Much of the election discourse in India so far in the run up to the 2019 Lok Sabha polls seems peculiar. After a five-year term, the incumbent Narendra Modi-led Bharatiya Janata Party (BJP) government still appears to be making last-ditch promises, whether economic, social, or political, to mobilize voters rather than relying upon its performance during its time in office to inspire voter confidence. While the opposition, particularly the Indian National Congress, seems to be focused merely on pointing out the government’s flaws and critiquing the lapses in Modi’s leadership without providing a comprehensive picture of the alternative.

Amidst the barrage of aggressive political campaigning, very little attention is being given either by the ruling government or the opposition to some core economic and social issues that afflict India, which need to be addressed to secure the country’s future. In the context of the Indian economy, a healthy political debate around three critical issues seems to be largely missing at this juncture from both ends of the political spectrum: India’s fragile growth, an impending unemployment crisis, and lack of education reforms.
In the context of the Indian economy, a healthy political debate around three critical issues seems to be largely missing at this juncture from both ends of the political spectrum: India’s fragile growth, an impending unemployment crisis, and lack of education reforms.

Neglecting to sufficiently discuss and address some of these issues so far reflects the failure of the opposition parties (both mainstream and regional) to take on the ruling Modi government. Not paying heed to these concerns is increasingly endangering India, driving it towards a future in which citizens will have limited navigability to make independent livelihood choices.

The Growth Lag

The first issue stems from a need for more debate around India’s fragile growth story. When Modi rose to power in 2014, he sought to take the Gujarat model of high growth to the national level. However, in the five years since then, the sluggish performance of the manufacturing and industrial sectors and weak private investment demand, among other factors, have meant that the Gujarat model is yet to be realized.

On an aggregate level, average real GDP growth over the past decade seems to be around the 6.8 to 7 percent mark, according to the World Bank. (See Figure 1) At a time when India’s own GDP statistics, with too frequent revisions, are being questioned, it’s better to rely on the more authoritative World Bank numbers.

Source: World Bank • Created with Datawrapper
Between 2014-19, when global crude oil prices remained reasonably low (putting less inflationary pressures on developing nations), and average monsoons across India allowed for a good farm-productive environment, there ought to have been a potential for the country to grow at a much faster rate (at least 8.5 to 9 percent). However, with shock-effects of ad-hoc, centralized economic policies, as seen with demonetization and the Goods and Services Tax’s first year of implementation, India’s growth performance has slowed—it dropped to 6.6 percent in the quarter ending March. From the standpoint of boosting agricultural productivity, private manufacturing capacities, and infrastructural growth, the performance of the Modi government remained insufficient to say the least.

A subpar economic performance under the BJP government should have given any political opposition a good platform to start discussing some of the structural concerns around the fragility of India’s growth story, particularly in areas of small and medium scale manufacturing and agri-business segments, and present a plan to build growth capacities in these areas. However, there has been little mainstream debate on this so far.

**Heading into a Macro-Unemployment Crisis?**

**Unless there is a coordinated national effort undertaken in presenting an alternative plan to boost job growth in areas of labor-intensive manufacturing, agri-business segments, which employ most people in India’s unorganized segment, and incentives to boost small to medium scale private enterprises, India may witness its worst unemployment crisis since independence in years ahead.**

The second concern is regarding the decline in growth of employment opportunities across sectors in India. Again, numbers on recent trends in job growth (since the last released 2011-12 National Sample Survey Office (NSSO) data, sourced from the Periodic Labor Force Survey (PLFS)) have reportedly been subjected to politicization and government interference. Still, if we rely on media reports that pulled unpublished NSSO/PLFS data,
the unemployment rate among the youth, which form the bulk of India’s voting population and workforce, has been steadily rising in the last decade, peaking in 2017-18.

According to the latest NSSO/PLFS data, the release of which is still held up by the government, nearly one in five youth in both rural and urban areas remain unemployed. Until just a few years ago, most employment discourse in India highlighted issues of under-employment and jobless growth, but with the rapid rise in youth unemployment levels, it seems that India is facing a structural crisis.

Figure 2 shows the spike in overall unemployment rate (for those aged 15 and above) from 2.2 percent in 2011-12 to 6.1 percent in 2017-18. This is further attested by anecdotal examples like: 19 million applicants applied for 63,000 jobs in the Indian railways; and 7,000 people applied for 13 government waiter jobs in Maharashtra.

Unless there is a coordinated national effort undertaken in presenting an alternative plan to boost job growth in areas of labor-intensive manufacturing, agri-business segments, which employ most people in India’s unorganized segment, and incentives to boost small to medium scale private enterprises, India may witness its worst unemployment crisis since independence in years ahead. Unfortunately, the gravity of the unemployment problem has failed to witness any bi-partisan action plan or debate so far between contesting political groups.
Delayed Reforms in Education

Lastly, the third concern is on reforms in India’s education landscape. Fragility in growth patterns and a lack of employment opportunities across sectors in India is largely reflective of the lack of reforms undertaken in education.

With limited reforms in school/university curricula and widening of the academic-industry gap (i.e. aligning the academic skill qualifications with industrial skill expectations), India’s human capital remains highly underdeveloped. Higher educational institutions lack the ability to shape or gauge the youth’s employment expectations and link it with industrial demands of skills, thereby making it difficult for graduates to find well-paying job opportunities.

The BJP government’s National Educational Policy – which was to be presented in 2016 – is yet to be announced. Despite this, there is little knowledge on how each political group may want to address concerns in the education system, across all levels (from schooling to university).

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Public expenditure in education has remained dismally low. Increased privatization of education services has had serious ramifications for affordability of quality education, particularly for groups representative of under-advantaged sections in rural and urban areas, offering little opportunities for their own social/income mobility over time. India, therefore, remains in a precarious position.

In the absence of quality education, decent employment opportunities for the youth, and a higher growth trajectory, amidst other socioeconomic concerns, the nation is gradually
moving into a state of economic servitude. Unless political parties across the national spectrum (including regional parties) can make a conscious effort to engage on these core issues and develop a coherent and actionable policy plan, the democratic freedom of Indian voters to enjoy a wider choice-architecture in the future shall remain a chimera.

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