

BJP Government's Performance on Employment Generation

The BJP electoral manifesto of 2014 had put employment generation as one of its top priority (just below price rise)– *'The country has been dragged through 10 years of Jobless Growth by the Congress-led UPA Government. Under the broader economic revival, BJP will accord high priority to job creation and opportunities for entrepreneurship'*.

The party had promised to harness the 'demographic dividend' of the youth of the country: *Our country is blessed that we are the most youthful nation in the world and 65 percent of our people are under 35 of age," Modi said while addressing the Swami Vivekananda Youth Convention*¹.

With more than half the population below the age of 24 years and 150 million first time voters², this assertion was in complete sync with the aspirations of the people of the country and they showed their support by voting BJP to an absolute majority in the parliament. Four years later with another election looming around the corner let us examine how the ruling party has fared on the issue of employment.

1. Job creation:

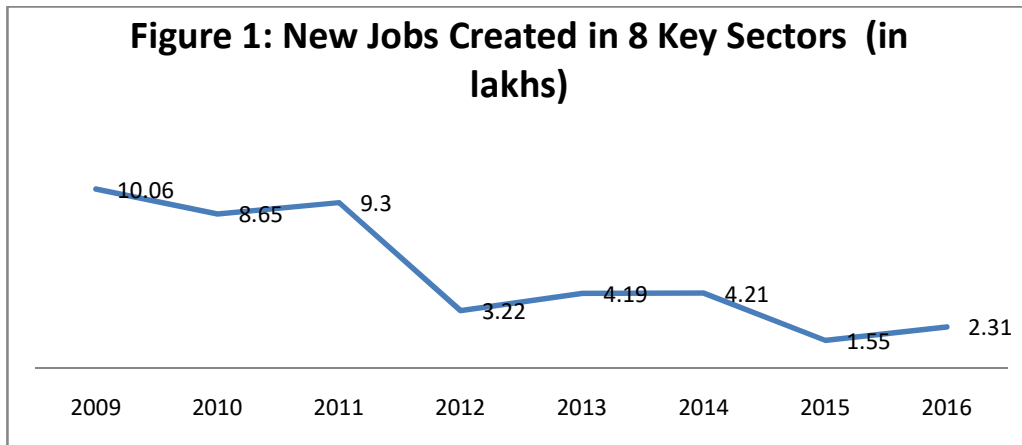
*"If BJP comes to power, it will provide one crore jobs which the UPA Government could not do despite announcing it before the last Lok Sabha polls"*³

A million people enter the job market every month, thus to keep up with the population the economy needs to create around 1.2 crore jobs. No wonder the present government's electoral promise to create 1 crore jobs every year resonated so widely among the people. But in four years of their rule the reality is a far cry from the promise. From a high of 1 million jobs in 2010 (still merely 1/10th of the actual requirement) in the eight key sectors, the number of new jobs plummeted to merely 1.55 lakhs (1/100th of the promise) in 2015 as seen in Figure 1. The government tried to boost up the numbers by including high growth service sector jobs in the eight key sectors and still the picture remained dismal.

¹http://zeenews.india.com/news/gujarat/narendra-modi-invokes-swami-vivekananda-says-youth-will-take-india-to-great-heights_906783.html

²http://censusindia.gov.in/Census_And_You/age_structure_and_marital_status.aspx

³Prime Ministerial candidate Modi said at an election rally in 2013. <http://www.dnaindia.com/india/report-one-crore-jobs-if-bjp-comes-to-power-narendra-modi-1922835>



Source: https://www.telegraphindia.com/1170518/jsp/frontpage/story_152234.jsp

The IT sector which created so much euphoria in the country in the last decade is in the midst of a massive downsizing – the seven largest players have decided to lay off 56,000 engineers this year⁴. In fact the losses are likely to be much higher - a McKinsey report said nearly half of the workforce in the IT services firms would be "irrelevant" over the next three to four years, translating into possible retrenchment of up to six lakh people⁵. The debt ridden telecom sector, another huge employer, is expected to let go over 150,000 employees soon⁶. And the cascading effect would be felt in the major manufacturing industries too.

