addresses, Modi was quick to highlight his accomplishments during his more than 12 and a half years as the state's Chief minister. The state's annual GDP growth averaged close to 10%, higher than the national average of close to 8%. (see table 1.) Only Andhra Pradesh outperformed other states during this time with an average growth rate of 10.5%. He has frequently criticised Rahul Gandhi for lacking expertise, contrasting it with his extensive administrative background.(Schöttli & Pauli, 2016)

Table 1: Gross State Domestic Product (GSDP) of Top Five Indian States, 2012/13, 2004/05 and Average Growth (% Year over Year)

	Maharashtra	Tamil Nadu	Uttar Pradesh	Andhra Pradesh	Gujarat	India
*Gross State Domestic Product 2012-13 (in Rs. Crore)**	825,832	447,944	443,191	432,112	427,219	
*Gross State Domestic Product 2004-05 (in Rs. Crore)**	415,480	219,003	260,841	224,713	203,373	
Average Growth (% Year over Year)	9.04	9.44	6.85	10.52	9.75	7.97

* at Constant 2004-05 Prices. Source: Government of India (2014a).

The growth of China as an economic and political power is tied to Abe's economic strategy as well. Abe's followers made direct comparisons between Abenomics and the fukoku kyohei programme of the Meiji era (enrich the country, strengthen the army). Stimulating the Japanese economy aims to reduce Japan's reliance on the United States for defence while simultaneously acting as a stronger counterweight to China in the Asia-Pacific.

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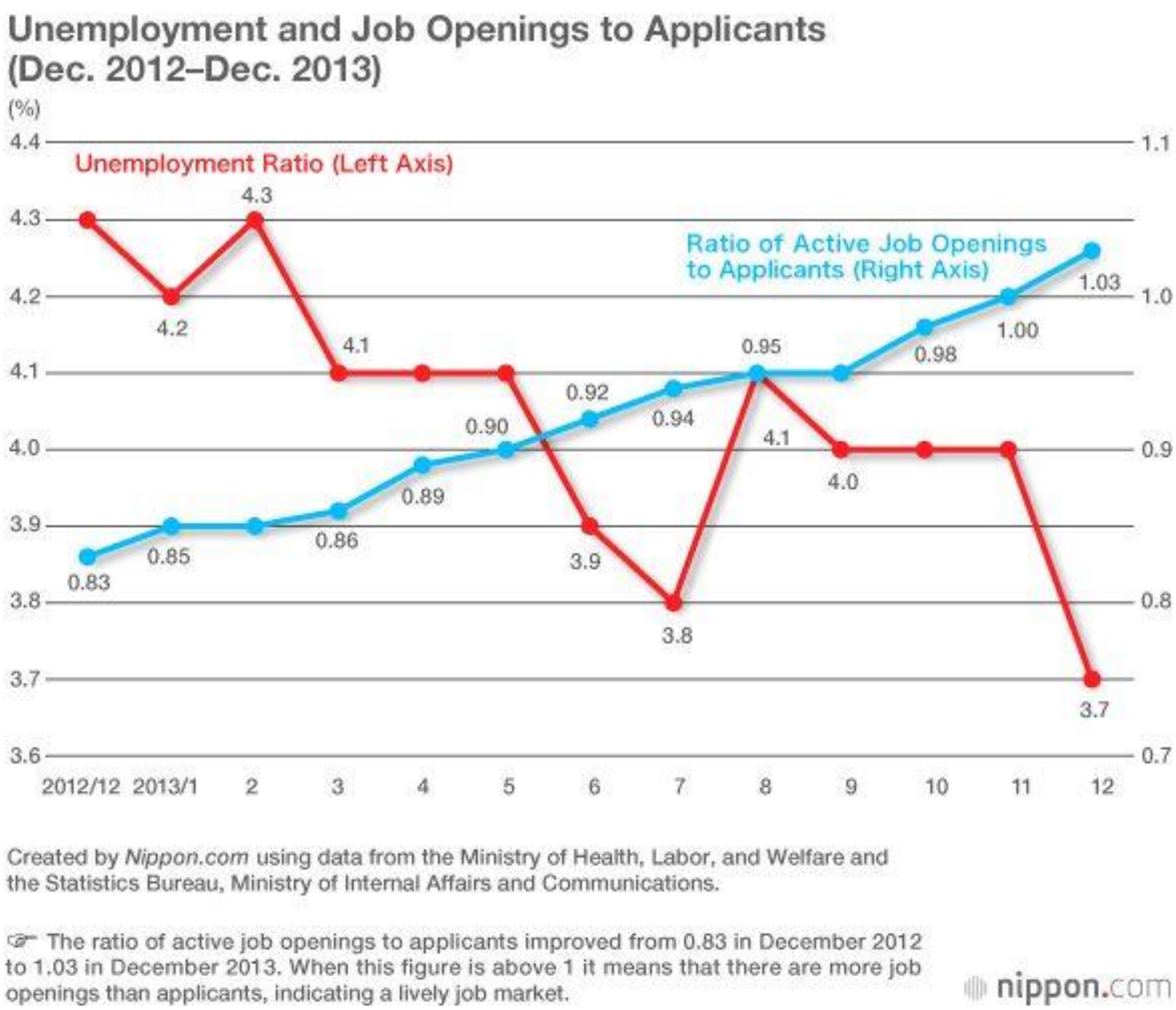
Economic Outlook in Japan 1994-1999[13]					
Year	Nominal GDP (billions of yen)	NGDP Growth (%)	Unemployed persons (thousands)	Economically active population (thousands)	Unemployment (%)
1994	486526.3	1.19	1920	66450	2.88
1995	493271.7	1.38	2100	66660	3.15
1996	502608.9	1.89	2250	67110	3.35
1997	512248.9	1.91	2300	67870	3.38
1998	502972.8	-1.81	2790	67930	4.10
1999	495226.9	-1.54	3170	67790	4.67



Although cross-investment between Japan and India has been relatively low thus far, that may soon alter as both nations experience economic revivals thanks to Abenomics and Modinomics. Abenomics, the name given to Prime Minister Shinzo Abe's strategy to rescue Japan's long-moribund economy from deflation, consists of a number of long-term structural reforms as well as monetary and fiscal stimulus measures. While more vague than Abenomics, Modinomics, named after India's newly elected prime minister Narendra Modi, contains a call to forcefully unlock blocked infrastructure projects, draw in foreign investment, and boost economic growth, which has dropped to a decade low of less than 5%.There are about 1,000 Japanese companies operating in India, including manufacturers of autos like Honda and Suzuki, electronics like Sony and Panasonic, optical equipment like Cannon, Ricoh, and Nikon, and capital goods like Hitachi and Mitsubishi. Over the past ten years, bilateral trade between India and Japan has grown consistently, with a compound annual growth rate of almost 15% from 2004 to 2014.

