

BENGAL POLITICAL VIOLENCE

BJP leader, Sushma Swaraj

I am surprised that these incidents happened under a leader who herself faced such violent atrocities under the CPI(M). Mamtaji told me that my people have been mutilated in political violence



Hard Times

With neither consumption demand nor investment expected to pick up soon, there's more pain ahead

■ **HE MOSTTELLING** statement during earnings season usually comes from R Shankar Raman, director, Larsen & Toubro. For nearly a dozen quarters now, Shankar Raman has been saying that private sector capex is some time away. This time around too, he was as pessimistic, estimating it could take anywhere between 12-18 months before the private sector starts adding capacity.

That is pretty much the tone. The Asian Paints management believes the environment is challenging and is keeping its fingers crossed the monsoon is a good one. At HUL, the management suggested no triggers for an immediate demand recovery, citing the slow rhythm of the economy and persistent channel liquidity issues. Tata Motors chief financial officer, PB Balaji expects ebit margins for the domestic business to see a marginal correction due to 'market uncertainties'. Tata Motors reported a debilitating loss of ₹3,679 crore for the three months to June, a reflection of the anaemic demand both at home and overseas.

If one was to ask whether the worst is over or whether there is more stress ahead, it would be safe to say it could get worse before it gets better. It is not easy to recover from a staggering ₹4,800 crore loss that Vodafone/Idea posted, especially since this isn't the first loss; at JSW Steel, consolidated profits plunged by over 50% year-on-year (y-o-y).

There is some expectation the environment will change in the second half of FY20, but the optimism seems largely misplaced. It's possible though managements are merely making the right noises to keep the morale up. Because right now, it's hard to see what exactly is going to trigger the revival. It can't be consumption demand; the high frequency data isn't pointing to a recovery just yet.

SIAM on Friday lowered the guidance for passenger vehicles from a growth of 3-5% to a de-growth of 2-3%; for CVs it trimmed the estimate from a10-12% increase to just 2-3%. The farm sector remains in deep distress as seen from the high and rising delinquencies at M&M Financial Services; the gross NPAs inched up 30% plus quarter-on-quarter (q-o-q) to 7.4% due to seasonal weaknesses, but analysts are convinced these will rise further given the sharp deterioration in the economic environment. In a worrying observation, analysts at Nomura noted that while historically, asset quality has had seasonality, a 30% q-o-q spike in GNPAs, coupled with a worsening economic situation, increasing rural stress and a weaker monsoon leads them to believe that the asset quality improvement cycle has peaked. Indeed, given the large number of ratings downgrades over the past three months it is clear the NPA cycle is far from peaking. That is a wake-up call to be heeded and already, analysts

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They have good reason to do so, because this slowdown isn't going away in a hurry. Both the engines—private household consumption led by a deceleration in savings and accelerated government spending on the back of large deficits—may be sputtering. Prospects of more job cuts—1,700 at the Nissan factory—are going to hurt demand further. At Jubilant Foods, for instance, same-store sales grew just 4.1% y-o-y, slowing down from the 6% levels reported in 4QFY19. Credit flows to several sections of the economy have been cut off, with many of the NBFCs strapped for liquidity and some close to insolvency; while banks may be flush with funds, they are reluctant to lend, except to top-rated clients. That, then, excludes the vast majority of borrowers. A good example of this can be seen in HDFC Bank's Q1FY20 loan growth, which at 17% y-o-y was the slowest in the past ten quarters. The lower growth is the result of a steep decline in corporate lending, slowdown in unsecured loans, and muted growth in auto and two-wheeler credit. Kotak Mahindra Bank (KMB) has also seen a moderation in loan growth; the book including Kotak Prime grew 15% y-o-y, given a sharp moderation in the vehicle segment, down 4% y-o-y. Additionally, corporate loans are seeing an economy-linked slowdown; they grew at about 9% y-o-y.

have started paring earnings; there are sure to be many more cuts before the season is over.