The situation is so dire that even the large business class is worried about it. In the World Economic Forum's India Economic Summit held in October last year several industry executives expressed serious concern over the country's employment situation especially the reduction in workforce in the top 200 companies. But our railway minister Piyush Goyal cheerily contradicted them (Sunil Mittal in this case) and said that that people losing jobs is a 'very good sign'.

"...companies bringing down their employment is a very good sign, in fact. The fact [is] that today, the youth of tomorrow is not looking to be a job seeker alone. He wants to be a job creator. The country today is seeing more and more young people wanting to be entrepreneurs."⁷

He is our Railway Minister and he should know, but how can one explain that there were 20 lakh applicants for 9500 posts of typists, Village Administrative Officers and Stenographers in Tamil Nadu Public Service Commission (TNPSC) this year, including 992 PhD holders, 23,000 MPhil holders, 2.5 lakh post-graduates and eight lakh graduates⁸. Even in his own ministry (railways) a whopping three crore applicants were registered for 90,000 positions⁹.

⁴<http://www.livemint.com/Industry/4CXsLIIZXf8uVQLs6uFQvK/Top-7-IT-firms-including-Infosys-Wipro-to-lay-off-at-least.html>

⁵<http://www.thehindu.com/business/Industry/up-to-6-lakh-it-staff-may-lose-jobs/article18451843.ece>

⁶<https://telecom.economicstimes.indiatimes.com/news/losses-debt-150000-employees-may-soon-lose-jobs-in-telecom-sector/60960591>

⁷<https://thewire.in/economy/piyush-goyal-india-jobs>

⁸<https://timesofindia.indiatimes.com/city/chennai/992-phds-among-19-lakh-who-took-clerk-level-tamil-nadu-job-test/articleshow/62908725.cms>

⁹<https://in.reuters.com/article/india-unemployment-railways/more-than-25-million-people-apply-for-indian-railway-vacancies-idINKBN1H523A>

Most likely he was referring to the MUDRA scheme so let us examine that.

2. MUDRA Scheme

A country with a population of 125 crore cannot deal with the problem of unemployment by only creating jobs and the Modi government has provided self-employment to 7.28 crore youths under the Centre's Mudra loan scheme in three years¹⁰.

Quoted from a speech by Amit Shah at launch of 'Making of a Legend' a book on Prime Minister Modi

If the above claim is true then our employment crisis is solved two times over – 7.28 crore in three years is twice the number required of 3.6 crore jobs (at 1.2 crore per year). But like all other claims this one too does not stand scrutiny.

- i. MUDRA loans are microfinance loans given out by banks and microfinance institution which have been repackaged under a new name. Experts say that micro finance has been expanding for over two decades in the country and is at present around 60 thousand crores annually. But more importantly MUDRA has refinanced merely 1- 3 % of the loans.¹¹
- ii. The assumption by Amit Shah and PM Modi (in his fourth Independence Day speech) of around 8 crore job creation is that each loan is given to a new entrepreneur. But the data on Mudra's own site as seen in Table 1 below indicate that only about 30 percent of the loans were to new entrepreneurs, the bulk is to existing self employed individuals¹².

Table 1: A Summary of Loan under Prime Minister Mudra Yojna¹³

	2015-16	2016-17
Total No of PMMY Loans (in lakhs)	348.8	397
Total no. of loans given to New Entrepreneurs/ Account (in lakhs)	124.7	99.9
Total no. of loans given under PMJDY OD (overdraft) Account (in lakhs)	24.2	14.2
Total number of loans given under Mudra Card (in lakhs)	5.2	1.8

- iii. Further, over 90 percent of loans are of the Shishu type – that is less than Rs 50000/ -. An average shishu loan was for Rs 19,400 in 2015-16 and was for Rs 23300 in 2016-17 as seen in Table 2 below. And that is the average, so there would be even smaller loans –such ridiculously small sums cannot create even a single employment – so the claims of crores of jobs created by MUDRA scheme seems far-fetched.