Although bilateral relations between India and Japan are growing, they still have a lot of room to grow because they only make up around 2% of India's entire commerce and about 1% of Japan's total trade.

Abenomics vs Modinomics

Stock markets are soaring on waves of hope, and two leaders have clear economic objectives to improve their countries' economic prospects. It's not hard to see the similarities between Japanese Prime Minister Shinzo Abe and Indian Prime Minister Narendra Modi, but perhaps those similarities are where they end. Due to India's decentralized government, Modi is limited in what he can do on a national level to improve the chances for long-term growth of an economy that is being impeded by rising inflation. Since Japan is extremely centralised in comparison, Abe can accomplish a lot with monetary policy, taxation, and incentives if he can win national political support. Tokyo recently announced plans to lower the corporation tax rate from the current level of roughly 36 percent to 30 percent in the coming years. The Bank of Japan is committed to injecting 60-70 trillion yen ($589-$687 billion) into the economy each year to increase inflation. Due to India's decentralized government, Modi is limited in what he can do on a national level to improve the chances for long-term growth of an economy that is being impeded by rising inflation. Since Japan is extremely centralised in comparison, Abe can accomplish a lot with monetary policy, taxation, and incentives if he can win national political support. Tokyo recently announced plans to lower the corporation tax rate from the current level of roughly 36 percent to 30 percent in the coming years. The Bank of Japan is committed to injecting 60-70 trillion yen ($589-$687 billion) into the economy each year to increase inflation. India and Japan have also struggled to collaborate effectively on important Bay of Bengal infrastructure development projects. This area has developed into a key strategic and economic hub. China is in a prime position to influence the geopolitical and geostrategic dynamics in the Bay because to the development of a new port in Sri Lanka and the Special Economic Zone at Kyuapkyu in Myanmar. India needs to further up its cooperation with Japan in this area since it can no longer afford the luxury of individually opposing China's strategic incursions into the Indian subcontinent.(*ORF_Issue_Brief_205_India-Japan*, n.d.)

India and Japan are undoubtedly in different developmental phases. Less than a third of the 1.24 billion people living in the developing nation's cities and towns—1.2 billion of the world's 1.2 billion extreme poor—do so in India. On a purchasing power parity (PPP) basis, its gross domestic product (GDP) per capita is close to $4,000. In contrast, Japan has a GDP per capita that is rather high (about $37,000 on a PPP basis), and more than 90% of its people reside in cities.

SHIVANSH

Objective 2 - To analyze the economic condition before and after the implementations of Abenomics and Modinomics

ABENOMICS-

GDP rose by 3% in 1996, indicating a hopeful rebound from the bursting of a huge asset-price bubble in the early 1990s. The Japanese government increased the consumption tax from 3% to 5% in April 1997, with further increases planned for 1998.

Following the collapse of the Thai Baht peg on July 2, 1997, there was a financial crisis in East and South East Asia, with far-reaching implications throughout the region. As a result of the slump in consumption, government revenues fell by 4.5 trillion yen. For the majority of the five years following the tax increase, nominal GDP growth stayed below zero. Japan's average yearly pay increased from 1992 and 1997, but then began to fall after the 1997 tax increase. Wages have fallen faster than nominal GDP since 1997.

In 2012, the Diet of Japan enacted a measure to raise the consumption tax to 8% in 2014 and 10% in 2015 in order to balance the national budget; this tax rise was predicted to further discourage spending.

During the worldwide economic downturn, Japan had a 0.7% drop in real GDP in 2008, followed by a 5.2% drop in 2009. In contrast, global real GDP growth in 2008 was 3.1%, followed by a 0.7% decline in 2009. From 2008 to 2009, Japan's exports fell by 27%, from 746.5 billion US dollars to 545.3 billion US dollars. By 2013, Japan's nominal GDP had reached the same level as in 1991, yet the Nikkei 225 stock market index had fallen to one-third of its high.

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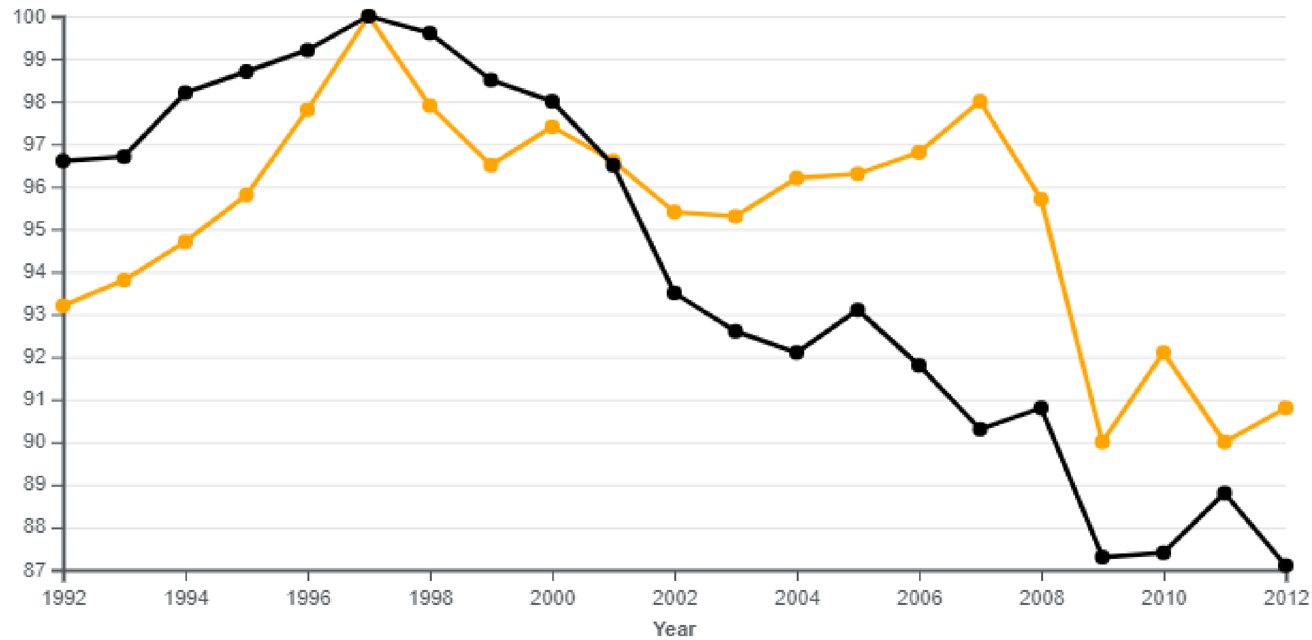


