

## Comparison of Performance of NDA & UPA-2 Commerce, Industry & Jobs

NDA government has worked on following major schemes to improve the business climate in India, and to create non-agricultural jobs for our workforce:

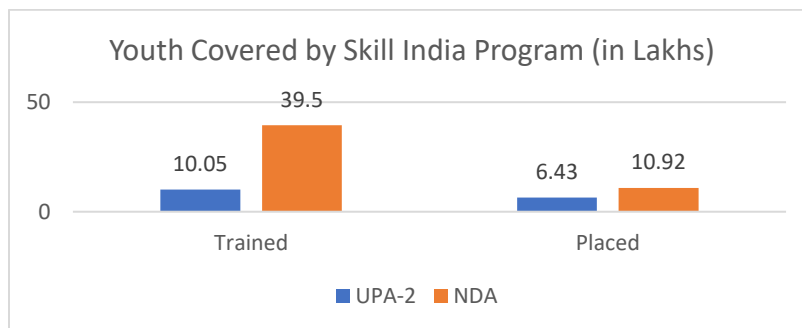
1. Improve Ease of Doing Business
2. Make In India
3. Skill India

In my opinion, the yardsticks to measure performance are as follows:

1. Performance of Skill India campaign
2. Growth of Industry in GDP
3. Exports of Merchandise & Services
4. Global Rankings
5. FDI (Foreign Direct Investments)
6. Unemployment

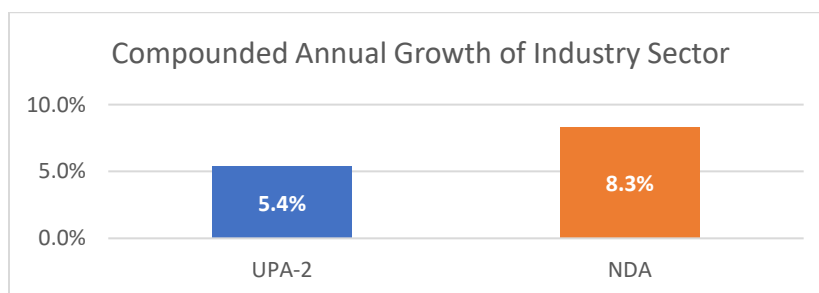
### **SUMMARY**

**1. Skill India** – The Skill India program is an extremely necessary component to attract multi-nationals to invest in manufacturing in India, as any manufacturing company needs sufficient quality of skilled resources (something that our education system has struggled to do). Here are the results by both governments:



From [NSDCIndia.org](http://NSDCIndia.org) & [Ministry of Skill Development](http://Ministry of Skill Development).

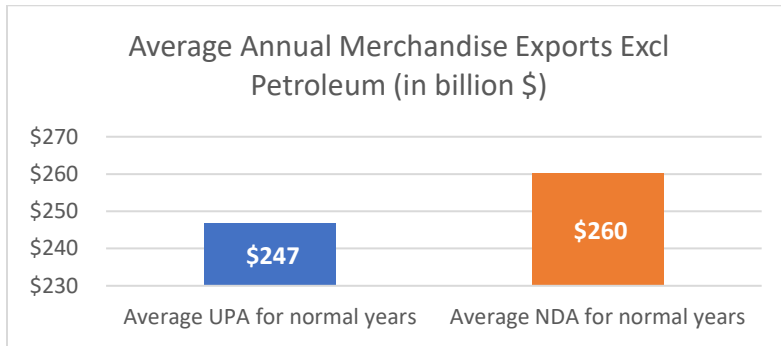
**2. Growth of Industry Sector in GDP** – Under NDA, industry sector has grown by 8.3%, in spite of a worldwide slowdown in 2015-16.



Source: [RBI](http://RBI)

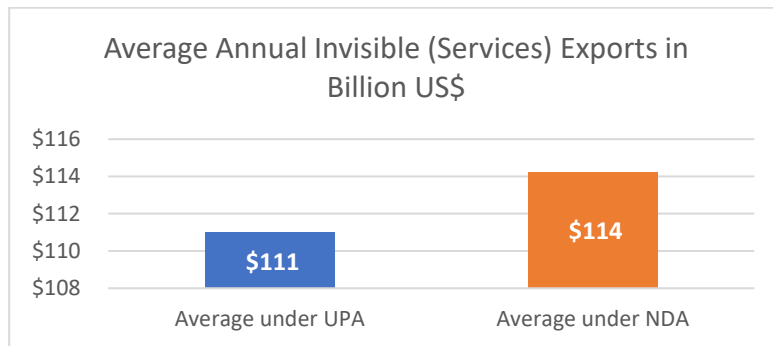
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**3a. Merchandise Exports** – For measuring export performance, I have excluded years impacted by global trade slowdown (2009-11 and 2015-16) and arrived at conclusion that NDA has done better by about 5.5%.