The Budget provided no stimulus whatsoever; in fact the total capex budgeted for 2019-20 is lower than it was last year. If demand does not pick up soon, manufacturers will find it hard to raise prices; at this point though, even bigger volumes would be helpful.At Maruti Suzuki, volumes fell 18% y-o-y during the quarter while at JSW Steel they fell 3% y-o-y. Also, given that there has been a fair bit of belt tightening these past couple of years—savings have been eked out from employee exits, efficient procurement of raw materials, less capex and better inventory management of working capital—it is hard to see much more taking place. A fall in input prices would, of course, come as a big boost to users, but not to producers.

Indeed, the India Inc spreadsheet is not a pretty sight. There may not be too many blotches of red, but most companies are struggling to hold on to their profits. Profits for a sample of 252 companies have fallen 14% y-o-y in Q1FY20. While managements have been working hard to rein in costs, margins are under pressure contracting 40 basis points y-o-y; excluding TCS and Reliance, revenues grew just 3.5% y-o-y while profits crashed 28% y-o-y. From telecom to two-wheelers and cars to consumer goods, there's pain everywhere. We need to do more than pray.

Shirking RESPONSIBILITY

J&J refusing to meaningfully compensate the victims of its faulty hip implants in India is condemnable

OHNSON & JOHNSON (J&J), the American pharma, is in the eye of a storm of its own making, having refused to compensate over 1,000 Indians who are suffering from severe pain, mobility restriction, metal toxicity in blood, and reproductive complications as a result of having Articular Surface Replacement (ASR) hip implants from a J&J subsidiary in their bodies. The implant was found to be leaking cobalt and chromium into patients' bloodstream, and was recalled in 2010—the company became liable to pay for replacement surgeries. While as many as 4,700 Indians are reported to have received faulty hip implants between 2004 and 2010, so far, only 1,080 have been tracked, many of whom were unaware of the fault in the product or the compensatory corrective surgery J&J was sponsoring. In relation to this, the Central Drugs Standard Control Organisation curated a list of 250 individuals who were to receive a compensation package ranging between ₹30 lakh and ₹1.23 crore per head, based on a formula that factored in extent of harm, age, etc. However, J&J argued that the formula for compensation was opaque, and in an independent investigation came up with a list of 67 patients eligible for a compensation of ₹25 lakh.

Even as the central government takes on J&J in a legal battle at the Delhi High Court, $the pharma\,giant\,has\,refused\,compensatory\,payment\,to\,Indian\,patients\,who\,received$ its Pinnacle implant and suffer from the same complications as their counterparts with the ASR implant. This, when J&J agreed to pay \$1 billion to settle as many as 6,000 lawsuits filed by US patients who had used its faulty Pinnacle model early in May this year. J&J is claiming that the Pinnacle model was not recalled, but only withdrawn, in India to reduce its liability, and asserting that there are no cases of Indian patients suffering adverse effects from usage of its Pinnacle implant despite independent investigations finding an increasing number of such people, many of whom have tried to contact the company, only to be stonewalled. The prejudice shown by J&J in its attitude towards the well-being of its Indian customers is condemnable, especially against the backdrop of its action in the US.

NEW REGULATORY REGIME

IT IS TIME THAT INDIA RELIES ON AND EMPOWERS SECTORAL REGULATORS SET UP BY PARLIAMENT, AND BACKED BY STATUTORY POWERS, AS PARTNERS IN ECONOMIC DEVELOPMENT

Indian regulators 2.0: Call for economic justice

GOPAL

Views are personal

JAIN

HE NEW BUDGET AIMS to put the economy on track, which requires a real 'big boost.' The government has clearly declared its intent to attract investments as part of the Naya India Mission. Investment in infrastructure and technology, innovation and recapitalisation of banks to ensure finance and liquidity are national priorities.

A regulatory 'booster shot' is one measure that can do the trick. This requires an intensive, creative, 360degree, holistic approach. Various sectors of the economy and institutions have to fire all guns, delivering and implementing effectively to translate this goal into ground reality.