Abenomics had an immediate impact on Japan's financial markets. The Abenomics strategy has resulted in a drastic devaluation of the Japanese yen and a 22% increase in the TOPIX stock market index by February 2013. Japan's unemployment rate declined from 4.0% in the fourth quarter of 2012 to 3.7% in the first quarter of 2013, continuing a previous pattern. With an extremely loose monetary policy in place, the yen fell roughly 25% versus the US dollar in the second quarter of 2013 compared to the same period in 2012. By May 2013, the stock market had gained by 55%, consumer spending had increased first-quarter economic growth by 3.5 percent year on year, and Shinzo Abe's popularity rating had grown to 70%. According to a Nihon Keizai Shimbun poll, 74% of respondents commended the approach for relieving Japan of its extended slump.(Kondo et al., 2020) Abenomics increased the cost of imports, such as food, oil, and other natural resources on which Japan is heavily reliant. The Abe administration, however, saw this as a temporary setback, since a lower currency would eventually enhance export volumes. Japan has also managed to maintain an overall current account surplus as a result of offshore investment revenue. However, it was verified in December 2018 that the Japanese economy began falling in the third quarter of 2018 and fell the most in four years during this quarter as well.

MODINOMICS –

Following the implementation of economic reforms, there have been major changes in capital formation. Because of the increased entry of foreign direct investment, the Indian economy's net savings and final consumer spending have altered. Prior to 1991, the majority of foreign investment inflows into India were in the form of borrowing. The major focus of the second five-year plan, 1956-1961, was on imports from foreign investments and loans to support India's fast industrialization.

Furthermore, foreign direct investment was promoted throughout the sixth five-year plan period 1980-1985. Prior to 1991, however, the elementary and tertiary sectors were overlooked (Bose 2015). The origins of foreign direct investment in India may be traced back to the creation of the British East India Company. Foreign direct investment in India came from British companies before to independence. As a result, following WWII, Japanese corporations entered Indian markets and expanded their trade with India. However, the United Kingdom remained India's biggest investor (Ray & Ghosh 2014). The need for foreign cash was recognized in order to sustain the country's high level of investment. The Indian economy was fundamentally impoverished and incapable of financing development demands. As a result, greater investment from foreign investors for industrialization was an essential element of the planning in the early post-independence period.

Foreign investment was also vital in bridging the gap in technology investment and breaking out of the "low-level equilibrium trap."(Sharma, 2019) Furthermore, the Indian economy needs investment to create infrastructure for the usage of untapped natural resources and minerals. Foreign funding was essential to undertake large-scale developments like as railways, which included significant risks. Without the entry of foreign finance, hazardous projects were not viable in a capital-scarce country like India (Malhotra 2014). As a result of a lack of cash, which coincided with the balance of payment crisis in 1990-91, the Indian economy was opened up to international investment.

Furthermore, with the increased import of heavy machinery and equipment, foreign investment was necessary to keep up with principle and interest payments. Foreign direct investment is critical for every country's economic growth and development. The primary benefit of foreign aid is that capital inflows from investment countries help to bridge the gap between capital requirements and local savings. Aside from cash, foreign investments bring technical skills, machinery, and capital goods, all of which are limited yet necessary for emerging nations' economic success. Foreign investment, from a development standpoint, is critical for providing developing countries with the required impetus toward a path of sustained progress. Positive links between foreign direct investment and international commerce have been observed, correlating to inflows of foreign direct investment.

Foreign direct investment inflows have a favorable influence on a country's capital creation, increasing its productive capacity and consequently exports. Foreign direct investment also tends to boost a country's overall social welfare through lowering unemployment.

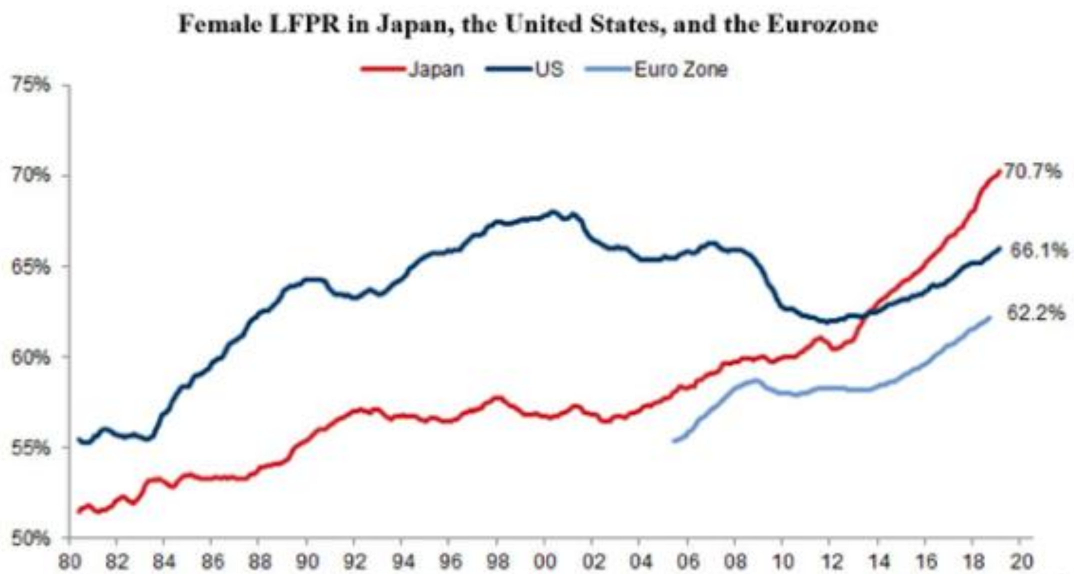
ANISHA RAO

Objective 3: To analyse the role of women in the context of Abenomics

The term "womenomics" was coined in 1999 in a Goldman Sachs report by Kathy Matsui, arguing that Japan's need for greater gender diversity and inclusion was more than a social issue, it was an economic one. In 2012, under the banner of Japanese prime minister Shinzo Abe's reforms, "womenomics" was given a place of pride. Empowering women to be a larger part of the labour market was a move to help revitalise Japan's stagnating economy. (*Is Womenomics Working?*, n.d.)

The objective of womenomics is trifold- encourage women to enter the labour market, facilitate provisions for them to stay in the workforce and boosting the number of women in leadership positions across sectors. According to Kathy Matsui , "Japan sought to raise the LFPR for women between 25-44 to 77% by 2020, targeted 30% female leadership across sectors, expand childcare capacity and eliminate daycare waitlists as well as increase the percentage of new fathers taking paternal leave benefits ."

In 1999, Japanese labour force participation rate was just 56%. Since then however it has risen to 71% as of February 2019. Under Abenomics, more than 3 million women were employed between 2012 and 2019.