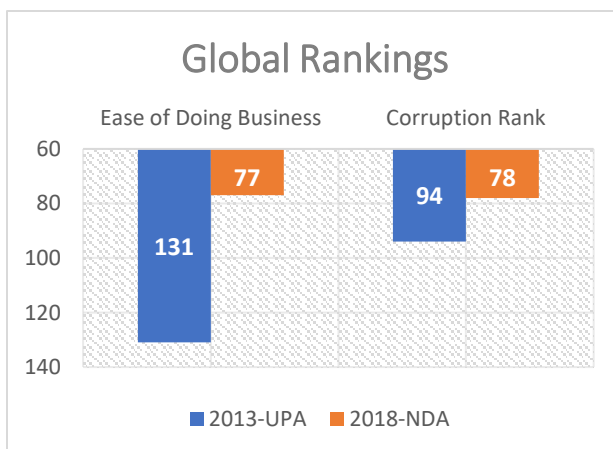
Source: RBI till 2017-18 & [Ministry of Commerce](#) for 2018-19

**3b. Services (Invisibles) Exports** – Excluding slowdown years, NDA has done better than UPA by about 3%.



Source: RBI till 2017-18 & [Ministry of Commerce](#) for 2018-19

### 4. Global Rankings:



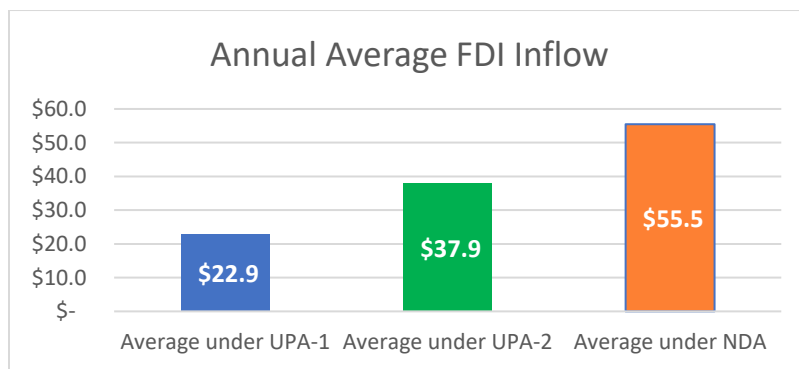
Source: Tradingeconomics.com

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a. 'Ease of Doing Business' Ranking by World Bank - For the first time in the history, India climbed from abysmal 130<sup>th</sup> ranking in the world to 77<sup>th</sup>!

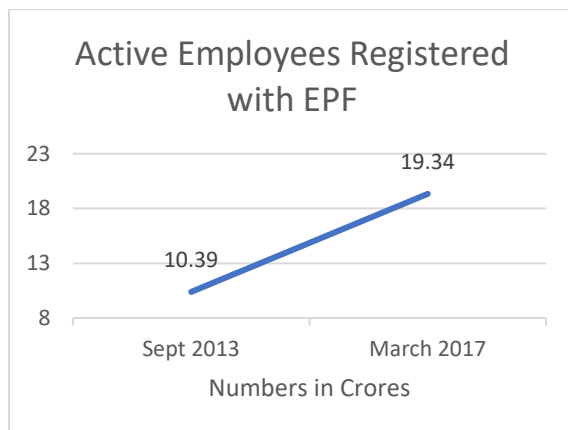
b. 'Corruption Rank' by Transparency International – India has gone up from low 94<sup>th</sup> in the world in 2013 to 78<sup>th</sup> in 2018!

**5. Average Annual FDI Flow:** The NDA government, driven by the 'Make In India' program has been able to convince the world business community to clearly increase its involvement in India. Much more needs to be achieved, but the 'Make In India' program has begun well!



