Growing Unemployment in India

In This Issue

COVER STORY:

- Growing Unemployment in India

HEADLINE OF THE WEEK:

- Modi Government’s New Restrictions on ‘Cattle’ Slaughter Will Hurt Indian Farmers the Most.

SECTION 1: ECONOMY

- **Economy:** Farm Output May Have Increased in Three Years, But Farmers’ Welfare Has Not; Jobs are Narendra Modi’s central mission, and he’s failing; Mideast: Growing Urbanisation Worsens Water Scarcity, Food Imports; Cabinet Approves Abolition of FIPB after 25 Years; How will GST impact state revenues?; The mega challenge of job creation.

SECTION 2: GOVERNANCE AND DEVELOPMENT

- **Health:** Riddles on Zika Delay; Zika, the mystery fever, now grips India.
- **Law and Justice:** Bail or jail.

SECTION 3: INDIA AND WORLD

- **Americas:** The Four American Narratives.

SECTION 4: OPINIONS/BOOKS

- **Opinions:** All animals are equal; The Crisis in the Judiciary; The Caste Question in the Naxalite Movement; For the sake of Indian democracy, Modi should keep Army out of politics; 7th Pay Commission Part II: Harsh times ahead for central government employees; New Cattle Sale Rules: Meat Trade to be Hit, Mayday for Farmers.
Growing Unemployment in India

Introduction

Unemployment is one of the major hurdles in India’s growth. One of the key election promises of the BJP Government in 2014 was job creation. Criticizing the UPA Government for failing to provide employment, the BJP Manifesto (2014) read: “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.” Though reducing unemployment was one of the major goals of the BJP Government, data shows that the Government has not been able to fulfill its promise of job creation. As per the Economic Survey (2015-16) the rate of unemployment has increased from 3.8% (2011-12) to 5% (2015-16). Additionally in 2015 only 1.35 lakh jobs were added in eight labor intensive sectors compared to 9.3 lakh jobs that were added in 2011-12. Table 1 below highlights the unemployment rate between 2013-14 to 2015-16 between males and females in India.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Year</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2013-14</td>
<td>4.9</td>
</tr>
<tr>
<td>Male</td>
<td>2013-14</td>
<td>4.1</td>
</tr>
<tr>
<td>Female</td>
<td>2013-14</td>
<td>7.7</td>
</tr>
<tr>
<td>Total</td>
<td>2015-16</td>
<td>5</td>
</tr>
<tr>
<td>Male</td>
<td>2015-16</td>
<td>4</td>
</tr>
<tr>
<td>Female</td>
<td>2015-16</td>
<td>8.7</td>
</tr>
</tbody>
</table>

(Source: Ministry of Labor and Employment)

As Table 1 indicates unemployment rates are rising. In this context this essay will focus on the reasons for growing unemployment rates in India and also highlight the implications of lack of jobs.

Trends in Unemployment Rates

From July 2014 to December 2016 in the eight major sectors such as manufacturing, trade, construction, education, health, information technology, transport, and accommodation and restaurant only 641,000 jobs were created. In comparison, these same sectors had added a total of 1.28 million jobs from July 2011 to December 2013 (Shah, 2017). The Table below demonstrates the changes in each of the eight sectors.
Table 1: Changes in employment from 2011-2013 to 2014-2016

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011-2013</th>
<th>2014-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>85,000 thousand</td>
<td>83,000 thousand</td>
</tr>
<tr>
<td>Construction</td>
<td>9,000 thousand</td>
<td>8,816 thousand</td>
</tr>
<tr>
<td>Trade</td>
<td>12,567 thousand</td>
<td>52,272 thousand</td>
</tr>
<tr>
<td>Education</td>
<td>2,03,525 lakhs</td>
<td>1,85,525 lakhs</td>
</tr>
<tr>
<td>Health</td>
<td>34,558 thousand</td>
<td>30,478 thousand</td>
</tr>
<tr>
<td>Information Technology</td>
<td>13,589 thousand</td>
<td>5,034 thousand</td>
</tr>
<tr>
<td>Transport</td>
<td>15,234 thousand</td>
<td>12,796 thousand</td>
</tr>
<tr>
<td>Accommodation and Restaurant</td>
<td>4,02,695 lakhs</td>
<td>3,11,112 lakhs</td>
</tr>
</tbody>
</table>

