

# **Unemployment, Poverty and the Modi Years\***

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Numerous agencies from the Labour Bureau of Shimla to the Centre for Monitoring the Indian Economy to Oxfam have been drawing attention to the grim unemployment situation in India at present. The government however not only continues to be in a denial mode, but has actually suppressed all official statistics that go against its claims. But like the proverbial thief hiding behind curtains whose shoes nonetheless are visible from outside, the government's hiding behind suppressed statistics is of no avail; its own figures given in other places, like the thief's shoes, reveal the truth. And these other places are not any obscure sources; they are among the most prominent tables in its annual Economic Survey.

We should be clear however that unemployment, always a tricky concept, is particularly so in a country like India. Here one does not have a simple dichotomy between those who are "employed" and those who are "unemployed", but a whole *mélange* of underemployment, part-time employment, intermittent employment, casual employment, and such like. Very few people in other words are employed for the entire time they would like to be. A rise in employment therefore must be seen here as an increase in the degree of employment. And an obvious index of whether this is happening is whether there is a rise in their real incomes.

Economists sometimes use the term "income employment" to denote this. One can visualize the unemployment rate as the proportion of the work-force that earns a level of real income below a certain threshold, and a fall in unemployment as consisting in a fall in this proportion, which normally, i.e. other things remaining the same, must mean a rise in the per capita real income of the working population, as distinct from the surplus-earning population. Likewise a rise in unemployment would manifest itself as a fall in per capita real income of the working population. We can therefore postulate a correspondence between the "degree of employment" of the working population and its per capita real earnings. (We are obviously not considering here the "income transfers" that are being talked about so much these days; these in any case did not exist in the period under discussion). The question then arises: what exactly has been happening to the per capita real income of the working population during the period that Modi has been in power?

There is a very simple way of assessing what has been happening to per capita real income of the working population. When people become better off they consume, in varying degrees, larger amounts of a whole range of goods. These goods whose demand goes up when people become better off are said to have a positive income elasticity of demand; and cereals are one such good, not in the sense that people necessarily consume more cereals directly when they become better off (the poorest of course do), but they consume more cereals directly and indirectly, the latter in the form of processed foods and animal products (for producing which cereals, especially coarse grains, enter as feed grains).

The annual Economic Survey of the government gives data on the overall availability of cereals every year. We do not have overall consumption figures, and cannot infer them from the availability figures because additions to producers', private traders', and consumers' stocks are not known; but we can reasonably assume that availability

and consumption figures generally move together. The Economic Survey's population estimates are wayward, as they simply add a constant number to the previous year's population for inter-census years; but since population is growing it should be not a constant number but a constant proportion that is added to the previous year's figure. We make such an adjustment (assuming a simple not a compound annual growth rate) and calculate per capita availability of cereals for the entire population on the basis of the Economic Survey figures.

What we find is the following. In every year of the Modi government, per capita cereal availability was distinctly lower than in 1991, when neo-liberal economic policies were first introduced in the country. This of course is true for the pre-Modi period too, so that the higher income unemployment rate compared to the eve of liberalization is a phenomenon that characterizes not just the Modi years alone, but the entire period of pursuit of neo-liberal policies. But Modi, it must be remembered, had come to power promising to lower the unemployment rate. Unemployment in the Modi years continues to be way above what it was on the eve of economic liberalization.

But that is not all. The unemployment rate in the Modi years has been higher than before Modi came to power. We can take 2014 as our base year; and we find that in every subsequent year for which we have complete data, per capita cereal availability for the entire population, not just the working population, was below what it had been for 2014, which means that income employment was distinctly worse in every subsequent year compared even to 2014.

For the year 2017, for which we have provisional data, we find that per capita cereal availability for the entire population was about the same as for 2014. But quite apart from the fact that these are only provisional data, it must be remembered that our concern is not per capita cereal availability for the entire population, for which the Economic Survey provides figures, but the per capita cereal availability for the working population, which alone is relevant for assessing income unemployment. Given the fact that income inequality has been increasing rapidly in the country, and that the better off segments of the population not only consume more cereals directly and indirectly per capita at a given point of time, but also rising amounts of total cereals as their incomes increase, one can infer that per capita cereal availability for the working population even in 2017 would have been lower than in 2014, even if we accept provisional data. In other words, in every year of the Modi government, per capita cereal availability for the working population was lower, than in 2014, the year when Modi came to power. In short, far from reducing income unemployment to pre-liberalization levels, Modi has actually presided over a worsening of income unemployment even compared to 2014 when he came to power.

The decline in per capita cereal availability during the Modi years compared to 2014, has a further implication. Poverty in India is defined with respect to a calorie norm: 2200 calories per person per day in rural areas and 2100 calories per person per day in urban areas. The bulk of the calories that the common people obtain is from cereals (which also are their main source of proteins since they usually cannot afford animal products or even adequate pulses). A decline in per capita cereal availability compared to 2014, again keeping in mind the fact that the rich not only do not experience any such decline but on the contrary actually experience an increase,

suggests therefore that the magnitude of poverty must have been higher in the Modi years than when he came to power.

The seriousness of this decline in net per capita cereal availability in India is underscored by the fact that this availability in India was already only about half that in China even earlier. It is again significant that the calorie and protein intake data which the NSS used to bring out regularly are no longer available for recent years. Such withholding of data is itself an act of extraordinary authoritarianism. It does not just attempt to mislead people; it amounts to an implicit denial of the fact that in a democracy it is the people who are supreme and have a right to information, which a government whose Constitutional rationale is to serve them, is obliged not to withhold from them. It is also an act of extraordinary stupidity, for it believes that the people who are actually experiencing poverty and unemployment can be made to think that they are not, just because the statistics relating to their condition are withheld from them.

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