Parliament set up sectoral regulators, backed with statutory powers. The time has now come to rely on and empower these regulators—the new age economic regulators—as partners in economic development. This can set the stage for Indian Regulators 2.0—an institution that delivers and implements key national objectives and scripts improvement of the ease of doing business by dishing out an innovative recipe that creates an investment-friendly environment. Some food for thought:

Creating the right soil

India's Mission \$5-trillion-economy requires core sectors to perform and pile runs on the board. Regulators can play a catalytic role in creating a vibrant, conducive and commercial ecosystem to trigger a cycle of sustained investments.

The power sector is a classic example that can bring more power to The sector needs recharging/re-energising for deliver-

ing/fulfilling the national goal, i.e., round-the-clock affordable power. This requires the generating companies to invest, to augment generation and create a world-class transmission network. In turn, distribution entities who buy power to supply to consumers must honour payment obligations fully and on time. Similarly, the problem of call drops irking consumers in telecom can be resolved by upgrading existing infrastructure, expanding network capacity and

Senior advocate, Supreme Court of India

All this requires a flow of significant and continuous investments. In turn, investments require safety and returns in line with established regulatory norms/benchmarks. Regulators must act as long-distance thinkers and do regulatory forecasting, i.e., create a framework for fullfledged economic regulation.

bringing cutting edge technology to

the sector.

Regulator as an institution for economic justice

To be the go-to forum, a proactive, forward looking and resolution based approach, which delivers/implements, is vital to win back the confidence of investors.

The role of the regulator needs to be viewed through a wider lens—from being a mere tariff settler to the soluprovider of sectoral

problems/issues. The regulator as an institution must be the port of call with a ready tool kit to nurse the sector back to health. A robust regime based on economic viability and eco-

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nomic justice will secure/increase sectoral returns.

Regulatory dialogue

Just like chefs take into account food preferences and give their dishes a 'personal touch', the regulator must have deep and wide-ranging dialogue. Open and transparent communication with multiple stakeholders, based on a wealth of

expertise, nip sectoral problems in the bud, remove existing bottlenecks and pave a smooth path ahead. The relationship between the regulator and the regulated should move from a set of "dos and don'ts" for the industry to full-fledged cooperation in order to find innovative, path breaking and effective solutions.

Sanctity of contracts

The most disheartening feeling at a restaurant is to be told that your

favourite dish on the menu is not available. Sanctity of contracts is the bedrock, and prompt and timely payment based on honouring the word will bring certainty, predictability and stability, pushing India up the ease of doing business rankings and making it a win-win.

Let us ensure that what is on the menu is served.

The Supreme Court, in a recent landmark judgement, recognised the concept of economic justice in the context of contractual/commercial rights. Regulators must ensure sanc-

> tity of contracts is in place.

The right regulatory recipe creates the turf which allows full play of market forces within an overarching governance regime, is resolution based and sets upfront the rules of the game, which remain unchanged. This can trigger a regulatory leap forward to make the transition from unease to ease of business. We have to repose

complete trust in our regulators and invest in the regulatory mechanism to trigger returns and rewards for all stakeholders. Make in India regulators, i.e., world-class regulators and regulations will get Indian regulators global recognition and can do the trick for investors to take the flight (with capital) to India.

By following the regulatory recipe, things will be on track and in order, that way the dish will be cooked to perfection—a tasty dish that has a long-lasting and lingering effect.

Europe's privacy rules hurt small firms

GDPR can only serve Europeans' privacy needs if there's a level playing field for the giants and the smaller companies. That means imposing similar costs relative to their size. That's not the case now





THE EUROPEAN COMMISSION is largely happy with the first year of its sweeping digital privacy rules. Evidence mounts, however, that the General Data Protection Directive, or GDPR, as applied today hurts smaller firms and has no effect on tech giants, which are the least interested in preserving user privacy.

The directive went into effect in May 2018, demanding companies provide privacy by design and by default on all digital platforms and websites. It laid down the rules for collecting and processing private data, including the cases in which consent is necessary for their harvesting. This week, the commission put out an optimistic progress report, describing the GDPR's first year as "overall positive" and suggesting a number of mild improvements in applying it.