(Source: Labor Bureau 2016)

Specifically, the Prime Minister’s Employment Generation Programme (PMEGP), which generates employment in rural and urban areas by initiating new micro enterprises and small projects, has fallen by 24.4% from 428,000 in 2012-13 to 323,362 in 2015-16 (Ministry of Labor and Employment, 2017).

Additionally the Economic Survey (2016-17) also indicated a shift in the pattern of employment from permanent jobs to casual and contract employment. This temporary nature of work has adversely affected wages, employment stability and social security of the workers (Economic Survey 2015-16).

The chart below shows how the job creation has been declining since 2014.

(Source: IndiaSpend 2017)
This chart indicates that employment creation has generally been declining. However, under the NDA Government the reduction rate (39%) is quite high. In this context it is important to focus on the reasons for lack of unemployment in the country.

Schemes that failed

The NDA Government initiated many new schemes to boost employment in India. However, these schemes did not yield expected results. In this context, an analysis of the various schemes introduced by the NDA Government is important:

- **Make in India**: The main aim of the Make in India program was to generate employment in the manufacturing sector. The target was to increase the share of manufacturing to 25 percent of GDP by 2020 from 15 percent under the UPA-led government. However, the Parliamentary Standing Committee (2017) indicated that “the manufacturing sector has grown only by an average of 1.6 percent in the last 5 years till 2015-16.” Due to stringent land acquisition laws and inflexible labor laws, India could not attract investors in the manufacturing sector. In particular lack of support to local manufacturers also resulted in the failure of Make in India. Local Industries on apparel, footwear, textiles and leather did not receive any support from the Government in form of funding. This suggests that though the Government aimed to ease the process of business and create more jobs, it could not achieve either.

- **Digital India**: Through the introduction of Digital India, the Government aimed to stress on automation. As a result major IT companies such as WIPRO, Tech Mahindra an HCL Technologies hardly hired any new employees from 2015-16. Additionally, post demonetization and switching to online transactions, resulted in close down of many local kirana stores, which accepted only cash payments. In particular, India is not yet equipped to transition into Digital India. At present, India does not have enough spectrums and wired connections to support an initiative such as Digital India. Through Digital India, the Government had aimed to create home based jobs and encourage more entrepreneurs to start online businesses. However, due to poor digital infrastructure, the Government has failed to achieve its goals.

- **Startup India**: Under this program, the NDA Government encouraged banks to provide finance to young entrepreneurs who wish to start their own business ventures. However, lack of innovation and lack of skilled labor resulted in the shutdown of many new startups. In the last two years, a total of 25 Startups have shut down. Startups such as TinyOwl, Dazo, Peepertap had to close down to lack of funds and appropriate skill set. In particular, due to StartUp India many existing employees left their present jobs and turned entrepreneurs. However, since many of the StartUp failed they became unemployed (Singh, 2016). Hence, it could be suggested that not only did StartUp India fail to create more jobs; it also resulted in a lot of individuals losing their jobs as well.

- **Smart Cities**: The Modi Government had announced that 100 Smart Cities would be created and townships would be revamped by developing infrastructure and transportation facilities. Additionally, in each of these townships new job opportunities would be created to accelerate overall development. In particular, the main aim of Smart Cities was to invest in technology and train the youth of India to create more jobs. However, post the identification of the smart cities, no further steps have been taken by the NDA Government. Though there have been multiple conferences on Smart Cities, no proper policy regarding investment in technology and how to provide training has been designed.