Japan's female LFPR has surpassed the US and eurozone. Data is current as of February 2019 for Japan and the United States, and as of September 2018 for the eurozone. Source: OECD.

Some of these paternity leave benefits include one year of leave for both parents after the birth of their child.They can earn upto 67% of their pay for the first 6 months and 50% for the rest of their leave.

The government adopted the Act on Promotion of Womens Participation and Advancement in the Workplace which took effect in 2016. Under this legislation any organisation with more than 300 employees must disclose data on gender diversity among employees as well as publish plans for improving female participation and advancement in the workplace .

The division of labour in Japan has historically placed women as the sole member responsible for the management of households, the raising of children and care of aging parents.As millions of women gained education,affluence and juridical status, the role of housewife and mother began to be seen as a trap. Moreover, the restrictive immigration policy along with increase in non regular work has put the burden of aging parents of their children.

Under this system opportunities for regular employment are scarce and for those who leave the workforce. Women experience higher turnover rates during child rearing ages(represented by an M-shaped curve) typically retiring from their jobs after getting married or giving birth to their first child, returning only after their children are grown.

LITERATURE REVEIW– MODINOMICS

We discovered that only about one in five Indians in the work force are competent, based on research on one of Modinomics' economic policies, the Skill India
Mission.According to information acquired by the International Labor Organization, just 21.2% of India's labor f orce is skilled, according to the UNDP's HDR report 2020.
The United Nations Development Programme conducted this study in December 2020. As a result, the employab ility of the nation's educated labor is a major issue. For young people, it is challenging to adjust to the shifting de mands and technology of the marketplace due to a lack of vocational or professional skills. Due to a lack of traini ng and competency, as well as failure to find employment, there is a high rate of unemployment. According to a National Skill Development Council (NSDC) assessment, 24 important sectors will require about 12 crore traine d workers by 2022. Casual employees, who make up about 90% of the labor force, lack proper training, which re sults in their low skill levels.(Jha, 2019)

LITERATURE REVIEW

ABENOMICS

The quantitative and qualitative easing (QQE) announced in April 2013, the expansion of the size of QQE (QQE2) in October 2014, the negative interest rate policy (NIRP) in January 2016, the yield-curve control (YCC) on September 21, 2016, and the slight modification of YCC (YCC2) on July 31, 2018, are all examples of unconventional monetary policy measures that were implemented during the Abe II era.An overall evaluation and analysis of these measures will be provided after summarizing their contents and th e market responses around the dates of their introduction.
A series of aggressive monetary policy measures known as QQE were announced by Governor Kuroda on April 4, 2013, with the goal of achieving the 2% target in roughly two years (Bank of Japan, 2013). These measures in cluded doubling the monetary base in that time, increasing purchases of Japanese government bonds (JGBs), exte nding the average maturity of the Bank of Japan's holdings of JGBs from less than three years to approximately s even years, and increasing the rate at which they were purchased.
The QQE announcement had immediate and favorable effects on the stock market and foreign exchange market.

The yen lost value on the day of the announcement, falling from 92.87 at 9 AM to 95.61 at 5 PM, a 3% loss durin g Tokyo business hours, while the TOPIX gained value, rising from 1010.43 the day before to 1037.76 on the an nouncement day, a 3% daily gain.

A week later, the yen reached 99.64, a 4% weekly decline, and the TOPIX increased to 1147.29, an 11% weekly gain. (Solís & Urata, 2018)

The future of the alliance between Indian Prime Minister Narendra Modi and his Japanese counterpart Shinzo Abe attracted a lot of attention when they were elected in May 2014. Expectations were raised that Modi and Abe would usher in a new era in India-Japan relations due to their shared "soft nationalism," proclivity for market-oriented economics, the models dubbed "Abenomics" and "Modinomics," personal compatibility, proactive foreign policies, and pursuit of a new "Asianism" that aims to promote a web of interlocking strategic partnerships among important democracies in the Asia-Pacific.(*ORF_Issue_Brief_205_India-Japan*, n.d.) Many of these expectations have been fulfilled as a result of Modi and Abe's role in what has been the most significant improvement in India-Japan relations. This brief contends that there are still significant obstacles in the way of this alliance, despite the advancements brought about by the momentum created by both leaders.(*ORF_Issue_Brief_205_India-Japan*, n.d.) The two partners stand to gain from increased cultural and people-to-people exchanges and have similar economic goals. Given Japan's strong hardware skills and financial know-how combined with India's software knowledge and rapid economic growth, "Abenomics" and "Modinomics" can be symbiotic and complementary. Japan has been experiencing a labour shortage in both high-tech and blue-collar industries as a result of its ageing and declining population. 30 The large number of job seekers in India may be able to supply the highly qualified IT specialists that a greying Japan needs in this increasingly digitalized era.(Ming Hui Nazia Hussain, 2021)

Modinomics

According to Nobel laureate and famous economist Amartya Sen (2018), despite being the fastest-growing economy, India has experienced a "quantum jump in the wrong direction" since 2014. India is presently the region's second poorest performer in South Asia. "Things have gone horribly wrong... Since 2014, it has taken a tremendous leap in the wrong direction. We are regressing in the world's fastest-growing economy... Twenty years ago, India was the second best of the six countries in this area - India, Pakistan, Bangladesh, Sri Lanka, Nepal, and Bhutan. "It is now the second worst.(Jha, 2019) Pakistan has kept us from being the worse." 1. The industrial sector grew at a 6.7% annual rate from 1980 to 19905, and while it slowed slightly in the post-reform period (1991 to 2017), the secondary sector increased at a 5.7% annual rate. In India, the last decades appear to have seen insufficient diversification of the country's production structure away from agriculture and towards manufacturing3, as well as rather premature quick diversification into the service sector. 2 However, since the implementation of neoliberal reforms in 1991, the agriculture sector has seen little gain, and its growth rates have been insignificant.

Abenomics

Japan is notable for the level of its debt-to-GDP ratio. 5 The Japanese debt-to-GDP ratio is the highest in the world, by a wide margin, at more than 200 percent. Even as late as the mid-1990s, Japan's debt-to-GDP ratio resembled that of the United States. However, weak economic development and massive budget deficits in Japan have caused the Japanese debt-to-GDP ratio to inflate during the last 20 years, while the corresponding ratio for the US government has increased at a considerably slower rate. This track raises concerns about the Japanese government's debt sustainability, and one of the structural reforms being explored would begin by attempting to balance Japan's main budget balance. The continuous main budget (together with other indicators such as overall debt amount, interest rate paid on it, and economic growth rate) is an important component in determining a country's debt sustainability.(Fukuda, 2015) As a result, eliminating the main budget deficit would increase the likelihood of long-term debt stability and minimize the danger of default. The most recent batch of proposals reaffirms the government's commitment to reducing the fiscal deficit by fiscal year 2015 and attaining a balanced budget by fiscal year 2020. Unfortunately, there isn't much information available on how the balanced budget would be attained. In addition to its concerns about lowering the business tax, according to the Ministry of Finance, it seems unlikely that the budget would be balanced by 2020.

