

A policy shift on jobs

Prime Minister Narendra Modi's fourth Independence Day speech will be remembered not just for it being his shortest address so far from the ramparts of Red Fort, but for at least four other more specific reasons. He spoke for only 57 minutes, paying heed to the feedback he received from many people that his Independence Day speeches could become a little shorter. This was welcome.

Mr Modi's first speech in 2014 took about 65 minutes, but was replete with many new schemes and slogans. That was only to be expected from a newly elected government. New programmes on Make In India to promote manufacturing, Jan-Dhan Yojana to achieve financial inclusion of all, Clean India to raise awareness about cleanliness and Skill India to give a push to upgrading skills of workers were launched along with the announcement of the decision to abolish the Planning Commission and set up a new body that later came to be known as the NITI Aayog. Mr Modi also described himself as the Pradhan Sewak (chief servant) instead of the PM, and dedicated himself to focus on national policy, development and governance, instead of on politics.

His subsequent two speeches took longer to deliver at 86 minutes and 94 minutes, respectively. But more significantly Mr Modi's speeches in 2015 and 2016 had few new projects or schemes and shifted the focus to the implementation of existing programmes and dwelt more on what needed to be done for rural India and farmers. That too was understandable. In the wake of the criticism that Mr Modi represented a suit-boot *ki sarkar* (a government for the rich and big business), those two speeches shifted gears and talked more about what the government planned to do for rural India. Absent was the focus on the need to amend the land acquisition law or persuade states to launch land leasing schemes instead or introduce flexibility in labour laws to make exits for industry easier.

What Mr Modi delivered on Tuesday was a report card of his government's various achievements, but was more significant because of its political focus. With less than two years to go for the next general elections, the PM outlined a new political agenda — to make a new India by 2022. That India of his dream would provide housing, electricity and water for all, double the income for farmers, create opportunities for the youth and women, fight terrorism and weed out communalism, caste-related crimes, corruption and nepotism, Mr Modi said.

These are all laudable goals and will certainly help him and his party strengthen their bid to retain power after the 2019 general elections. But what appeared odd that there was no mention of the need to either improve the quality and capacity of health care services or educational institutions as part of his New India plan. He did mention the Gorakhpur hospital tragedy that resulted in the death of many children and the need for creating more job givers instead of job seekers. But neither of the challenges can be met without direct-

ing policy attention to the health care sector and the state of the educational institutions. Yet, Mr Modi's action plan for realising the New India plan was silent on the steps needed for these two sectors.

The second significant element in Mr Modi's Independence Day address pertains to his government's commitment to the idea of further reforms in the goods and services tax (GST). His indication that more reforms of the GST will be undertaken is also an admission that what was rolled out on July 1 will need to be further fine-tuned. The multiplicity of tax rates will have to be reduced and many items at present kept out of the GST will have to be brought under its purview. Mr Modi assuring the nation that the GST will be reformed further in the coming days is good news.

The third element in the PM's speech is the emphasis on speedier implementation of projects in

the infrastructure sector, the impact of demonetisation and the government's drive against black money. While the direct gains from demonetisation are still unclear, there is no doubt that the country has seen a spurt in the number of tax returns filed in the last few months. There is also a co-ordinated assault on shell companies. Mr Modi seems to be keen on sending out a message on how he is focused on delivering on his promise to attack black money. The reference to the enforcement of the *benami* properties law, recovery of black money after demonetisation and the crackdown on shell companies are aimed at conveying that message to the people of this country.

Finally, Mr Modi seems to have shifted his government's strategy on jobs. Remember that he had promised development through infrastructure upgrade, creation of jobs for the youth and elimination of black money and corruption. Of these, he has made some headway on corruption and black money although all the root causes of both the evils are yet to be tackled. Investment in building infrastructure has also seen a pick up in the last couple of years.

Where the government's efforts have made little progress is with regard to job creation. Instead of creating more jobs to meet the increasing requirements in this area, the government's challenge has become more complicated by the advent of artificial intelligence and the spread of the digital. The latest survey conducted by CMIE shows that the unemployment rate has been steadily rising since the last week of July. Taken together with the impact of a slowing economy, the promise of jobs creation for millions of young Indians has become elusive and difficult to fulfil.

In this context, Mr Modi's message to convert job seekers into job givers suggests a policy shift. The realisation that creating more jobs for the young Indians entering the job market will be a tough challenge seems to have dawned on the PM. Pragmatism has thus made him shift the focus to create opportunities for the self-employed, so that they become job givers instead of job seekers. This has to be followed up with concrete steps to provide necessary support and incentives to those who want to be self-employed, but the shift in approach is unmistakable.



NEW DELHI DIARY

A K BHATTACHARYA