To summarize, it could be suggested that the NDA Government introduced a lot of new schemes but none of them generated the desired results. In the backdrop of unemployment, it is important to highlight that labor force participation among woman has declined significantly.
Lead Essay

Labor Force Participation among woman in India

In the three year action agenda draft (2017-2020), released on 23rd April 2017, by Niti Aayog the emphasis was on to promote gender equality in workplaces. Government data from 2004-2012 showed that 1.96 crore women dropped out of workforce in India. One of the major reason women join the workforce is to add to the household income. However, it has also been observed that once household incomes become stable, they leave their jobs. Also post marriage women have to divide their time between public and private responsibilities (World Bank Report, 2017). Women are willing to accept work if it is near to their household premises and they do not have to travel too much. Hence, in order to encourage more women in the labor force, it is important to encourage equal division of labor both at the home and the workplace between men and women. For instance, the Government recently increased the leaves in the Maternity Benefit Scheme. To divide childcare responsibilities between men and women, the Government should introduce paternity schemes as well. This will be a step forward and will help women to divide their time between the home and the workplace. Additionally, women are enrolling more in education. However sufficient jobs were not created in sectors such as textiles, farming and clothes manufacturing which could absorb women (Verick, 2017). Thus, the Government should particularly focus on sectors which would suit the employability needs of women.

Implications of unemployment in India

With the growing rates of unemployment, the educated youth opt for higher education and the illiterate youth often resort to crime. In this context an analysis of these two implications is important:

Entering higher education in India: A recent study conducted by Aspiring Minds (2017) indicated that 97% of engineers want jobs in software or core engineering. However, due to shortage of jobs, many engineers as well as non-engineers prefer to join a PhD program. The regular stipend is an incentive for many to opt for higher education in India. Not only engineers but students from other streams such as Science and Arts also do not find jobs. As a result higher education is a major alternative for them. According to the Indian Labor Report (2015) 1.6 crore of individuals enroll into higher education due to lack of jobs. Hence, the Government should refrain from cutting research grants and reducing PhD seats. According to the recent UGC Regulations (2016) in any University, a Professor can guide 8 PhD students, Associate Professor can guide 6 PhD students and an Assistant Professor can guide 4 PhD students at a time. As a result, Jawaharlal Nehru University (JNU) one of the largest universities in the country, witnessed a massive seat cut from 1000 to 194 in the PhD program (Choudhury, 2017). The Government should focus on improving the quality of higher education in India because a lot of students enroll for a PhD program due to unemployment.

Youth of India resorting to crime: In April 2012, the Maoists in Sukma had kidnapped the district collector, A.P.Menon. At that point a young Maoist guarding the officer approached him with a small request. The young man had applied for the post of a hand-pump mechanic and requested the district collector to review his application favorably (Singh, 2017). In fact, Krishnan (2005) indicated that rural-urban migration often results in lack of jobs and the youth enter into criminal activities. While there is no official data which indicates that unemployment has resulted in crime, several studies have suggested that due to unemployment there has been an increase in robbery and thefts (Dreze and Khera 2000; Sharma 2011; Chaudhary et al 2013).

With the level of rising unemployment and given India’s high youth population, it is important for the Government to create gainful opportunities.
Conclusion

After completing three years of its term, unemployment has emerged as one of the major challenges for the NDA Government. Additionally, all its major schemes have not been able to create jobs. In this context, the Government should focus on the key factors of unemployment and also develop alternatives that will generate employment for the unemployed youth in India. Some suggestions which could result in increase of employment are:

- Focus on labor intensive technology instead of capital intensive technology
- Cottage and agro based industries should be encouraged
- Entrepreneurs should be helped with raw materials and technical training
- Create State wise employment to reduce rural-urban migration
- Encourage more women to join the workforce

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References

Modi Government’s New Restrictions on ‘Cattle’ Slaughter Will Hurt Indian Farmers the Most