Raghbendra Jha (2018) the following mentioned research paper present an explicit analysis of all the crucial aspects of the Modinomics (Modi + Economics) approach, also known as “everyone’s participation, everyone’s progress.” or “sabka saath sabka vikas”. It recognises the major reasons due to which Modinomics is essential, the major components of Modinomics, and the process which followed the implementation of this approach.It was discussed how Modinomics seems to have a great degree element of improved implementation because India's economic plan has had consistency ever since economic reform package of 1991. Several programmes were developed under Modinomics in the following paper infrastructural reforms of demonetization and a Goods and Services Tax as well as the reformed Insolvency and Bankruptcy Act are discussed to a great extent. In order to make productivity recovery more equitable and durable, this essay looks at both the acceleration of economic growth under Modi and significant welfare and employment initiatives.Finally, the report looks at the Indian economy's short term as well as long-term potential for growth.

Joshua K. Hausman, Johannes F. Wieland (2014), this paper provides a basic understanding of the term Abenomics and how it originated and the reasons for its existence . An effective monetary regime change was undertaken during the initial stage for the year 2014 in Japan.The Bank of Japan, the country's central bank, established a level of inflation of 2% and aimed to put into place specific measures to meet this objective by the completeion of the year 2015. With planned economic changes and budgetary policies in 2013, Shinzo Abe's administration actively promoted this transition. This policy package, along with the extraordinarily aggressive monetary easing by the Bank of Japan, became known as "Abenomics."The study demonstrates that Abenomics increased long-term inflation expectations and ended deflation in 2013. According to recent estimates, Abenomics also contributed to a boost in 2013 real output of 0.9 to 1.8 percentage points. By itself, monetary policy produced up to a percentage point of growth, mostly because it had a beneficial impact on consumption. Abenomics will certainly continue to be expansionary in the longterm as well as the medium term. Although the size of this impact is relatively unknown, it is probably to be insufficient to close Japan's substantial output gap. The Bank of Japan's 2 percent inflation goal, that is not yet completely realistic, is a minor factor in this. In view of the papers findings, they conclude by describing how to understand upcoming data releases.

Modinomics

When Modi became PM this participatory development was portrayed as a multifaceted strategy and was broadly based on Modi’s successful tenure as Chief Minister of the state of Gujarat (2001 to 2014). The various components of this strategy can be grouped under three broad headings: (i) restoration of trust in government and the public policy process, (ii) creation of conditions for rapid economic growth with macroeconomic stability and increased participation by the masses, and (iii) implementing deep structural reforms designed to place the economy on a higher more inclusive growth track for the medium term.

Abenomics

The main aim of Abenomics was to increase demand and achieve an inflation target of 2%. His policies were intended to increase competition, expand trade, and raise the rate of employment in the economy. Since the inception of Abenomics in 2012, the goals the policy reforms set out to achieve remain a far reach. Critics argue that the economic reforms have done little to boost inflation, with the national debt still at a high of one quadrillion yen. Japan's current inflation rate is 1%, which is still lower than the target rate of 2%. However, in 2017, the country saw a rise of 0.5% in GDP for the first time in 30 years. In short, the verdict on Abenomics, as of 2019, is not yet in.

Kathy Matsui, the originator of the term "womenomics" discusses its effects 20 years after she originally coined it. She argues that companies need to take, "consistent, concrete actions to establish an environment in which female employees can maximize their full potential." This involves initiatives encouraging diversity in recruiting, retention and promotion. An interrelated problem is that Japan tends to favour work hours over performance and output as a result of which Japan ranks near the top in terms of hours worked and near the bottom in terms of fathers contribution to household work and child-rearing.

In a study conducted in 2021 , Mark Crawford examines the after effects of the years of employing Abe Shinzo's "womenomics" policy. He argues that even though Japan's female labour force participation rate shows an impressive jump between 2012 and 2019, they fail to mention that the jobs were mostly "non-regular" with fewer benefits, pay and shorter hours.Over 700,0000 of the estimated 970,000 workers laid off during April 2020 were women making them the pandemics " shock-absorbers".

The Japanese government's investments in daycare , parental leave as well as the cap on working hours contribute towards significant progress. However, Crawford believes that employers still would not bet on the longevity of employment of their female employees and for fathers to take the complete paternity leave to which they are entitled. (Crawford, n.d., #)

SIDDHARTH-

Government Initiatives

Modinomics

The word "Modinomics" is used to characterize the fiscal plans that the future Indian Prime Minister (PM) was anticipated to implement to guarantee that India recovered its losses made during the crisis period and pulled itself to enjoy a high growing economy similar to early 2000s, prior to the 2014 PM election. The popular electoral slogan "sabka saath, sabka vikas" ("everyone's involvement, everyone's progress") encapsulated this strategy. The following slogan was considered as the foundation of the Modinomics programme by Panagariya, the first deputy chairman of Niti Ayog committee. Other slogans included were, “Maximum governance and minimum government”, “Decentralization and cooperative federalism,” and “Enhanced Connectivity”.

Modinomics was largely implemented because this inclusive growth was represented as a multidimensional approach when Modi became the prime minister, mostly largely on Modi's successful term as the chief minister (CM) of Gujarat state (2002–2014).Modinomics isn’t considered as a major initiative by the government that brought severe positive implications in the Indian economy. However, two important policies that were implemented are Insolvency and Bankruptcy Act (IBA) and reforms under the tax rates through Goods and Services Tax (GST).

Major reforms under Modinomics:

1. Implementation and imposition of GST and Demonetization

It can not be denied that Pre November 2016, India had a sizable informal economy. Not to mention thatIndia's currency to GDP ratio in 2015 was 12.51 percent, compared to 9.34 percent (China), 7.38 percent (USA), 4.1 percent (Australia), 4.0 percent (UK), and 2.45 percent (Norway).

India developed a sizable parallel clandestine economy with dark and ominous activities in the market. The RBI had constantly cautioned the public about the widespread use of high denomination currency notes that were being counterfeited and circulated. It was found that in 2013 India's black money amounted to nearly 30% of its GDP. The implementation of demonetization allowed the government to collect around $1 billion illegal money in the form of cash.

Demonetization and the GST have both resulted in larger tax receipts for the fiscal years 2016–17, 2017–18, and 2018–19. The prevention of compounding tax impacts, the removal of export-disincentives, and the creation of a single Indian market are only a few benefits of the GST. Investors (local and foreign) will finally have a significant reason to invest thanks to a consolidated indirect tax system. In the medium run, the GST will lessen the impact of the most significant factor that could slow down the economy's expansion.