The report said, among other things, that the national privacy watchdogs tasked with enforcing the GDPR had "focused on dialogue rather than sanctions, in particular for the smallest operators which do not process personal data as a core activity."This explains why there are few examples of anyone being fined for noncompliance, though, according to the directive, sanctions can be quite severe—up to 4% of global annual sales.

The fines that actually have been imposed range from 5,000 euros (\$5,558) on a sports-betting cafe in Austria for illegal video surveillance to 50 million euros on Google in France for the opaque process of signing in for a Google account, all but necessary to use an Android smartphone. In between, there are some penalties of hundreds of thousands of euros, such as 220,000 for a Polish data broker that failed to inform people that their data was being processed. Altogether, authorities in the entire European Economic Area (which includes the EU member-states plus Norway, Iceland and Liechtenstein) have imposed just 56 million euros worth of fines.

But 50 million euros is not even a mosquito bite for Google, and other tech companies—most notably that other greedy data harvester, Facebook Inchaven't been taken to task at all. This

despite manywell-grounded complaints filed against some of them by activists, most notably the Austrian lawyer Max Schrems' NOYB (None of Your Business) initiative, which was also behind the successful complaint against Google in France.Indeed, it was a US regulator, not a European one, that slapped a \$5 billion penalty on Facebook for privacy violations this week—even though the US lacks a comprehensive regulatory framework like the GDPR.

It is hard to quantify the exact impact of the GDPR on the internet giants, but they haven't stopped growing in Europe. That, however, can't be said of many

smaller digital businesses. According to a recent paper by Samuel Goldberg from Northwestern University, Garrett Johnson from Boston University and Scott Shriver from the University of Colorado, these have seen 10% lower European page views and revenues since the GDPR went into effect. Among e-commerce sites, revenue dropped by 8.3%, or \$8,000 a week for the

median site. The economists used data from the Adobe Analytics platform, tracking the traffic and sales of 1,500 firms from various industries, which generate a total of about \$500 million in weekly revenues.

The losses likely weren't driven by more privacy awareness among users: More than 90% of them consent to the collection and processing of their data when prompted to do so. Rather, the GDPR deterred companies from using email and display ads to drive traffic, because these methods require the use of personal data; it has also reduced the number of third-party cookies on websites, making it more difficult to track consumer behavior.

The data analysed by Goldberg and collaborators aren't the first indication that the privacy regime has hurt the smaller digital players. Last year, another

group of researchers found that venture funding for European tech firms dropped off after the directive came into effect. One possible reason is that the increased compliance costs and reduced marketing opportunities have adversely affected European startups' business models and made them less competitive with peers in other parts of the world.

The contrast between the GDPR's hard-to-detect impact on the biggest data harvesters, whose compliance is reluctant and largely nominal, and its demonstrated adverse effect on smaller companies makes it difficult to understand why the European Commission

> finds the first-year experience positive.

The national data pri-50 million euros is vacy authorities are illnot even a equipped to deal with the giants. Before the GDPR mosquito bite for came into effect, most of Google, and other them asked for 30% to tech companies— 50% funding increases but most notably that none received that much; in fact, two of the national other greedy data watchdogs saw their fundharvester, Facebook ing cut and three others Inc didn't receive any extra money. With their inade-

> to handle more than 200,000 GDPR cases. Big Tech's expensive legal teams can run circles around such overstretched opposition. To be fair, the EU progress report

quate resources, they had

does call for strengthening the watchdogs. But without big rulings, political justification for the extra spending will be hard to come by.

The GDPR can only serve Europeans' privacy needs if there's a level playing field for the giants and the smaller companies. That means imposing similar costs relative to their size. That's not the case now, and the European Commission doesn't appear to see it as a problem. This makes the privacy rules much less of a shining example to the rest of the world than they could have been.

