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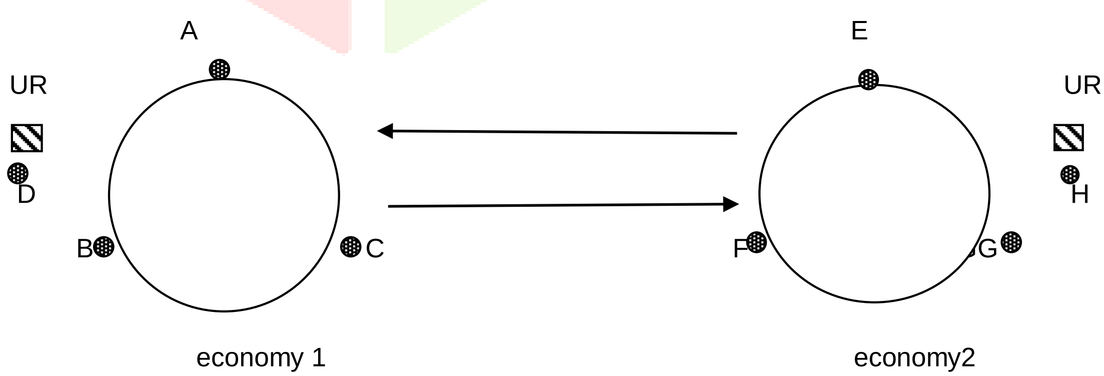
INTRODUCTION :- In the beginning of human civilization , human beings used barter system. Then currency came into use . Currency was used to buy things . Things were made to sell in exchange of money . In the absence of buying power , production was stopped . This article focuses how production can be done where there is dearth of money supply and there is no deficit financing . It is a financing technique completely different from that used in present days .

2.Review of Literature:-

No literature was reviewed and the article is the author's totally own idea .

3.Research Methodology:-

The research included use of no books or journals . It is an idea of the author .



Let there be two economies, Economy 1 and Economy 2. Let Economy 1 have 3 employed persons, A, B & C and an unemployed persons D, with some unexploited resources. Similarly, let Economy 2 have 3 persons E, F & G and an unemployed person H with some unexploited resources. Suppose they want to exchange production from their respective unexploited resources but do not have enough money to do production by employing D and H respectively. The technique is to exploit unexploited resources in Economy 1 by employing D and not paying him immediately but later when production in Economy 2, the unexploited resources, by employing H reaches Economy 1. Similarly, H will be employed to exploit unexploited resources in Economy 2 and not paid immediately but when production from unexploited resources in Economy 1 by D reaches Economy 2. In this way there is no need for deficit financing to pay D and H immediately. Thus, there will be no inflation, but growth and only growth in the two economies.

Let in Economy 1 A, B & C have $1 note each. Let B buy something worth $1 from A, where cost of production of the goods, excepting his labour, is nil. Again, let C buy something from B where cost of production of good, excepting his labour is nil. Let C do the same thing with A. Let all this happen in a single unit of time. In this case, the total GNP of Economy 1, in that single unit of time is $3.

Now let the same thing happen 3 times in that unit of time. Then the GNP in that single unit of time, in that Economy, comes to $9. Thus it is proved that in the absence of deficit financing, more we use the money supply in the single unit of time, if the producers are making a profit, the more will be our GNP.

Now, let there be some unexploited resources in Economy 2. Let H be an unexploited person in that economy (here unemployed person is somebody who is willing to work but has no work). Let him make a product from the unexploited resources, having no cost of production, excepting his labour, market price of which is $1. Let him export it to Economy 1 (addition to commodity market).

Let the same thing as H in Economy 2 happen for D in Economy 1, after the export of Economy 2 reaches Economy 1. Now let the government pay D a freshly printed note of $1 (addition to money supply). Now let D buy A's product. B buys from D with his note, D's product. In the same way C buys from B and C buys from A. Now the GNP is $4. In the same way GNP of Economy 2 can also be increased after export of Economy 1 reaches it.

There will be no inflation as addition to the commodity market and money market is happening at the same time. Thus, there will be all growth in the economy, and no inflation. There will also be no deflation. Deflation is also an evil to the economy as it hurts the interest of the producers.

The increase in GNP can also be brought about with H producing more, money velocity in Economy 1 increased at the same time. But in this way it will be difficult for the government to keep control over the economy at the same time.

It may occur that H will not work, without immediate pay. In that case the government of Economy 2 can impose a tax (or float bonds) and immediately pay H, a percentage of his wage, with the gathered money. Afterwards the government can pay H, the rest, when import from Economy 1 reaches the market. In this way, the government can pay H more than the market labour rate and the public a higher rate of interest than that prevailing in the market, depending on the value of the import.

There will be employment for the unemployed.

Excess usage of resources, being already utilized, can also be treated as exploitation of unexploited resources. For example, if previous production of coal in a coalmine is 1 million tonnes, and is increased to one and a half million tonnes and money velocity in Economy 1 is increased or money supply is increased, in the above-mentioned technique it will yield the same good results.

Example: -

Let us take the Rann of Kutch in the Indian state of Gujrat and the Amazon m=valley in Brazil. The Rann of Kutch more or less consists of shallow waters which are too shallow for naval ships and too deep for military tanks. The Amazon basin has a large supply of good wood. Both India and Brazil do not have enough money to exploit their unexploited resources. Suppose Indian government get sprinkled fish eggs through fishermen in the Rann. When the fishes hatch out of the eggs and become big, let them be caught by the fishermen. Similarly, the Brazilian government gets men to cut the wood and collect it without immediate payment to the woodcutters. Now the fish is exported to Brazil and the wood is imported to India. Now if the respective governments pay the labourers money equivalent to the money of the imports, money supply and the commodity market are expanded at the same time. Thus, there will be no inflation but growth and growth. There will also be no deflation.

The following technique is good for short term gestation projects (as labour does not want to wait too long for payment). The value of the unexploited resources must be high.

The controller of world trade must find out the ratio at which different products are produced throughout the world. According to the above-mentioned financing technique, world prices will be in equilibrium after the projects are finished and production begins. If it does not, prices will reach equilibrium by the process of smuggling. It is a matter of making a parallel economy, keeping in view the world economy, and then integrating the both.

CONCLUSION :-

This financing technique helps to finance projects of exploiting unexploited resources when there is dearth of finance. However how much a country can gain out of this financing technique depends on how much unexploited resources a country has and existence of unemployed people willing to work