Gazette No. 396, issued by the Government of India on May 23 and titled the ‘Prevention of Cruelty to Animals (Regulation of Livestock Markets) Rules, 2017’, promises to be the final death knell of cattle and buffaloes in India, and along with them, the destruction of what little remains of a dignified life and livelihood for farmers. This completely innocuous sounding amendment, issued under the Prevention of Cruelty to Animals Act – a Central law – imposes in section 22 a set of ‘Restrictions on sale of cattle’. These require the owner of cattle being brought to the market for sale, in other words the farmer, to produce and submit to the Animal Market Committee a written declaration stating that “the cattle has not been brought to the market for sale for slaughter”. In turn, the buyer of the animal has to undertake “that the animal is being bought for agriculture purposes and not slaughter”

Read More: https://thewire.in/140625/cattle-slaughter-restrictions-farmers/
Date Accessed: 29.05.2017
Economy

Farm Output May Have Increased in Three Years, But Farmers’ Welfare Has Not
(Divendar Sharma, The Wire, May 26, 2017)
“The India Meteorology Department (IMD) has forecast a normal monsoon for this year. If the monsoon is good, I am confident that foodgrain output will be a record again and boost the growth rate to more than the 4.4% achieved in 2016-17,” said agriculture minister Radha Mohan Singh shared while sharing with the media his view on the government’s achievements in the farm sector in the last three years.
A bountiful monsoon always brings cheer to the economy and I am sure every Indian would pray for normal rains in the years ahead. This is perhaps the reason a former agriculture minister, the late Chaturanan Mishra, often used to say, “The real agriculture minister is Mr Monsoon. If the monsoon is good, agricultural production will be good and vice versa.” No wonder food production has been at an all-time high of 273.38 million tonnes this year.
Read More: https://thewire.in/140464/modi-three-years-farmers-agriculture/
Date Accessed: 29.05.2017

Jobs are Narendra Modi’s central mission, and he’s failing
(Mihir Sharma, Live Mint, May 26, 2017)
Three years ago, Narendra Modi was sworn in as prime minister of the Republic of India amid much hope and tremendous expectation. A good portion of the population remains optimistic that he’ll fulfill his promises to unshackle the Indian economy. But Modi’s tenure cannot yet be judged a success for one central reason: He’s signally failed to create jobs for the desperate young people who gave him his massive mandate.
Date Accessed: 29.05.2017

Mideast: Growing Urbanisation Worsens Water Scarcity, Food Imports
(Baher Kamal, The Wire, May 26, 2017)
Conflict and insecurity remain the key barriers to development progress in the Middle East and North Africa. In Iraq, Libya, Syria, and Yemen, about half the population – around 40 million people – require humanitarian assistance. Across the region, countries depend heavily on food imports. As their populations urbanise and grow, the need for imports will increase.
These are some of the Middle East and North of Africa-related key findings of the 2017 Global Food Policy Report, which was issued by the International Food Policy Research Institute (IFPRI) on May 24 at an international experts meeting in Cairo. Dealing with the major challenges facing the Middle East and North of Africa (MENA) social and economic development, the Cairo international experts seminar focused on food import dependency in a region rife with population growth, urbanisation and conflict.
Read More: https://thewire.in/140059/mideast-growing-urbanisation-worsens-water-scarcity-food-imports/
Date Accessed: 29.05.2017

Cabinet Approves Abolition of FIPB after 25 Years
(The Bloomberg Quint, May 24, 2017)
The Union Cabinet on Wednesday approved abolition of the foreign investment regulator or the Foreign Investment Promotion Board. Going forward, only 11 sectors will need prior approval for foreign investment and decisions to that effect will be taken by the respective ministries in consultation with Department of Industrial Policy and Promotion, Finance Minister Arun Jaitley told reporters at a press briefing. In some cases references may be made to the home ministry for permission, he added.
Date Accessed: 29.05.2017

GST: Lower Inflation in Theory, Not in Practice, Says Nomura
(The Bloomberg Quint, May 29, 2017)
The Goods and Services Tax (GST) rates are expected to lower inflation by 2 percentage points, according to government estimates. While this may be true in theory, things may differ in practice, a recent Nomura report said. The report measured the mathematical impact of the GST rates on 196 items, which form about 87 percent of the consumer price index by weight.
How will GST impact state revenues?