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LETTERS TO THE EDITOR

The issue of BREXIT

Boris Johnson's elevation as Prime

Minister of Britain has come at the time when the country is deeply divided over the issue of Brexit. Given his harder stance on Brexit and the language he used to deploy against Brexit deal negotiated by his predecessor Teresa, one could not help but conclude that Boris Johnson would dare to walk out from European Union(EU) with no deal. As the October 31 deadline fastly approaches for Britain to strike a final honourable exit deal with EU, the new incumbent needs to show pragmatism and statesmanship to ensure Britain's exit from EU is less painful and does not inflict disastrous consequences on country's economy. — M Jeyaram, Sholavandan

Ban cola drinks

Mega-star Amitabh Bachchan once disclosed at Indian Institute of Management (IIM) Ahmedabad about his not advertising for cola drinks after a school-student at Jaipur drew his attention about harmful ingredients in cola-drinks. It is significant that cola-companies voluntarily stopped selling coladrinks in schools worldwide in view of increasing obesity in schoolgoing children. Indian government should also not only ban advertisements, but even sale of cola drinks in the country. Earlier also, soft-drink manufacturers were asked to remove an oil from their products which was found to be harmful for health. It is time that Union government, Indian Agricultural Research Institute (IARI) and soft-drink manufacturers should revive drinks like old and famous rose-flavoured ones, which can not only replace cola-drinks in India but even dominate global-market by breaking monopoly of harmful coladrinks in tune with ambitious 'Make in India' concept of Prime Minister. It will rather earn foreign-revenue for the country rather than Indian money being drained out to multinational cola-manufacturers. — Subhash C Agarwal, Delhi

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FINANCIAL EXPRESS

Oft-quoted surveys, like PLFS (Ministry of Labour) and Consumer Pyramids (CMIE), indicate a decline in employment. However, they survey merely 105,000 and 160,000 households, respectively; not statistically representative of 1.35 billion people since the context in which people work has fundamentally changed. Many scholars have also pointed out technical challenges in the surveys. Further, there is significant economic variance among states, and even within states, as shown in our previous article (https://bit.ly/2IsxvIJ).India's economic composition has also changed dramatically in the last ten years, rendering some survey methodologies outdated. We need new data sampling methodologies, including employment databases, that account for these factors.