Source: [Ministry of Commerce & Industry](#)

**6. Unemployment** – As per [EPF data](#), we have added 70 lakh jobs in 2018-19 and we know the number of employees, covered by EPF (which basically means a more secure retirement), almost doubled between September 13 & March 17 as there were 19.34 crores active employee [in March 2017](#) (page 14) versus 10.39 crores [in September 2013](#) (page 12). See the detailed analysis for the controversial topic for further information.



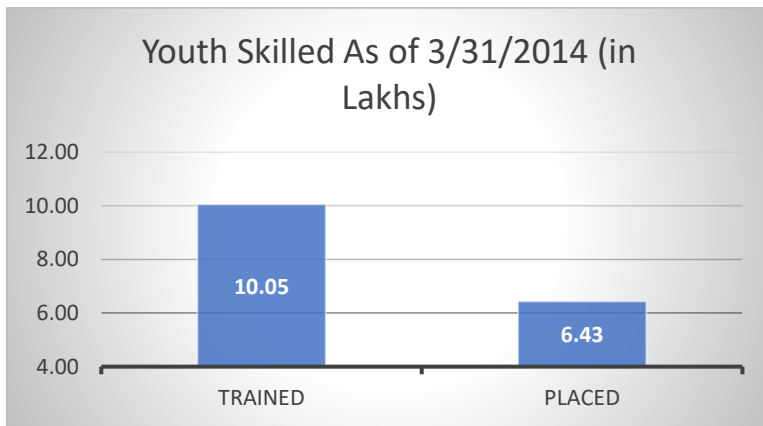
Source: [Labour Ministry Annual Report](#)

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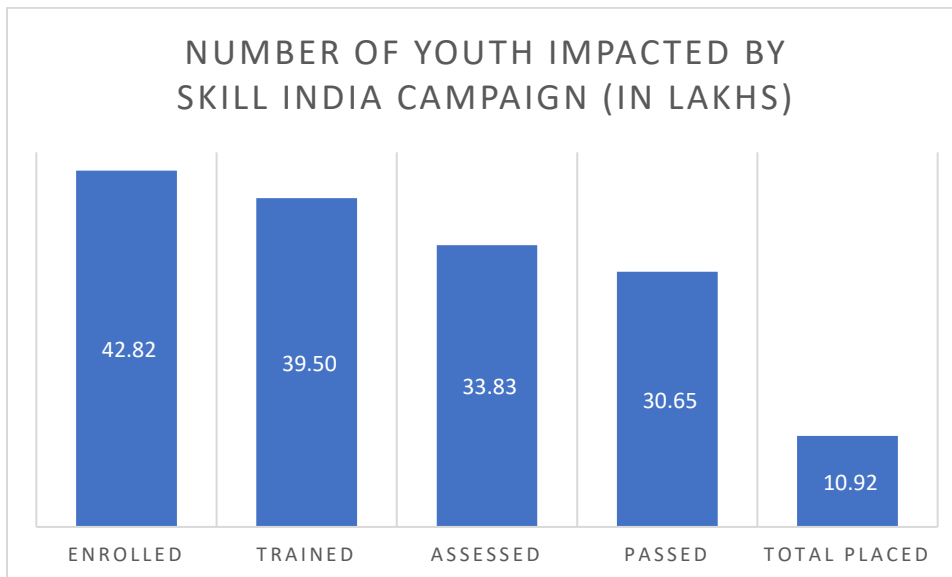
### DETAILED ANALYSIS

#### 1. Performance of Skill India campaign

During UPA-1, an organization was formed in July 2008 named NSDC – National Skill Development Corporation, where the mission was to work on Public Private Partnership model to train youth in vocational skills. UPA took 5.5 years to train 10 million youth, on the other hand, NDA has trained 3 times as many people in 5 years! The placement is better too, but, not by that proportion. Having said that, 30 lakhs additional youth achieving some skills is a good outcome for the country.