(PR Legislative Research, Live Mint, May 29, 2017)

GST subsumes various taxes levied by states, including sales tax, entertainment tax and entry tax, except the revenue from excise on alcohol and sale of alcohol and petroleum products. We do not have disaggregated data on sales tax on alcohol. Tax revenue to be subsumed (plus revenue on sale of alcohol) was 46% of states’ own tax revenue in 2015-16. Excluding sales tax on alcohol, which will continue to be taxed separately by states, revenue subsumed would be lower than 46% of own tax revenue.


Date Accessed: 29.05.2017

The mega challenge of job creation

(Montek Singh Ahluwalia, Live Mint, May 26, 2017)

The challenge of creating jobs has moved to the centre of the political stage all over the world, and India is no exception. However, the scale of the problem in India is not easy to measure. The latest National Sample Survey (NSS) data for 2011-12 show unemployment was only 2.2% of the labour force, which is very low. On this metric, unemployment in India is much less of a problem than in other countries. On the other hand, we often hear reports of hundreds of thousands of applications every time a few hundred low-level government jobs are to be filled.


Date Accessed: 29.05.2017
**HEALTH**

**Riddles on Zika Delay**  
*The Telegraph, May 29, 2017*  
India's first set of documented Zika virus infections has thrown up what medical experts say are two puzzles: why were only three cases found among 34,000-plus blood samples tested, and why did the health ministry delay reporting the cases to the World Health Organisation by four months or longer? A WHO statement on Friday said India's health ministry had on May 15 this year reported three cases of Zika infections - a 34-year-old woman who had just delivered a baby, a woman in her 37th week of pregnancy, and a 64-year-old man - all residents of Ahmedabad's Bapunagar area.  
Read more: [https://www.telegraphindia.com/1170529/jsp/frontpage/story_154047.jsp](https://www.telegraphindia.com/1170529/jsp/frontpage/story_154047.jsp)  
Date Accessed: 29.05.2017

**Zika, the mystery fever, now grips India**  
*Vibha Varshney, Down To Earth, May 28, 2017*  
The deadly Zika virus has made its presence felt in India. The World Health Organization issued an advisory on May 26 confirming that three cases have been reported from the country. The Ministry of Health and Family Welfare reported three laboratory-confirmed cases of Zika virus disease in Bapunagar area, Ahmedabad District, Gujarat, on May 15. These patients had reported the symptoms last year. The blood sample from a 64-year-old male was collected between February 10-16, 2016 and he is being considered the first Zika positive case in the country. The sample from the second case, a 34-year-old female, was collected during the delivery of her child on November 9, 2016. Fortunately, the baby did not show symptoms of microcephaly.  
Date Accessed: 29.05.2017

**LAW AND JUSTICE**

**Bail or jail**  
*The Hindu, May 26, 2017*  
The Law Commission, in its 268th Report, highlights this problem once again by remarking that it has become the norm for the rich and powerful to get bail with ease, while others languish in prison. While making recommendations to make it easier for all those awaiting trial to obtain bail, the Commission, headed by former Supreme Court judge B.S. Chauhan, grimly observes that “the existing system of bail in India is inadequate and inefficient to accomplish its purpose.” One of the first duties of those administering criminal justice must be that bail practices are “fair and evidence-based”. “Decisions about custody or release should not be influenced to the detriment of the person accused of an offence by factors such as gender, race, ethnicity, financial conditions or social status,” the report says.  
Read More: [http://www.thehindu.com/todays-paper/tp-opinion/bail-or-jail/article18579619.ece](http://www.thehindu.com/todays-paper/tp-opinion/bail-or-jail/article18579619.ece)  
Date Accessed: 29.05.2017
AMERICAS

The Four American Narratives
American confidence is in tatters and we live in a secular culture. As a result, we’re suffering through a national identity crisis. Different groups see themselves living out different national stories and often feel they are living in different nations. In a superbly clarifying speech to the think tank New America, the writer George Packer recently argued that there are four rival narratives in America today.

