



INFELICITOUS POLICIES LEADING TO THE DETERIORATION OF THE ECONOMY

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Economic slowdown maybe just a part of growth, for any country, but stagnation or recession is an alarming state, which must not be avoided. A recession is a business cycle contraction, when there is a decline in economic activity, due to a widespread drop in spending there is an adverse demand shock, when the demand shrinks the production slows down and credit tightens, people experience a lower standard of living due to employment uncertainty and investment loss. It is visible that we are in the middle of the crisis right now. The true face of our economy is that we are still strangled in the poverty, corruption and mismanagement of our economy with mismatched economic policies, budgets and acts passed with full majority, which are infructuous in any of the span of time for the country.

As we are heading towards the future, our goal must be an excellent GDP growth, healthy population with a remarkable employment rate, diminishing instances of crime, keeping health and education as our priorities. This all sounds fascinating, until we face the harsh reality, which is that we have a downtrodden economy, with

progressively weakening roots. Vulnerability of the economy is not a sign of development, instead we need to look at the root causes of the current scenario which are not onerous to perceive. The economic instability, causing stagnation of wages and jobless growth, is only because of the dwindle of demand, not only in the technological sector but agro industries also are being affected very unfavourably. Roughly, 37 million of the population left the agricultural field, in the last 6 years, around 25 million women were out of the workforce. In the Financial Year 2018, the unemployment rate dropped down to 5.3% in Rural areas and 7.8 % in Urban areas¹, resulting in an overall dropdown rate of 6.1%.² The estimated population of our country is close to 1.37 billion, out of which 858 million lives in rural areas and 457 in urban, facing similar hurdles like unemployment, non-availability of resources and government facilities. Being the tax payers we have the right to receive some basic facilities from the government but unfortunately nothing productive have been done till date, except the promises on which the the population is keeping faith, but we all have to understand that, promises and statements of any quality won't feed us.

Comparatively, in 2011-12 there were 472.5 million employed workers in economy whereas the number dropped down to 457 million in 2017-18, a massive decline by 15.5 million, the population is increasing day by day and the jobs are vanishing. A similar estimate of 16 million decline, has been

¹ ET Bureau, Is the job scene in India bad? Depends on how you see it, says govt, Economic Times (June 1, 2019, 03:27 PM IST) [//economictimes.indiatimes.com/articleshow/69598640.cms?from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](https://economictimes.indiatimes.com/articleshow/69598640.cms?from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

² Ministry of Programme and Statistics and Implementation, Periodic Labour Force Survey (PLFS) of the National Sample Survey Office (NSSO), (June 26, 2019, 18:01 IST)



reported by the Labour Bureau's Annual Employment Surveys. India's labour force consists of 45.9 crore workers, out of which 43.3 cr are in the unorganized sector and remaining 2.6 crore (6%) are in the organized sector,³ those working in the unorganised sectors are struggling to get job security, living under the fear that on any upcoming day they might lose their job in the name of lay off or something else. This inauspicious dropdown is the sign of in extremis economy.

India has been ranked on 102 out of 117 countries, as a country with 'serious' levels of hunger,⁴ the four parameters for the classification of the same, are undernourishment, child stunting, child wasting and child mortality, but still the renowned ministers of our country are denying the facts, that we are in the middle of the crisis. Either we all are pretending to be blind or else we agree that facts are not facts. Optimism is a great thing, and denial is not the remedy and surely it won't change the current position. There is a need for the application of economical mind with excellent policies then only we can sail through this swamp of recession. The Ministry of Labour and Employment has stopped carrying out surveys, after the reports of five rounds 2010- 2016 have been carried out. The Centre was asked about truncated unemployment rate, which is at 8.7% for women and 4.3% for men, and what is the remedy for this heavy drop down of the numbers, the Central Government instead of making job opportunities, stopped releasing reports thereafter. Approximately there are 77% of the households which have no fixed salary.⁵ How an individual is expected to lead

a life with uncertain employment, not enough money, because the money he deposited in the bank was taken away by some high profile personality living in abroad, and with undernourished children, who are expected to get food in the school in the name of mid day meal, but here also they are getting roti to eat with salt or turmeric water. Ironically, the mid day meal is an initiative by the Government to provide adequate nutrition, the meal is no better than the kind of food they are having in their poor homes. We are the Country where the agricultural production is that much high that every year we receive the reports that the grains are being rotten, and our children still die of starvation. Isn't it a mark of shame for us.

The decline in demand is due to the absence of liquidity in the market, the high rate of GST, which is more of a burden to all types of holders whether small or large, after demonetization. In 2016-17, the working age population or job seekers went up to 76%, as usual women continued to leave the workforce. The NSSO, is yet to be released according to Gangwar, but they have not carried out any of it. In earlier, surveys it is much obvious that the female participation in the workforce is declining as maybe because of various social reasons, the situation of the women in rural areas is same as it was in the previous years.⁶ In Bengaluru, MG (Morris Garages) introduced an initiative named as "Drive Her Back" to enable experienced and qualified women to return to the workplace, women who have previously worked on technical, strategic and commercially-focused projects can apply. The access to networking opportunities and professional

³ NSSO, Source Ministry of Labour and Employment, (Aug. 14, 2019).