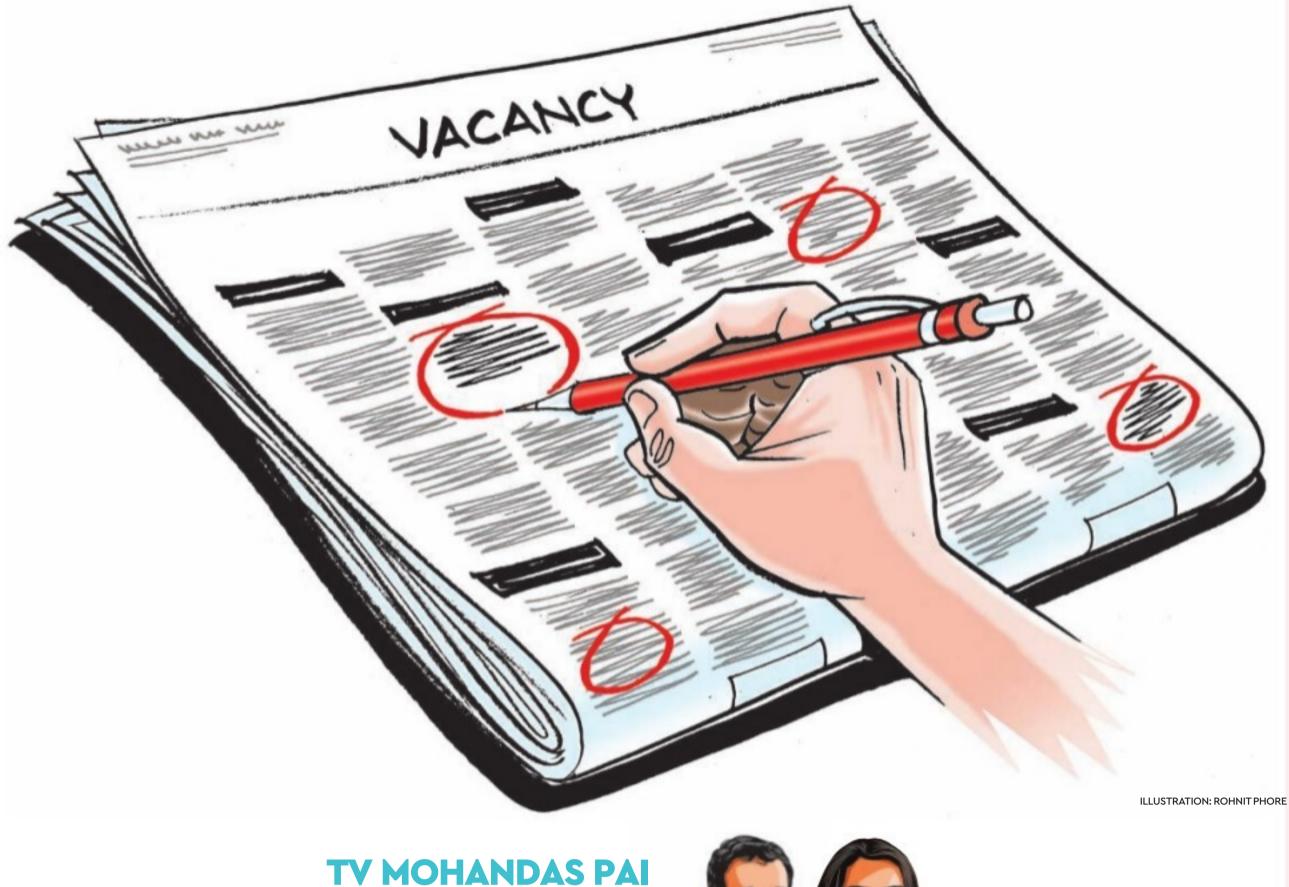
It is time policymakers and economy watchers analyse data from sources like EPFO (Employee Provident Fund Organization), ESI (Employee State Insurance), NPS (National Pension Scheme), IT returns, vehicle sales, Mudra scheme, and others. Steadily, these databases are linking subscribers to Aadhar and can be crossmapped. EPFO, ESI and NPS publish monthly reports, with disaggregated data from September 2017, and serve as useful starting points.

EPFO applies to entities with 20+ employees across 190 industry classifications. EPFO records new subscribers every month upon payment of contribution and classifies them by age group, industry, and state. The latest June 2019 payroll report shows gross number of new EPF subscribers in FY19 is 1.39 crore (see graphic). Accounting for people who joined and then exited, and in some cases rejoined in the same FY, net number of new subscribers is 1.12 crore—representing the net number of people who got a new job during the year.

An applicable entity, on crossing the 20-employee mark, is inducted into EPFO. One criticism is that EPFO does not indicate new jobs but only formalisation, because existing employees are inducted in this manner. This criticism doesn't hold because we can easily account for this. 60,884 establishments remitted their first electronic challan (ECR) in 2018-19; factoring this by 20 gives us 12.17 lakh new subscribers, which are existing employees getting formalised. Subtracting 12.17 lakh from the net number yields just over 1 crore new jobs (see graphic). Further, new employees over the 20-employee minimum of existing entities count as new jobs.

EPFO's methodology was recently updated.In the old MOSPI format, the subtraction of exiting employees included those that had joined before the FY started instead of only those who had registered in the FY. Methodology was revised to count the number of exits, as well as those who rejoined in the same FY, correctly. If a person quits and joins a new job, the record must reflect in both columns. With the correction, the net new subscribers excluding formalisation are at 1.003 crore.

Of the 1.12 crore (see graphic), the highest number is 28.6 lakh, in the age bracket of 22-25 years. A very close second is 27.8 lakh in the 18-21 year bracket. In the below-18-years group, the record is 1.01 lakh. The sum of net new subscribers in these three groups, till age 25, is 57.4 lakh. Census data shows that over the last 30 years, 2.5 crore babies were born every year, on average. With approximately 2.5 crore people attaining the age of 21 every year, of which, let us assume, 60% look for employment, across levels of education—we arrive at 1.5 crore need-







Where are the jobs?

