

Ahead of election, India's leader is accused of hiding job data

NEW DELHI

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When Indian voters swept Prime Minister Narendra Modi into power five years ago, it was in no small part because of his vows to create millions of jobs and vault India into an era of prosperity.

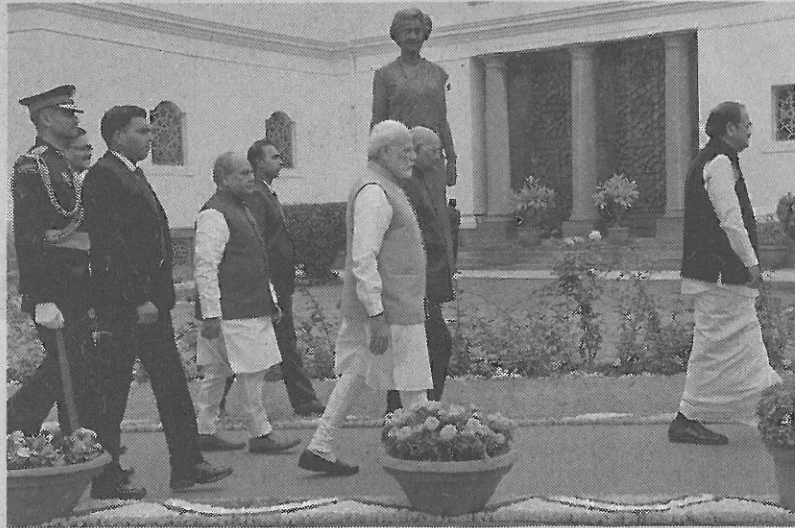
But now, just months before the next general election, Mr. Modi is facing a potentially troublesome challenge on the jobs promises that may be partly of his own making.

His government has been accused of suppressing an official report on the national unemployment rate that apparently showed it had reached a 45-year high in 2017-18.

The Business Standard, a respected Indian financial newspaper, published leaked findings from the unemployment report, which is based on a survey and produced by the National Sample Survey Office, a government agency.

There had been expectations that the report would be released in December. Two commissioners responsible for reviewing data in the report, who had advocated releasing it, resigned in protest in the past week.

Officials in Mr. Modi's government scrambled on Thursday to blunt the impact of what amounted to withholding information that discredits the core of his economic record. The chairman of NITI Aayog, a government research or-



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Prime Minister Narendra Modi, center, has vowed to transform India's economy. Employment is expected to be the most important issue for voters in this year's general election.

ganization, said the unemployment report was still in draft form, was not ready for dissemination and would be released in March. The response raised the possibility that the data could be revised.

But economists said the findings, if verified, were problematic for Mr. Modi, the dynamic prime minister whose popularity has always rested on his Hindu nationalism and promises to make India an economic powerhouse rivaling China.

While the leaked 2017-18 unemploy-

ment rate, 6.1 percent, may not sound so gloomy, it is roughly triple the rate of five years earlier, the last time a comparable national survey was conducted. And with India's work force population of roughly 500 million, that translates into 30 million people who cannot find a job — including many of the 10 million to 12 million young people flooding into the labor market each year.

The rate also understates the true picture, partly because of the way India counts the number of employed. People who work irregularly — a couple of

months on, a couple of months off — are considered employed unless they are jobless for a majority of the year.

"Poor people can't afford to be unemployed for too long; after a while, they'll usually take whatever job they can get," said Himanshu, an associate professor of economics at Jawaharlal Nehru University in New Delhi who goes by only one name. "That's why 6 percent is a really serious number."

The report is a comprehensive look at the job consequences of two disruptive economic changes Mr. Modi imposed in the past few years.

First was his abrupt decision in November 2016 to eliminate most of the country's cash currency in circulation. That decision, known as demonetization, was meant to crack down on illicit cash transactions, but the change was so hasty and hectic that it created acute shortages and inflicted enormous damage on large swaths of India's economy.

Then in July 2017, Mr. Modi implemented a sweeping new single sales tax code, the Goods and Services Tax, known as the G.S.T., but enforcement of the change was so disorganized that economists say it crippled many small businesses.

The leaked unemployment report, if confirmed, undercuts a basic premise of Mr. Modi's 2014 campaign: creating jobs for the country's enormous and young work force. People 35 and younger represent roughly two-thirds of the population of 1.35 billion, and, the thinking went, they would earn and spend, expanding and accelerating economic

growth. The effects would help pull millions more out of poverty.

Opposition politicians seized on the leaked report as evidence that Mr. Modi and his governing Bharatiya Janata Party were responsible for the worst unemployment rate since 1972-73, when the country was roiled by war with Pakistan and by the effects of global oil market shocks.

"NoMo Jobs!" Rahul Gandhi, the leader of the Indian National Congress, an opposition party, wrote on Twitter, adding that the "leaked job creation report card reveals a National Disaster."

A leaked unemployment rate showed it at a 45-year high.

The leaked report compounded other recent signs of employment distress in India, including data from the All India Manufacturers' Organization in December that said 3.5 million jobs had been lost since 2016.

A far more dire study, released Jan. 9 by the Center for Monitoring Indian Economy, a business information company in Mumbai, India, said 11 million jobs were lost in 2018 alone.

Maresh Vyas, the company's managing director, attributed the plunge largely to the "combined effects of demonetization and G.S.T."

The leaked report came against the backdrop of preparations for national elections likely to be held by early May.

While Mr. Modi once looked unbeat-

able, recent polls have suggested he is heading into a more competitive race. Any bad news on employment figures could damage his prospects.

Employment is expected to be the single most important issue for voters this year, a new Times Now-VMR opinion poll has found.

Economists have said it would be unfair to blame Mr. Modi's government entirely for India's unemployment trend, which predated his ascent to power. Less investment in the rural economy, disastrous droughts and struggles in Indian manufacturing also have contributed.

"This buildup has been going on for many years," said Mr. Himanshu. "In fact, Modi came on the promise of providing jobs. But the situation has become worse in his period."

While Mr. Gandhi, the scion of a long political dynasty, has been hammering the Indian government over its record on employment, Mr. Modi's ministers were quick to defend the prime minister after the jobs report was leaked.

"Our economy is growing at an unprecedented rate," Raj Kumar Singh, the energy minister, told the independent broadcaster NDTV. "That economy can't grow without economic activity actually happening."

India's economy has been growing at an annual rate of around 7 percent for several years, among the fastest of any major economy.

Rick Gladstone contributed reporting from New York.