⁴ Global Hunger Index, (oct., 16, 2019).

⁵ Fifth Annual Employment- Unemployment survey at all India level (Sep. 15, 2016).

⁶ Somesh Jha, Business Standard, (Jan. 11, 2019).



development, is being provided. These are the small steps taken up by the people to ensure a balance in participation in the economic development.

The Finance Minister, announced the budget this year, which did not include any new economic policy, instead it imposes a hike in tax, overburdening the manufacturing sector, markets, stocks, entrepreneurs and business holders. Even the RBI Governor Shaktikant Das agrees that there is a slowdown in Indian Economy. Slow GDP affects the people in different ways, the overall income may rise, but the annual loss will increase, and it will bring problems like Inflation⁷, and the Consumer Price Index⁸ rises to 3.2% in August resulting in the hike of food prices, like the hike in price of onion and tomatoes. EPFO⁹ released the data that there is a total of 26% of the fall in average job creation.¹⁰ Our economic disparity is on the peak, 1% of the total population bags about 73% wealth of the country, says Oxfam. Ultimately, creating a wide gap between the poor and the rich, the middle class is facing layoffs and inflation, the poor are dying of starvation, farmers committing suicide because of the incapability of re-payment of loans. Economic crisis is strangling around the throats of 98% of the total population. The kind of situation that we are facing, is not a sign of a developing country, but we are worse than an under developed country. The youth is being misguided, and those who know the true meaning of development, are not allowed to raise voices against the

Government and their vague policies, otherwise the charges like Sedition are on the way to get high on the nerves.

As per CMIE¹¹, India has lost 11 million jobs in 2018, rural areas faced the worst hit. The rate of unemployment has risen to 7.2% from 5.9% in February'18, a compilation of the data shows it. Around 5 million Indian men have lost their jobs since 2016, a study shows. But this all went unnoticed by the people, as they are engaged with something more important than the economy, better food, nourished family, a stable salary, clothing, better education and some money in hand to lead a good life.

On the icing of the cake, various industries have layoffs, due to the lessening of demand because of the dry market. Employees are being laid off, shifts have been reduced, wages are being cut. Amidst all of this people with jobs are hoping not to get fired. For instance, Zomato fired 541 employees and switched to automation, likewise Uber fired over a third of the Marketing Staff. Parle category Head Mayank told, that due to the hike in prices the demand is getting shorter, as the rate of GST is too high to cope up with, they have to cut short the production and much staff is not needed, so they have to lay off 8,000 to 10,000 of employees. Tech Mahindra sacks nearly 1000 employees, WIPRO fires 600. Automobile sector has a great hit, 3.5 lakhs of people are jobless now, because of the lay

⁷ The rate at which price increases over time, resulting in a fall in the purchasing value of money.

⁸ A consumer price index measures changes in the price level of a weighted average market basket of consumer goods and services purchased by households. It is usually calculated and reported by the

Bureau of Economic Analysis and Statistics of a Country on a monthly and annual basis.

⁹ Employees' Provident Fund Organization, (Aug, 14, 2019) <https://yourstory.com/2019/08/independence-day-jobs-india-employment-epfo>

¹⁰ Business Today. (Apr. 22, 2019).

¹¹ Centre for Monitoring Indian Economy.



offs, John Peter, Chennai's Ambattur, told¹² that in the last 5 months, his turnover has dropped by 90% from 8 lakh to just 1 lakh, he cannot even pay the installment of the private loan. Without the liquidity in the market, the common people are being fired, losing their jobs or are compelled to work at a very low wage rate, with the hike in prices. Economic Times explains that 5 lakhs passengers vehicles and 30 lakh 2 wheelers are unsold, plants are being forced to shut down. These are not the indications of development, in anyway.

In the International Market, a sharp rise in the price of Gold, has weakened the demand. As Import of Gold has come down from 81.71 tonnes to 68.18 tonnes, due to the rise in Import duties from 10% to 12.5%, mentioned in the Union Budget. The liquidity crisis have reached to that extent that no big demands have been registered in the wedding and festive seasons. Surendra Mehta, National Secretary (India Bullion Jewelers Association), observes a 50% fall in demand of Gold this year. A report¹³ says 5000 millionaires, (High Net Worth Individuals) left India in 2018, or those who are in India are not investing in any business markets. The owner of Bajaj Auto, Rahul Bajaj asked the government " NO investment, NO demand Will growth fall from heavens"¹⁴As there is no demand due to the dry market which implies no production and shutting down of industries in the automobile sector. The economic crisis is defended by the Government that India will be a 5 trillion Economy at the end of 2024, which needs a total of 12% GDP growth rate every year, on

the contrary it is only 6.8% or 6.5% as per the data given by the Government. But the Former Chief Economic Advisor Arvind Subrahmaniam claims that the real GDP is 4.5%, and the SBI chairman Rajnish Kumar said that it is visible to all that the demand is slow. In June 2019, the domestic Automobiles sale witnessed a drop of 12.34%, in April 15.93%, figures are clear enough to portrait the condition of devastating state of the Country.