From [NSDCIndia.org](http://NSDCIndia.org)

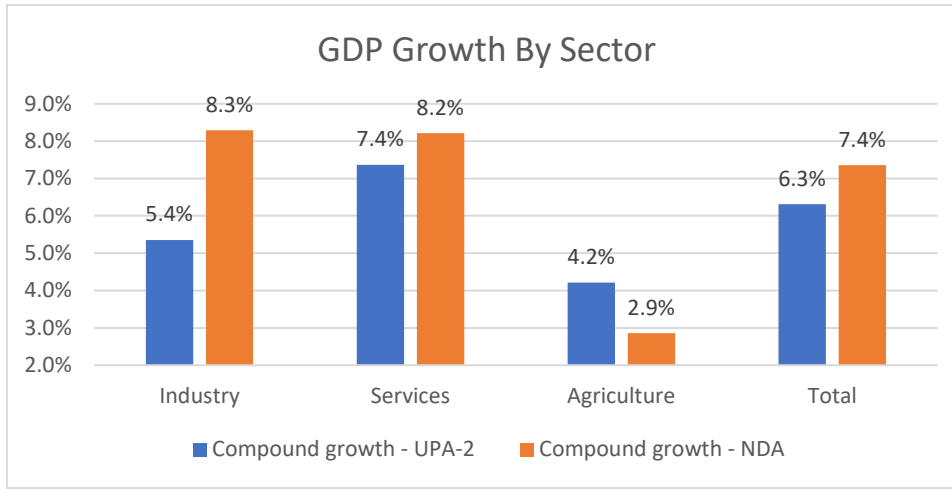


From [Ministry of Skill Development](http://Ministry of Skill Development)

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### 2. Growth of Industry in GDP sectoral performance

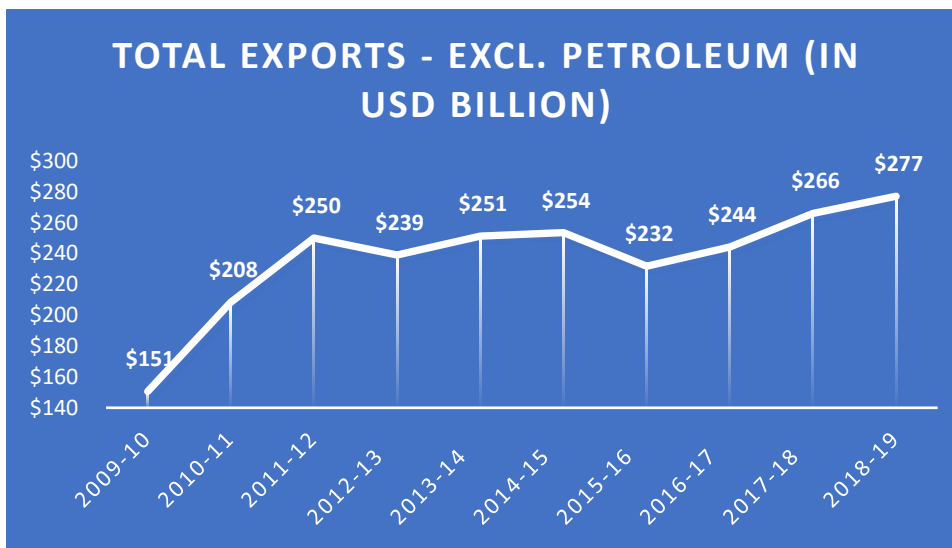
This graph proves that under the NDA government, the Industry sector got a much better momentum than the growth of the sector under UPA-2, which clearly grew better in Services sector. Though, not on this chart, the growth under UPA-1 which was a booming time for India, the Industry sector grew at a similar rate of 8.4%. But, one must remember that the growth in UPA-1 was on a very low base as that was the first time India started growing after the reforms carried out by Rao & Vajpayee governments, the fruits of which were bearing out during UPA-1 government for the first time in modern India.



Source: RBI

The clearly better performance of Industry sector points us to a fact that the manufacturing sector is slowly developing in India. We lost the race to China in 80s due to horrible socialistic policies, but, the time may be coming where we can build from this base.

### 3a. Exports of Merchandise



Source: RBI till 2017-18 & [Ministry of Commerce](#) for 2018-19

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You may have noticed in some media news items that Indian Exports have flattened or even reduced under NDA government and has been much lower than the export value achieved in 2013. That is half-truth. Yes, the pure \$ value of Indian exports has reduced, but, it is due to the lower oil prices for most of last 4 years (vis-à-vis high oil prices in 2012-14).