The central and state governments' respective portions of the GST revenue are clearly defined, which makes it a particularly appealing aspect. India may also maintain the pace of the demonetization and profit from the rapidly expanding digitisation of commerce. To conclude, GST and demonetization have shown great benefits for the Indian economy. Both of these reforms have been improved significantly ,the tax rate aspect of the Indian economy.

2. Implementation of welfare programmes

Under the Modi government, the economy focused on retaining existing and inventing new policy programmes that would present positive changes. MGNREGA, subsidies to farmers and Targeted Public Distribution, are few of the programmes that were retained.

The Ujjawala scheme allowed the government to provide free LOG connections to nearly 80 million poor households for 2018-2019. This is a tremendous change from the past, when the majority of these households' women relied on wood for cooking, endangering their health. The large sums of public and private funds that would have been required to treat illnesses brought on by inhaling the fumes from burned firewood have likely also been saved by the Ujjawala scheme.

Upwards of 18,000 Indian villages lacked light in 2014. Until December 2018, Modi vowed to finish electrifying all villages. On April 28, 2018, this objective was formally attained significantly early. Approximately 40 million Indian households lacked electricity availability as of the end of April 2018. India today generates enough power to meet its demands, but issues with both distribution and transmission persist.

Abenomics

After returning to power in late 2012, Prime Minister ABE Shinzo and his government disclosed a comprehensive policy package to revive the Japanese economy from 20 years of deflation, all whereas maintaining business discipline. This program became referred to as Abenomics.

Goal 1: Achieving sustainable Growth

Context :The greatest structural issue facing the Japanese economy is the aging of society and shrinking of the population. However, we tend to see this challenge as a chance. Demographic modification could be a social challenge which will before long be shared by most developed countries. Japan is committed to achieving sustainable growth and changing into a pioneer within the institution of a replacement social model.

Goal 2: Realizing Society five.0

Society 5.0 could be a national vision geared toward realizing a data-driven, human-centric society for our future generations. it's a vision within which economic development, digitalisation, and solutions for social problems area unit aligned.

Innovations

1)Fintech

Improve productivity in finance and business group action space by utilizing new technologies to supply a lot of stable and economical monetary services.

2)Mobility

Starting with mountainous regions, introduce drone delivery services to incorporate urban regions by the 2020s

3)Smart town

National and town governments to hitch forces to encourage municipalities and native businesses to start up smart-city model comes

Major reforms under Abenomics:

1. Implementation of growth strategies

Over the time period the Japanese government focused on strengthening the economy by making innovative programmes, getting rid of energy constraints and loosening regulations and laws. Some of the current strategies are as follows:

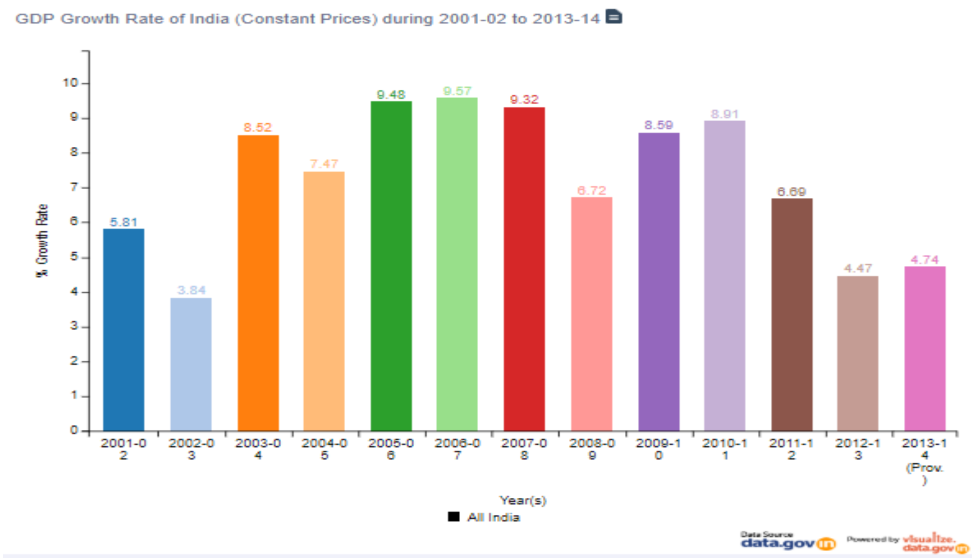
a) Increasing the domestic consumption with an increase in employees wage
b) High tax rates to protect social security spending
c) Improved child care facilities to promote female labour workforce due to increasing population
d) Motivating retired people to continue working
e) Old Infrastructure over the time would lose their essence, government would ensure appropriate funding for their renovation
f) Provide fund to SMEs for research their development

SIDHANT-

POLICY RECOMMENDATIONS

Modinomics

1. Modi-nomics is founded upon concrete preferences in economic policy, a record of administrative experience, and transformative leadership. The creation of NITI Aayog as a replacement for the Planning Commission and the launch of a concerted campaign to boost manufacturing were used as illustrations of Modi-nomics in the application. Both showcase the administration's emphasis on the need for altering the models and modes of thinking and acting, in terms of recasting state-center relations and re-directing resources and efforts toward industry and entrepreneurship as a means of job creation and economic growth

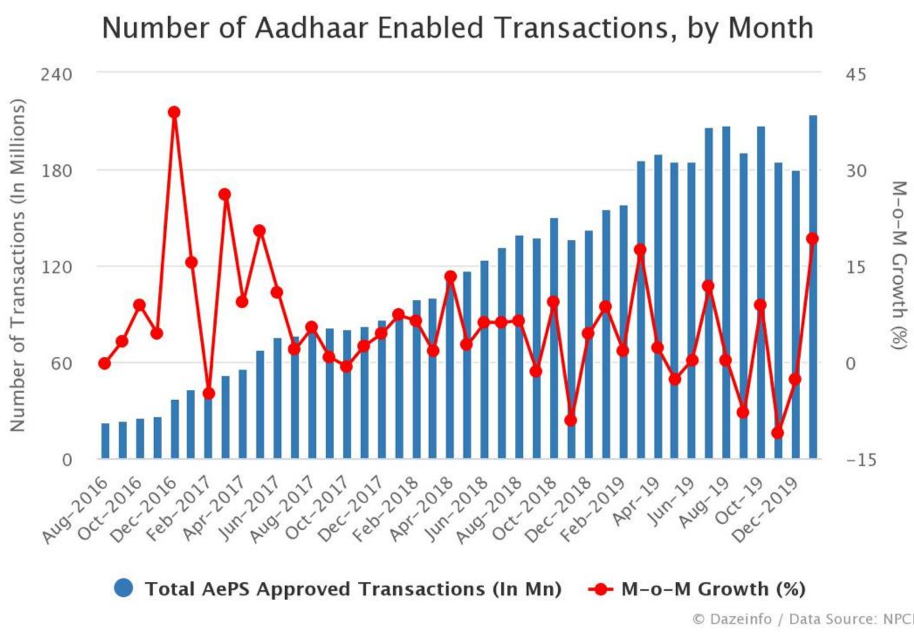
a. 