¹⁰<http://indianexpress.com/article/india/7-28-crore-people-have-become-self-employed-under-the-centres-mudra-loan-scheme-amit-shah-4747544/>

¹¹<https://www.ndtv.com/india-news/on-governments-claims-of-creating-7-crore-jobs-a-fact-check-1728057>

¹²<https://www.newsland.com/2017/09/21/pm-modi-amit-shah-mudra-jobs-self-employment>

¹³ibid.

Table 2: Number of loans and average amount sanctioned per PMMY loan by Shishu, Kishore, Tarun categories during 2015-16 and 2016-17¹⁴

Financial Year	2015-16			2016-17		
	No. in lakhs	% of total loan	Avg loan (Rs '000)	No. in lakhs	% of total loan	Avg loan (Rs '000)
Overall	348.8	100.0	39.4	397.0	100.0	45.5
Shishu (upto Rs 50000/-)	324.0	92.9	19.4	365.0	91.9	23.3
Kishore (Rs 50000 to 500000)	20.7	5.9	208.0	26.6	6.7	201.0
Tarun (Rs 500000 to 10,00,000)	4.1	1.2	767.6	5.4	1.4	776.0

But let us examine who are these self employed and how did BJP government policies affect them.

3. Self Employed And BJP government Polices

“If someone opens a 'pakoda' shop in front of your office, does that not count at employment? The person's daily earning of Rs 200 will never come into any books or accounts. The truth is massive people are being employed.¹⁵”

Prime Minister Narendra Modi on employment generated by his government

About half of our country's labour force is self-employed – like the one our PM mentioned. But most of them have chosen self employment as a last resort, as they probably have not been able to find any sort of employment even in the informal sector. According to official estimates two out of three self employed persons earn less than Rs 7000 per month. They have to face all the uncertainties of an entrepreneur – including rising input costs, falling prices, decreasing demand, competition, and contingencies (personal, economic, weather, etc), without any institutional support. Majority of them are in the agrarian sector, who are forced to eke out a meagre living by tilling a small piece of land which does not yield enough to even cover their consumption expenditure. Probably this is the reason that the *Self Employed* category even in rich countries is a minuscule fraction of the total working population – for example, in United States of America only 6.5 percent of people are self-employed.¹⁶ Even by the Prime Minister's assertion – at Rs 200 a day the maximum a person can earn is Rs 6000/- a month (i.e. if (s)he goes to work every single day of the month). The *minimum* daily wages for central sphere for unskilled workers is Rs 536/- (or Rs 16000/- for 30 days' work), to consider a sum which is a third of the amount as legitimate employment is an insult to the people of our country.

¹⁴ Ibid.

¹⁵ <http://www.dnaindia.com/india/report-pm-modi-interview-with-zee-news-top-10-key-takeaways-2576913>

¹⁶ <http://journals.sagepub.com/doi/full/10.1177/0256090918758849>

And to add injury to insult the policies of the government like demonetisation and GST have hurt the pakodawalas (representative of all small and medium businesses) the most. About 1.5 million jobs were lost during January-April 2017¹⁷ - immediately after demonetisation.

Let us also look at rural employment where majority of our people live.