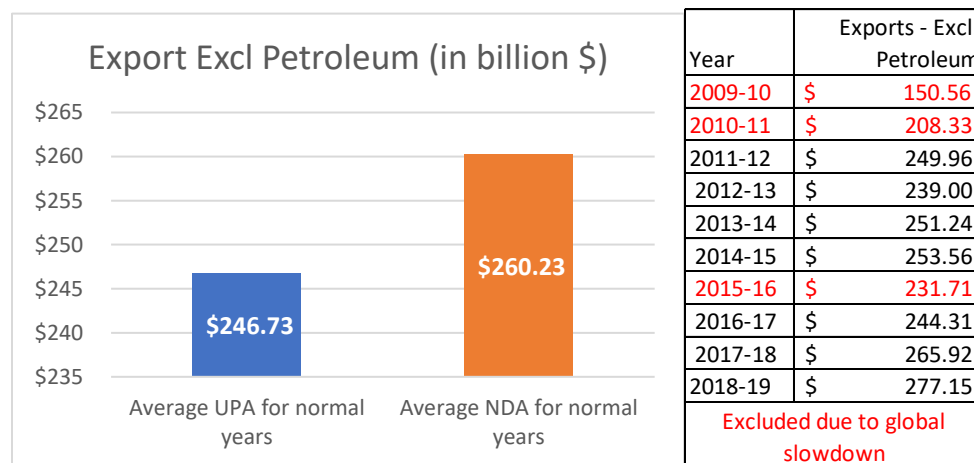
India does a large quantity of such 'exports' of refined oil, the value of which fluctuates with the oil prices. Since the value addition on such exports of refined oil is very low, it is best to compare non-Petroleum exports of Indian goods to arrive at the performance of Indian export sector.

There is no doubt that the export did go down in 2015-16. Upon further enquiry, it became clear that the sharp reduction was due to a sudden fall in engineering goods exports. It was a particularly bad year for the overall international trade and the [worldwide exports fell by 13%](#)!

The good news is that the growth has been spectacular since that nadir. India has grown at a fast rate of 6.2% per year in US dollar terms since 2015-16, which is a very substantial rate in world economics.

Similarly, note that low numbers in years 2009 through 2011, were impacted by the worldwide recession and therefore it wouldn't be fair to comment on the low numbers or the rise.

When comparing like for like, we have to compare normal years, unencumbered by global slowdowns. That's why I have excluded, 2009-11 & 2015-16.



Source: RBI till 2017-18 & [Ministry of Commerce](#) for 2018-19

### 3b. Export of Services (Invisibles)

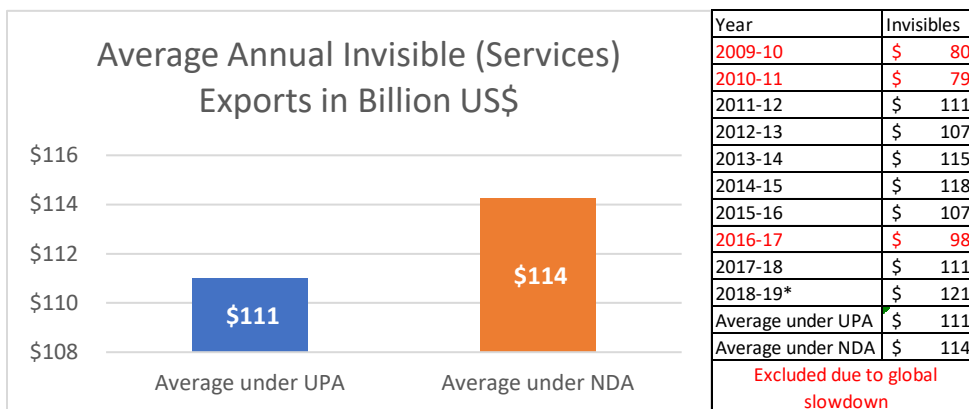
Export of Services did have a hiccup in 2015 & 2016, most likely due to world economic climate, but, is now back into a better pattern.

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Source: RBI till 2017-18 & [Ministry of Commerce](#) for 2018-19

Excluding slowdown years (in this case, 2009-11 & 2016-17), we find that NDA did about 3% better than UPA. Not substantial, clearly, but, better nonetheless.