Oft-quoted surveys, like PLFS and CMIE, indicating decline is employment are misleading as they contain methodological flaws, and are not statistically representative of India's population. More nuanced analysis paints a brighter picture of the status of employment in the country.

ing jobs incrementally every year. With a total of 56.4 lakh new subscribers in the 18-25 year age bracket, we must look at higher education data to correlate the number of college graduates who enter the job market. A majority in the 18-25 years category could have either graduated from high school or progressed substantially in higher education. The 26-28 year age bracket recorded 13.9 lakh new subscribers, who could either have postgraduate degrees or maybe took a break and started a second job.

The accompanying graphic shows the 2018-19 EPFO data, disaggregated by state and age group, correlating with 2017-18 AISHE graduation data. This is the old MOSPI format, with new subscribers totaling 61.1 lakh. Applying the corrected methodology across state data might reveal new patterns. India's GER in 2017-18 was 25.8, and 89.6 lakh students graduated in total. These are people who completed college and may be seeking formal employment. The coverage ratio of new jobs in the 18-28 age bracket in 2018-19 to graduates in 2017-18 is also presented.

In the representative states in the North-Central-East zones, total new subscribers in the 18-28 age bracket were 7.3 lakh while the number of college pass-outs was nearly 40 lakh. Uttar Pradesh is a significant contributor here—it has an impressive GER of 25.9 and 17 lakh graduates—but the coverage ratio is only 11.4%. States like Bihar,

Table 1: Net number of new subscribers recorded by EPFO in FY18-19, by age group

Age	Net new EPF subscribers	Total
< 18	1,01,851	1,12,50,214
18-21	27,77,760	Exc. formalisation
22-25	28,63,278	1,00,32,534
26-28	13,86,142	Old MOSPI
29-35	19,99,329	format total
35+	21,21,854	61,12,223

Table 3: NPS subscriber data showing growth in government employment (data from PRFDA)

government	cilipicy		iata ii o		
Subscribers (lakhs)	March 2015	March 2016	March 2017	March 2018	March 2019
Central Govt	15.12	16.58	17.89	19.22	19.85
State Govt	26.30	29.24	33.32	38.68	43.21
Total Govt	41.42	45.82	51.21	57.90	63.06
Y-o-Y Growth	8.02	4.40	5.39	6.69	5.16
Y-o-Y growth rate	24.0%	10.6%	11.8%	13.1%	8.9%

Table 2: Net new subscribers by age group for representative states in each zone recorded in EPFO in the old MOSPI format, AISHE data from MHRD*

Z	Zones	EPFO 2018-19				AISHE 2017-18		Coverage ratio of	
		Age 18-21	Age 22-25	Age 26-28	Age 18-28	Total (all ages)	GER	College Pass-out	Age 18-28 jobs to pass-outs%
NORTH- CENTRAL	Uttar Pradesh	1,03,205	68,444	21,601	1,93,250	2,52,773	25.9	17,01,557	11.4%
	Rajasthan	66,163	44,997	12,502	1,23,662	1,77,332	21.7	6,86,995	18.0%
	Madhya Pradesh	49,644	38,571	16,030	1,04,245	1,42,061	21.2	4,63,449	22.5%
EAST	Jharkhand	15,760	14,737	8,008	38,505	55,616	18.0	1,51,724	25.4%
	Odisha	17,882	16,129	4,289	38,300	35,489	22.0	2,14,911	17.8%
	Bihar	13,167	16,992	12,143	42,302	88,293	13.0	3,76,973	11.2%
	West Bengal	73,101	79,502	36,094	1,88,697	2,63,553	18.7	3,85,507	48.9%
Ŧ	Tamil Nadu	2,60,699	1,26,990	26,479	4,14,168	5,02,020	48.6	8,77,008	47.2%
	Andhra Pradesh	45,100	36,978	17,495	99,573	1,51,024	30.9	3,85,572	25.8%
SOUTH	Telangana	1,28,393	1,23,214	42,274	2,93,881	4,04,079	35.7	3,19,539	92.0%
0,	Karnataka	2,65,827	2,19,708	53,295	5,38,830	6,18,080	27.8	5,06,839	106.3%
WEST	Maharashtra	5,31,060	4,86,518	1,68,034	11,85,612	15,75,943	31.1	8,67,599	136.7%
	Gujarat	2,29,793	1,37,373	50,496	4,17,662	5,55,525	20.1	3,55,305	117.6%
	All India	23,42,998	17,71,705	5,78,759	46,93,462	61,12,223	25.8	89,68,546	52.3%
				24 <u> </u>					A