4. MGNREGA

PM modi made the following observation on MGNREGA during the first budget session of his rule:

*Do you think, I will put an end to the scheme. My political wisdom does not allow me to do it. This is a living monument of your failure to tackle poverty in 60 years. With song and dance and drum beat, I will continue with the scheme.*¹⁸

Of the 47 crore working population, over half of them are based in rural India and as of date there are 9 crore job seekers under the scheme. The above quote made for a good laugh in the parliament but soon the present government realised that this scheme was the only sop it could give to its majority of citizens employed in the shrinking agrarian sector. By 2016 budget it celebrated the 10th year of the scheme and hailed the measure saying the achievements of a decade are a "cause of national pride and celebration"¹⁹. And yet this did not translate into budgetary allocation, in fact the budget provision for the only large scale employment drive by government MGNREGA has been shrinking in real terms. Last year's allocation at Rs 48,000 crore was claimed to be 25 per cent higher than the budget estimates of 2016-17 but was in fact barely 1 percent higher than the revised estimates of Rs 47,500 crores that does not even cover for inflation²⁰. This year the finance minister did not even mention the MGNREGA allocation in his budget speech - it is telling that a programme which is supposed to support millions of farm households does not even feature in his address. It is mentioned in the annexure that the allocation (Gross Budgetary Support) is Rs 55,000 crore which definitely seems an increase over last year. But what is hidden under the technical term is that Rs 7000 crores are supplementary allocation for last year's pending wages which makes this year's allocation exactly the same as last year, Rs 48000 crores- in fact it is a deficit²¹. Other than inadequate allocation even the payments of wages are not disbursed on time leading to further distress. According to NREGA Sangharsh Morcha, an organisation agitating for the rights of workers covered under MNREGA :

*"99% of the Fund Transfer Orders (FTOs) for MGNREGA wage payments sent to the Public Finance Management (PFMS) in April 2018 remain unprocessed. The bulk of FTOs of the last two months are also yet to be processed – 86% of the FTOs of March and 64% of the FTOs of February"*²².

¹⁷ <https://unemploymentinindia.cmie.com/kommon/bin/sr.php?kall=wtabnav&tab=4080&nvdt=20170711110731463&nvpc=091000000000&nvtype=COMMENTS>

¹⁸ <https://www.youtube.com/watch?v=wi037kOLaP4>

¹⁹ <https://www.firstpost.com/india/u-turn-on-mgnrega-now-nda-govt-terms-scheme-cause-of-national-pride-2606330.html>

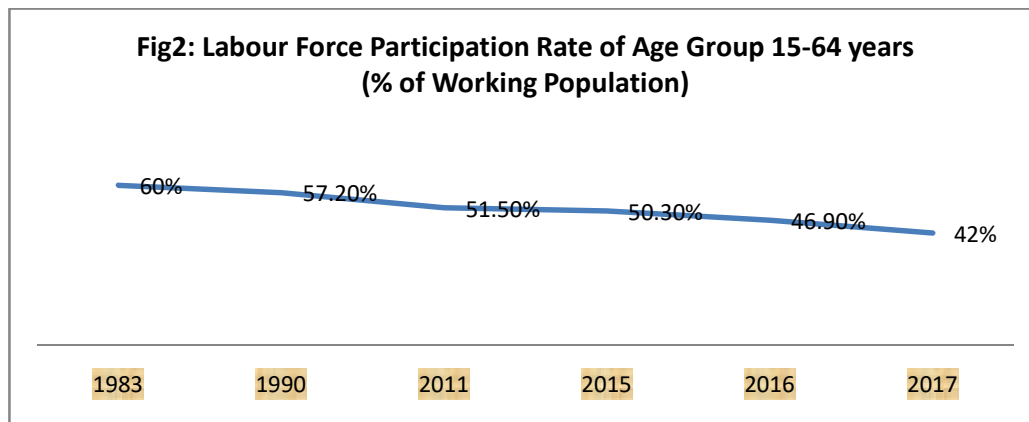
²⁰ <http://journals.sagepub.com/doi/full/10.1177/0256090918758849>

²¹ <https://thewire.in/business/mgnrega-little-attention-budget-speech-effective-spend-last-year>