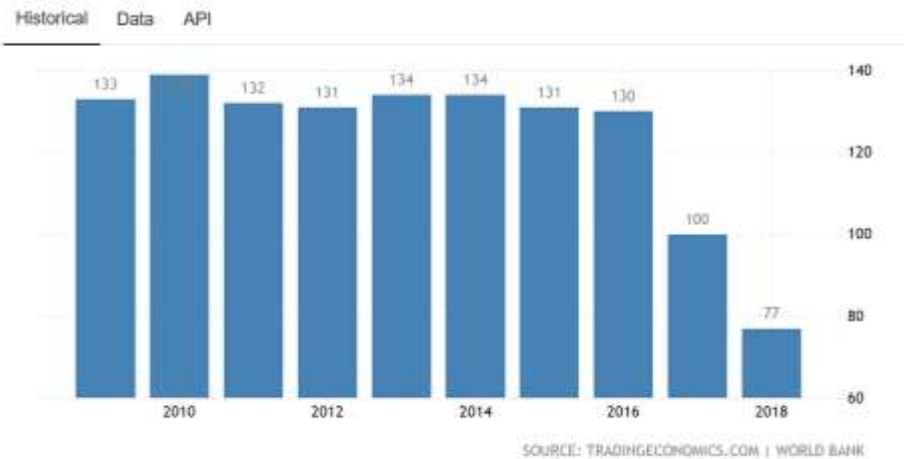
### 4. Global Rankings

#### a. World Bank Annual Rankings on Ease of Doing Business

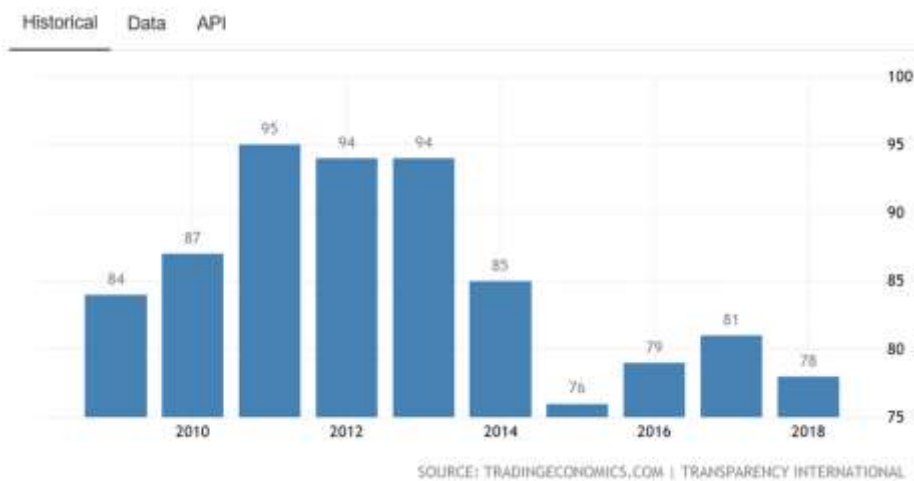
You may read detailed report from World Bank on this topic [for 2017](#) and [for 2018](#). Here is an extract:

“Sustained business reforms over the past several years helped India jump 23 places to move to 77<sup>th</sup> position in this year’s global ease of Doing Business rankings. India carried out six business reforms during the past year, earning the credentials of being a top global improver for a second consecutive year”

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### b. Corruption Rank by Transparency International



As you can see, the corruption index started a declining trend as soon as NDA government came into power. More work is required again, but, the trend is clearly on the downward path.