2. Modinomics remains highly contested within India's domestic political arena and has unleashed other political entrepreneurs drawing on politics of entitlement (the Patel agitation) or religious sensibilities (the beef ban controversy). To gain resilience, Modi-nomics will have to combine ideational and institutional change and reconcile the tensions arising in the process.

3. Modi government pursued two deep structural reforms to place the economy on a more transparent, inclusive, and faster growth path in the medium term. The first policy (announced on 8th November 2016) was the demonetization of currency of large denominations (₹ 500 and ₹1,000). The second was the transition to a full-scale GST, which occurred on 1st July 2017. Both reforms were announced after the economy's growth performance had recovered sufficiently during 2015-16 and 2016-17.

4. The Modi government has sustained several old welfare programs and started new ones. Among the many programs that have been retained are the MGNREGP the Targeted Public Distribution Scheme, large numbers of input subsidies to farmers, some energy subsidies, and others. An elaborate system of Direct Benefit Transfer (DBT) has been put in place, which deposits money directly into beneficiary bank accounts. The DBT has been instrumental in getting large numbers of intermediaries out of the system of subsidy payments.

5. Direct Benefit Transfer using Aadhaar-based Verification - A major achievement of the government has been to rapidly spread the biometric identity program started by the previous government and known as Aadhaar. Today, with 1.1 billion Indians provided this identity, the coverage is almost universal except in the northeastern states. The government has been gradually spreading the use of identity in the disbursement of social benefits via what is called the Direct Benefit Transfer (DBT) mechanism.



Abenomics

When he stepped down in 2020, former Japanese Prime Minister Shinzo Abe was asked what he thought were his legacies. “We were able to end 20 years of deflation with the three arrows of Abenomics,” Abe replied. Well, ‘Abenomics’, certainly, is the greatest legacy of Abe, whatever little success it might have produced.

Japan’s economic troubles date back to the asset price bubble that burst in the early 1990s. Japan’s malady of prolonged economic stagnation might be closely related to the country’s traditional ‘deflationary mindset’ by which companies and households hold off on spending on expectation that low growth and wages persist for long. In 2015, the Financial Times observed that Japan “...suffers from an ageing population, persistent deflation, and knotty structural problems in its labour market and energy supply. Its fiscal position is awe-inspiringly bad...”.

THE THREE ARROWS

1ST ARROW: DRAMATIC MONETARY EASING

"Monetary Easing" is a bit hard to explain without using economic jargon. Basically, the Japanese government is putting pressure on the Central Bank to flood the market with cash.

The government has done this by nominating Haruhiko Kuroda to the helm of Japan's national bank. He is much more open to monetary easing than previous leaders. If you compare the amount of money (money supply) in Japan's economy from 2012-2014 (the present regime came into power in Dec '12), you can see a clear increase over the past 2 years.

To use a weird example, let's say ￥1000 is allocated to buy 20 Fuji apples. To boost the economy, the government is making the central bank release more money into the market so that ￥1500 is allocated to buy the same 20 Fuji apples.

Theoretically the (intended) effects of this are:

1. Since you have more money chasing the same apples, the price of apples is likely to increase. In the real world, this is meant to stoke a general increase in prices. This may sound bad but when prices decrease, consumers tend to save money to spend later, thus hampering growth.
   In other words, increasing price levels by creating more money may break the deflationary cycle and spur consumers to stop saving and start spending.
2. There is ￥1500 floating around compared to say, US$ 100. The comparative value of the yen goes down. In the real world, because the yen becomes weaker compared to other currencies, Japan's exports therefore become cheaper, thus probably boosting the amount that will be exported.

2ND ARROW: A "ROBUST" FISCAL POLICY

The actual word "robust" in Japanese is *kidouteki* which is otherwise translated as "nimble, agile," etc. But no matter the translation, the wording in Japanese (and therefore in English) is intentionally vague.

The point is that the Japanese government is spending more, to boost the Japanese economy. Statistics from the Japanese government show that government spending has been clearly increasing over the past two years, each of which is setting new records in absolute government spending.

Looking at this year's budget we can also see that the main places this increase in spending is going toward is:

1. welfare
2. servicing the debt
3. public works

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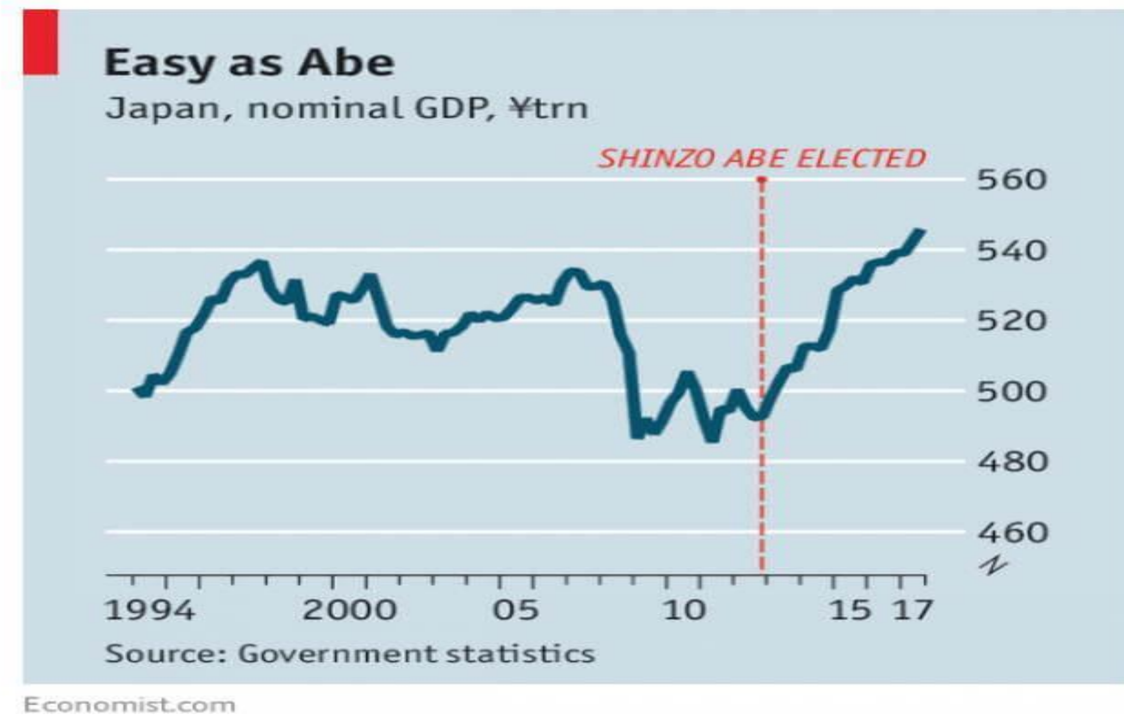
The first is explained by Japan's aging population, the second because Japan's debt is already astronomical (albeit at a low interest rate) and the third is largely linked with infrastructure investment, particularly in relation to the Tokyo 2020 Olympics.