Indian economy is suffering from Global Headwinds and Domestic Policy Issues, like Demonetisation, followed up by the GST, which ate up the liquidity crunch of the bank, stock markets face the loss 12,00,000 cr.¹⁵ People are busy in defending the government and its policies, but it is the high time and we all should know that Indian economy resembles a stalling aircraft- losing altitude, red alerts, flashing, struggling to stay up¹⁶. According to the World Bank report, the position of India has been pushed to 7th spot, IMF cut its projection for India's GDP growth in the current Financial Year by 0.3% to 7% due to the weak demand outlook. The Business Standard Report says the Sensex and Nifty see the worst in the last 17 years, stock markets are going down. India's exports registered a fall of 9.7% to \$125 billion in June as key sectors fare poorly, this is the second fall in the past year.¹⁷ Indian rupee slide to 80 per dollar, this is the biggest fall in 6 years.

PSU(Public Sector Undertakings) are the Government Companies which contribute over 20% in the GDP of the country, forms

¹² NDTV.

¹³ Outlook Web Bureau,(May 12, 2019).

¹⁴ Bureau, Economic Times,(sep. 11, 2019)

¹⁵ Economic times, (Jul.,22, 2019).

¹⁶ ET Bureau, Economic Times(Jul. 30, 2019)
<https://economictimes.indiatimes.com>.

¹⁷ 16th July'19.



the core wealth of any country, their situation is no better than us. The 5nappropri instead of saving the drowning economy, is selling the PSU's or charging high dividends, from it. CPSEs¹⁸ today are making losses, like BHEL, CAG report points out that its turnover declined from 49,510cr to 26,587 cr profits slipped from 7,400 cr to 913 cr. In 2017¹⁹ in one report, the state run oil firms declare 4,570 cr special dividend for the government, so that it can make good fiscal deficit targets.²⁰ Another way to drown the reserves of PSU's is 'Disinvestment', the target for disinvestment for FY 20 raised to 1,05,000cr²¹ in the past of total 26 years, over 2.8 lakh cr, ultimately burdening the masses, as there will be nothing left in this country for the poor and the middle class. Likewise, the Government plans to sell Air India other firms by march 2020, with no buyers. But the question is why the 5nappropri is extracting such huge amount from PSU's, tax payers, by super rich entities, as we were told that policies like demonetisation and GST are giving fruits of 15,310.73 billion and much more.²² By this kind of extraction the cash reserves of the companies are depleting, stopping the expansion of the companies. These kind of strategies are unfruitful for any of the company whether private or public. Companies like ONGC, are suffering from the erosion of cash reserves down to 98% to 167 cr in 1.5 years. The government is driving this country under a mountain of debt. Like LIC, is being used to fill fiscal gaps, risking the money of millions of Indians., insurance comoanies are there to help and provide support to the citizens and not for the 5nappropriate advantages of the

Government. We the people of India, are in this situation together, the rich or super rich has nothing to do with the hike in prices of vegetables of CNG or housing Loan interest, or lay offs.

Now our concern must be to improve the situation. The crux is that the economy is at its worst right now. The only way to survive is to revive the manufacturing sector, by investing in the markets and also in agricultural industries, we need to export more and more, the domestic production needs to buck up, the need to create the capital cities which can attract the Foreign Direct Investments, some special laws to be made which would be really beneficial, unlike GST which is stagnating our growth, and some practical decisions, producing students more employable, with a motive of more advanced skills. All this need to be done if one is really concerned about the economy, which is on its deathbed. Reviving would be a difficult task, but watching it dying is not a good choice. It is the time to save our future, statements and promises will not change anything, it is us who will be affected, by it. So we should be the one's creating opportunities and taking steps forward to survive. As Darwin said "Survival of the fittest," we all need to be fit, in the meaning of the investment, liquidity in the market, cash reserves of the Companies, expansion of the PSU's. This all could be possible, only if we are ready to lead a good life.

¹⁸ Central Public Sector Enterprises, are those companies which are the direct holding of the Central Government.

¹⁹ Economic times, (mar. 24, 2019, 12:49 AM IST).

²⁰ Tapan Sen, General Secretary of the Centre of Indian Trade Unions (CITU)

²¹ Budget 2019, (Jul. 5, 2019).

²² Business standard.