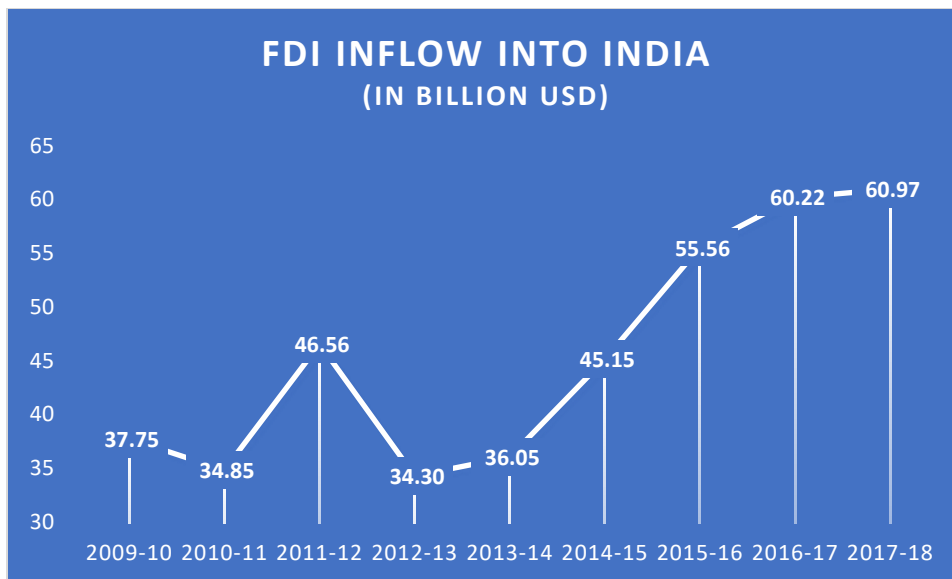
### 5. FDI (Foreign Direct Investments)

On one hand, we have more skilled Indians due to Skill India and on the other hand, there is clear improvement in government procedures that has led to major improvement in Ease Of Doing Business and Corruption Reduction measures. These development have led to a major improvement in FDI inflow into India, as you can see on next page.

The average FDI inflow under UPA-1 was \$22.9 Billion, which went up to \$37.9 billion with a weakening trend 2012 & 2013, which was buoyed substantially by NDA by increasing to an average of \$55.5 billion. Of course, you can see a flattening curve, but, with ~\$60 billion of FDI is still a good achievement, comparing with UPA-2's average of ~\$38 billion.



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Source: [Ministry of Commerce & Industry](#)

### 6. Unemployment

Opposition parties have been attacking the government on unemployment. Recently, many left-liberal economists wrote an open letter to the government for suppressing unemployment data which supposedly showed unemployment at 45 year high.

Is that true? May be. But, this survey in question that has not been released, is a 'sample' survey. It is not calculated by getting employment status of every willing worker. Therefore, till 'poll' is subject to variation due to the bias of the pollster. Remember US election of 2016?

This is more of a case in India, where over-whelming majority of the workers in unorganized sector, which is much more difficult to measure.

Therefore, we can only go by raw numbers. There is only one source for that information in India (that too with a limited coverage) i.e. EPF – Employee Provident Fund.

As per this [press release](#) from EPFO, 58.78 lakh workers were added in 10 months this fiscal year (from April 2018 to January 2019). That is an annualized rate of 70.5 lakhs workers.

The EPF organization does not seem to be timely at releasing information. The above report was done by them due to concerns about employment figures. But, they do not show similar information for previous years anywhere on their portal.

The only other source for EPF data is the [annual reports](#) of India's Labour & Employment Ministry. The last available is for 2016-17. As per this, there were 19.34 crores active employee [in March 2017](#) (page 14) registered with EPF. The report for 2013-14 informs us that there were

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only 10.39 crores active employees [in September 2013](#) (page 12)! This does not make much sense as surely, the employment hasn't increased by that much in 3 years. But, what is possible is that more small employers are registering themselves with EPFO (either by better targeting by the EPF organization or because they crossed the threshold of 20 employees, the number at which an employer is bound by law to register themselves).

One thing is certain – unemployment cannot rise in the country, where GDP is rising at 7+ percent. All these employers cannot suddenly improve their productivity by 7%. They must need more employees to do produce more output (GDP is calculated after netting inflation, so any rise in GDP equals rise in actual output). So, if the GDP is rising steadily at 7%, there has to be a corresponding rise in the employment (not necessarily equal rise, as employers can and do increase productivity).

It is my hypothesis that the new corporate model of the world where majority of the work is done by subcontractors thereby reducing the number of employees in the big corporations, is being adapted by Indian corporations. It gives them the dual benefit of circumventing idiotic archaic labour laws, by keeping their employee strength low and keep their costs low. The subcontractors are not being accounted by the old-style statistical survey model, which most likely continues to give more weightage to the formal sector data, even though the formal sector is getting the job done by hiring small subcontractors.

The EPF data should be celebrated by media. We have definitely added 70 lakh jobs in 2018-19 and we know the number of employees, covered by EPF (which basically means a more secure retirement), at a minimum doubled in just 3 years of Modi rule!!!