²² <https://thewire.in/labour/mgnrega-wages-unprocessed-april-2018>

5. People have given up on finding Employment!

One of the most startling features of the labour force of our country is that only half of the working population²³ actually are even part of the job market. India's current working population (people of age group 15-64 years) is around 960 million, of which the total number of persons seeking jobs is only around 450 million. According to recent CMIE (Center for Monitoring of Indian Economy) reports, for the last two quarters it has declined even further and has been hovering around 405 million – just over two-fifth of the working population!²⁴ In comparison over 70 percent of Chinese population are in the job market. The gravity of the situation can be appreciated by the fact that in 1981, 60 percent of the potential working population were part of the job market. Over 80 percent of the unemployed graduates and post graduates cited lack of availability of jobs commensurate with their skills and inadequate remuneration as the main reasons for their being jobless.²⁵ Thus merely increasing the education and skill levels are unlikely to address the issues in the employment market.



Source: *NSSO Report Unemployment Survey 2015-16 and CMIE Reports on Unemployment*

This is particularly striking because India is apparently at the peak of its demographic dividend – that means it is primarily a youth driven economy.²⁶ About 1/4th of the population is below 14 years and a whopping 2/3rd is in the age group of 15-59 years and only around 8 percent of the population is in the age group 60 years and over²⁷. But who are these people who can afford to not seek jobs? They constitute primarily of women – the government statistics show that only around 20 percent of women participate in the labour force. And yet we know that women, young and old, do backbreaking labour from dawn to dusk and even later, but do not feature in the GDP because they are not paid for their toil. According to a recent McKinsey survey women in India do as much as 10 times of unpaid work as men of the

²³Standard definition of working population is people of the age group 15 years and above

²⁴<https://unemploymentinindia.cmie.com/kommon/bin/sr.php?kall=wtabnav&tab=4080&nvdt=20170711110731463&nvpc=091000000000&nvtype=COMMENTS>

²⁵Report on Fifth Annual Employment Unemployment Survey, 2015-16, Vol 1, p 44

²⁶Unlike many of the developed countries which are plagued by a predominantly aging population

²⁷<http://www.indiaspend.com/viznomics/indias-demographic-dividend-64-4-youth-27-3-children-in-2015-2015>

country and if they were paid for it would have contributed over 300 billion dollars to the economy.²⁸

6. Do away with Inconvenient Data

As is evident, the job scene in all sectors – agriculture, industry and services has been abysmal during the current regime and has been source of continued embarrassment for them. In 2015, the latest year for which official statistics from National Crime Records Bureau are available, 12,602 farmers, 4,595 agricultural workers and 23,779 other daily wage earners committed suicide in India. This means, on average, about 5 peasants and manual workers committed suicide in India every hour in 2015!²⁹ Most of the data quoted above are from official statistics.

The Indian statistical system is one of the most robust system in the world put in place by some of the most dedicated and capable statisticians of our country. Unfortunately its reports have often been awkward and problematic for the rulers and policy makers. This has been true for earlier regimes too, and they have often squirmed due to it, but this regime seems to have taken it to new heights. After receiving flak from all quarters, in May 2017, Modi government established a task force supposedly to introduce a system of reliable employment data. The main recommendation of this task force, (headed by Arvind Panagariya), was to discontinue both: (a) Surveys on Employment and Unemployment conducted by the National Sample Survey Office (NSSO) and (b) Annual Surveys of Industries (ASI) conducted by the Central Statistical Organisation (CSO)!!! The ASI surveys collected data on growth, output, value addition and employment in the manufacturing sector. Instead of addressing the source of embarrassment and the real issues reported in these large national surveys this government seems to have come up with an ingenious solution – to destroy the apparatus reporting it!! Thus we do not have any official data for (un) employment or manufacturing since 2016.

-Manali Chakrabarti

²⁸http://www.huffingtonpost.in/2015/11/04/indian-women-economy_n_8469456.html

²⁹<https://newsclick.in/concealing-no-jobs-no-growth-record-modi-government>