

# India: Modi government suppresses disastrous unemployment report

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India's unemployment rate was the highest it has been in 45 years in 2017-18 according to a government survey recently leaked to the *Business Standard*, an influential Indian daily.

Conducted by the government's National Sample Survey Organization or NSSO, the Periodic Labour Force Survey (PLFS) found that India's unemployment rate averaged 6.1 percent in the last fiscal year.

This figure grossly underestimates the unemployment crisis wracking India—as a closer reading of the PLFS itself reveals—and gives only a faint inkling of the social misery confronting working people in a country with no social safety to speak of.

Nevertheless, Prime Minister Narendra Modi and his Bharatiya Janata Party (BJP) Modi are suppressing the survey, refusing to release it to the public although it was completed in early December, three months ago.

This is because the survey's findings put the lie to the government's claims of having delivered “development” and shed light on the human costs of its ruthless pro-big business policies.

With national elections to be held in multiple regional phases this April and May, the government is acutely sensitive to anything that undercuts its claims to have presided over a “world beating” annual growth rate of 7 percent.

The data in the leaked survey shows India has faced a growing employment crisis since the 2008-9 global financial meltdown and economic slump; that this crisis worsened in the years immediately preceding the 2014 election, when the BJP swept to power on a promise of jobs and development, and grew still more dire during the first four years of BJP rule.

## Less than half of those of working-age are “employed”

One of the most striking findings of the PLFS is the steep decline in the Labour Force Participation Rate (LFPR), that is in the percentage of Indians aged 15 to 24 who are economically active, whether as wage-laborers, farmers, hawkers, shop-owners, artisans or other self-employed.

According to the most recent PLFS, the Labour Force Participation Rate fell from 63.7 percent in 2004-5 to 55.9 percent in 2011-12, and in the following six years fell a further 6.1 percentage points to just 49.8 percent in 2017-18.

This means that out of a total working-age population of 860 million, only 428 million were economically active in 2017-18.

While the PLFS shows the jobless rate to have increased to its highest in 45 years, the LFPR figures indicate that there are tens of millions of “hidden unemployed,” that is of people who have given up looking for work and are now entirely dependent on their relatives and or scrounging and begging for their survival.

This has explosive implications and has already led to the eruption of large-scale protests by jobless youth and impoverished peasants and landless rural labourers.

## Soaring youth unemployment

The BJP government-suppressed PLFS shows that youth unemployment has risen steeply since 2011-12 and is “much higher” than “in the overall population.” For instance, the unemployment rate among rural males aged 15-29 years jumped more than three-fold, from 5 percent in 2011-12 to 17.4 per cent in 2017-18, and for young women it almost doubled from 7.8 percent to 13.6 percent.

In the same period, urban youth joblessness more than doubled, with female urban youth unemployment reaching 27.2 percent.

Overall the urban unemployment rate was 7.8 percent in 2017-18, far higher than the 5.3 percent rate that reportedly prevails in rural India.

However, these figures are deceptive. Many of those considered as “rural employed” are trying to eke out a living by tilling tiny plots of land and by hiring themselves out as day-labourers to better-off farmers. So miserable are the conditions in rural India that millions leave for the cities each year.

Another striking aspect of unemployment in India is the increasing number of female workers who are dropping out—or

more correctly being expelled—from the workforce. In 2005-06, 49 percent of females between the ages of 15 and 49 reported that they had engaged in work in the previous 12 months. Ten years later only 31 percent did.

### **Over 90 percent employed in the informal sector**

According to the last NSSO survey on employment, which dates from 2011-12, 92 percent of Indians who were employed were either self-employed—a category that includes tens of millions of hawkers and small traders—or employed in small-scale retail outlets and production facilities.

What this means is that less than 35 million persons are employed in the so-called formal economy, comprised of larger private and state-owned companies. Only the formal sector is subject to minimal government labour standards, and only workers employed in the formal sector receive a modicum of benefits and have any assurance of regular pay. The rest work in the informal economy, receiving poverty wages and working up to 7 days a week, in haphazard and often hazardous conditions.

In rural India, where some 900 million people reside, the vast majority live in abject poverty. The suicide of impoverished small peasants by the thousands each year has been an entrenched and “normal” phenomenon for the past two decades.

The government’s National Rural Employment Guarantee Scheme (NREGS), which promises 100 days of unskilled manual labor annually to one member of every rural household, has been starved of funds by Modi and his BJP since they came to power in 2014. This is because the BJP and its big business backers view this threadbare attempt at poverty alleviation—daily wages are between 160 and 260 rupees (\$2.20-\$3.60 US)—as a waste of funds, and decry it for “distorting” the rural labor market, that is artificially inflating rural wages!

For the past several years, the NREGS has been running out of funds in the middle of the financial year. This has resulted in delays in the payment of wages for weeks and even months. Last year as many as two-thirds of NREGS workers were not paid on time. As a result, increasing numbers are dropping out of this program.

According to the Center for Monitoring Indian Economy (CMIE), a private business information company, that in some ways collects better statistics than the government, the jobless crisis is far worse than depicted in the most recent PLFS. The CMIE estimates India’s current unemployment rate to be 8.6 percent and says the Indian economy lost 11 million jobs last year.

In December, the All India Manufacturers’ Organisation

(AIMO) reported that India’s manufacturing sector had lost 3.5 million jobs since 2016. It placed the blame for these losses on the twin shocks of the late 2016 demonetisation of 86 percent of India’s currency and the introduction in 2017 of the regressive national Goods and Services Tax (GST).

The Modi government’s response to such reports has either been silence or vituperation. It responded to the *Business Standard* article outlining the findings of the most recent PLFS by denouncing it as a politically-motivated smear campaign.

Dharmendra Pradhan, Union Minister for Skill Development and Entrepreneurship, rubbished the findings of the government’s own NSSO with these words: “There is no authenticity to this information. If some people have cooked up some report and they put their imagination, I do not have any answer.”

NITI Aayog, another government agency deployed to counter the bleak picture painted by the PLFS, pointed to the 3 million new cab drivers for Uber and Ola since 2014 as proof of stellar job creation.

No matter how Modi and the Hindu-supremacist BJP try to sugarcoat the stark reality of mass unemployment, it is clear that India’s economic growth both under their tenure and that of the Congress Party-led government that held office from 2004-2014 has occurred at the expense of jobs both in numbers and in quality.

Meanwhile, the wealth of India’s capitalist elite, including its freshly-minted crop of 140 billionaires, has swelled. In 2015, India’s top 1 percent owned 53 percent of the country’s total wealth. By 2017 this had shot up to 73 percent, meaning the other 99 percent unequally shared the remaining 27 percent.

Whatever party or combination of parties forms India’s government after the coming election, the immiseration of the vast majority of Indian’s workers and toilers will continue for all of them, from the BJP and Congress Party to the Stalinist CPM, are committed to perpetuating “pro-investor” policies.



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