At the same time however, the Japanese government simply cannot continue throwing money at its economy without finding new sources of income. Thus there was a move to increase the consumption tax to 8% this past April and a planned further increase to 10% by next year.

In short, while trying to increase growth through government spending, the Japanese government is at the same time trying to rebuild their finances, or at least reduce their reliance on debt.

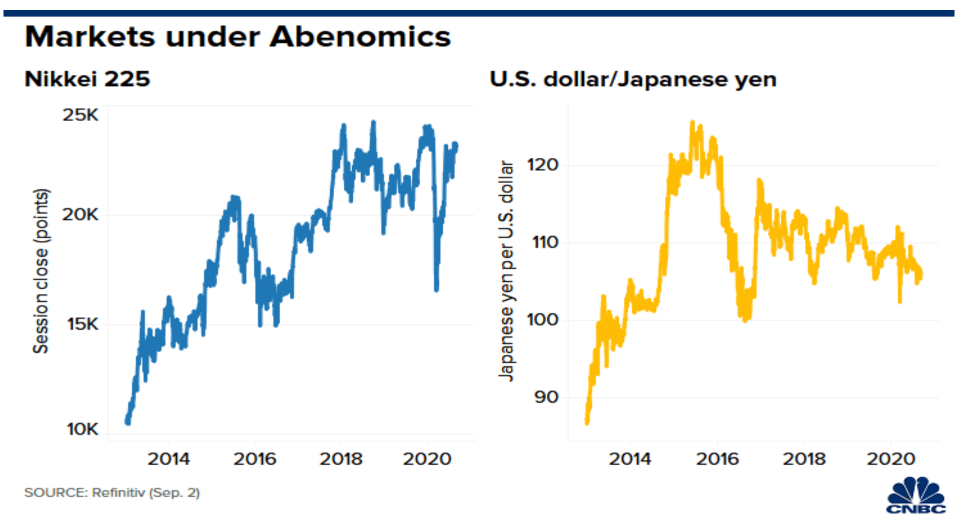


3RD ARROW: POLICIES FOR GROWTH TO SPUR PRIVATE INVESTMENT

Below is a list of 5 of such needles that the Abe administration has launched:

1. Lowering corporation tax * Corporation Tax has been lowered in April in this year by 2.4%. * This is in the hope that it makes business easier to do in Japan.

2. Increasing the labor participation of women * Japan's population and labor force is already declining. * Japan's female labor participation rate is one of the lowest among the developed world. * Bringing women into the work force is a way to plug the labor shortage. * Policies for this include providing for more childcare workers and childcare facilities.
3. More openness to foreigners in society * Fast-tracked permanent residency for "highly-skilled" foreigners. * Bringing more foreigners into Japanese universities through the G30 program (actually dates back to before Abenomics but is clearly aligned with it). * Push to send more Japanese students overseas with scholarships etc.
4. Cool Japan * Push to export Japanese foods and other cultural products to the world and support for such corporations. * Measures to increase inbound tourism. Lowering of visa restrictions and introduction of duty-free shopping.
5. Lowering of regulation / barriers * Free trade: Ongoing (and probably eventual participation) in the Trans-Pacific Partnership. * Lowering of barriers to foreign direct investment in Japan. * Deregulation in many industries such as healthcare, agriculture etc.



Some of these have been implemented already and some are still in the pipeline. Anyway if the previous two arrows are meant to prop up the Japanese economy in the short run, this "arrow" of a thousand needles is meant to secure Japan's long term growth and economic health, and therefore needs time to take effect.

This is, by the way, what a lot of the commentary has been focused on. The first two arrows have their detractors from the academic and news worlds, but the third however runs up against vested interest groups such as Japan Agriculture and the doctor's union. In addition, it's not going to be easy to change cultural norms regarding the status of women. The success or failure of the third arrow will largely depend on how much the government bows to these groups' interests and successfully causes societal change.

CONCLUSION (SHUBH)

Even though Japan and India are physically, demographically, and economically apart from one another, they share a political leadership
structure.With high hopes for an improvement in their respective economic storylines, both just ushered in new c harismatic leaderships. The Japanese economy has been in an unrelenting recession for the past 20 years, and the Indian economy is being consumed by the ongoing decline
ingrowth.The two prime ministers, Narendra Modi and Shinzo Abe, are traveling together.
Both have committed to set their economies on a strong course of recovery given the advantage of political major ities in the people's representative Houses.
By deciding to implement drastic economic reforms, they have laid the seeds for this.
But the happiness was fleeting. After Japan fell back into recession in the first two quarters of the current fiscal y ears, Shinzo Abe postponed the third stage of his "Three Arrow" economic reforms, and Modi's major reforms ap peared to be stuck in the pipeline.
What went wrong with the widely publicized economic reform models that were promoted during Modi's electio n campaign and Abe's Three Arrow economic reforms to rescue Japan from the protracted economic downturn?
Abe's reforms failed to allay the anxieties of Japanese consumers who had to bear the burden of lengthy years of recession with no prospect of an economic recovery, while Modi's reforms knuckled down to the dangers of the d emocratic process.
The recession and the country's aging population have reduced savings and reduced consumer spending in Japan.

Investors' sentiments haven't been sparked by Modi's "Make in India" initiative.
Why would foreign investors come to invest in India if Indians aren't doing so, asks Swaminathan Ankleswaria A iyer? Modi's demand for the nation to become a hub for international manufacturing exports was met with skepti cism by RBI Governor Ravi Rajan.
He was concerned that, given the erratic nature of sustainable growth in the global economy, there is minimal de mand for imports.

Japan's economy has to be strengthened based on booming manufacturing and domestic consumption.

Quantitative easing won't increase domestic spending on its own.

An increase in employment opportunities and laxer immigration laws are anticipated to be benefits for domestic consumption given the drawback of an aging population.

Japanese investors must be encouraged to make investments in Japan.

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