Read more: https://www.nytimes.com/2017/05/26/opinion/the-four-american-narratives.html?em_pos=small&emc=edit_ty_20170526&nl=opinion-today&nl_art=1&nlid=71538857&ref=headline&te=1&_r=0

Date Accessed: 29.05.2017
OPINIONS

All animals are equal
(The Hindu, May 29, 2017)
The Centre’s move to notify new rules to regulate livestock markets under the Prevention of Cruelty to Animals Act, 1960 (PCA) is either extremely poorly thought out or much too clever for its own good. In a way, both. On the surface, the notification, which spans eight pages, reads like a general document on the regulation of the sale of all kinds of livestock bought and sold in animal markets, with some welcome prohibitions on the cruelty inflicted in the transport and treatment of animals. But parse the rules, and it is evident that cattle — a category that includes cows, buffaloes, bulls and camels — come under a slew of special restrictions which, when effected, could have an extremely serious impact on the meat and livestock industry, not to mention the livelihoods and dietary choices of millions of people.
Read More: http://www.thehindu.com/todays-paper/tp-opinion/all-animals-are-equal/article18596506.ece
Date Accessed: 29.05.2017

The Crisis in the Judiciary
(Alok Prasanna Kumar, Economic and Political Weekly, 20 May 2017)
In sentencing Justice C S Karnan to six months’ imprisonment for contempt of court on 9 May, the Supreme Court has caused itself immense damage. This article highlights how judges use the court and the law to impose their authority and how there is a gap in understanding the true nature of the problem by the judiciary. Multiple instances of misbehavior by judges have been examined to establish the problems with judicial appointments and accountability and comment on the credibility of the judiciary. The article suggests that this is the most testing time for the Indian judiciary and urges for a system that will hold judges accountable.
Date of Access: 29.5.2017

The Caste Question in the Naxalite Movement
(K Srinivasulu, Economic and Political Weekly, 27 May 2017)
This article examines the caste-class question in the Naxalite Movement in Andhra Pradesh. It explains why caste has been deemed to be the most formidable challenge for agrarian movements led by parties committed to Marxist–Leninist–Maoist thought. In particular, this article highlights how Left parties for their own political gains mobilize the Dalits and the lower castes and maintain caste hierarchies in the process. The article indicates how there is a huge gap between theory and practice in the Left parties of Andhra Pradesh. It advocates the need to unite the masses as opposed to dividing the masses, which is usually seen in the case of identity politics.
Date of Access: 29.5.2017

For the sake of Indian democracy, Modi should keep Army out of politics
(Ashok Swain, DailyO, 29 May 2017)
The article discusses how the apolitical, non-partisan military has been the hallmark of Indian democracy and a trait of Indian military professionalism but, in recent years under the Narendra Modi Government, military matters have been politicalised. The article discusses the appointment of the retired Army Chief in the Council of Ministers and the One Rank, One Pension policy to support this argument.
Date of Access: 29.5.2017

7th Pay Commission Part II: Harsh times ahead for central government employees
(S Murlidharan, DailyO, 27 May 2017)
The article discusses the implications of the pay hike for Central Government employees. It suggests that compared to the 51% pay hike as per the 6th Pay Commission, the 14% pay hike in the 7th Pay Commission may affect the Central Government employees adversely. The article further discusses if the apathy of the government towards the Central Government employees is because they do not form a big part of the vote bank.
Opinions/ Books

Date of Access: 29.5.2017

**New Cattle Sale Rules: Meat Trade to be Hit, Mayday for Farmers**
*(Vivian Fernandes, The Quint, 28 May 2017)*
The article examines the implications of the notified rules by the Environment Ministry regarding regulation of livestock markets. The article suggests that the rules will increase the financial burden on farmers, require extensive documentation by the sellers and buyers of cattle which will have a negative impact on the trade and that the new rules are in contravention of pre-existing state rules which has led to confusion amongst the meat traders. The article also speculates the implications of the rules on the Muslim community and the possibility of communal tension due to this notification in the month of Ramazan.
Date of Access: 29.5.2017