*Coverage ratio computed by authors. (Odisha's total EPFO number is less than Age 18-28 because data shows a significant number quit in the 35+ age bracket)

Jharkhand and Rajasthan have low GER and low coverage ratios. West Bengal has a higher coverage ratio, 49%, but low GER, 18.7, which must be improved along with formal job creation.

Even in the more industrialised South-West, some states are unable to provide formal employment on par with graduation rates. Tamil Nadu, with India's highest GER at 48.6, has a coverage ratio of 47% while Andhra Pradesh is at 25.8%. Karnataka and Maharashtra have 100%+ coverage ratios, which is a good sign—representative of economies that have a substantial services contribution. It also indicates sizeable migration towards Bengaluru and Mumbai as zones of high employment. The same could account for Telangana at 92% with Hyderabad.Gujarat,remarkably,also has a 100%+ coverage ratio. However, GER is 20.1—lower than all-India GER—and can be improved to feed Gujarat's formal job creation engine.

ESI enrolment applies to 10+ employ ee entities across 90 industries. In 2017-18, ESI showed an increase of 17.97 lakh, with 6.1% growth. There could be some double counting between ESI and EPFO subscribers.

NPS scheme is availed by citizens and government employees alike. Since 2004, new government employees are necessarily added on a defined contribution basis. PFRDAdata (see graphic) shows that number of new government employees has increased by 21.64 lakh from FY15 to FY19, 52.2% at a CAGR of 11%—indicating employment growth in the government sector as well. In FY19, 5.16 lakh new government employees registered.

Above data clearly shows job creation as new subscribers in EPFO, NPS and ESICexcluding formalisation—invariably equal new jobs. Previous articles by authors Pai and Baid analyse the transportation sector (https://bit.ly/2FtPrSS)and tax-paying professionals (https://bit.ly/2T7pXy7) to demonstrate creation of jobs from other data sources. Ghosh and Ghosh also demonstrated the use of these databases to estimate job creation.

Amidst employment data, however, it is clear that India needs to fix the following:

1.Not enough high-paying jobs are being created for graduates. It is probable that most jobs recorded in EPFO are low paying in the ₹25-30,000 bracket. Data (https://bit.ly/2K5gnbD) shows that number of salaried taxpayers probably with salaries exceeding ₹5 lakh/year has increased from 1.70 crore in AY15 to 2.33 crore in AY18. This could also include existing employees. Correlating ITR data with EPFO subscribers will give an idea of income levels in formal jobs and needs further study.

2. Some states with a significant number of graduates are not providing adequate employment. This results in higher unemployment and emigration towards cities with opportunities. For example, there are 1.5 lakh Bengali IT engineers in Bangalore; significantly higher than those in their home state.

3. Women stand to lose the most as they cannot migrate easily, either due to caregiving duties or conservatism. Our previous (https://bit.ly/2WSFKWq) shows that female GER rose from 19.4 in FY12 to 25.4 in FY18, and continues upward PLFS indicates decline in workforce participation of educated women—19.8% unemployment in 2017-18 compared to

10% in FY12. Formal jobs must be cre-

ated in home states to employ graduates.

Regardless, it is challenging for anyone to make claims of growing unemployment based on thin surveys. Instead, one must assemble large datasets from multiple databases-EPFO, ESI, NPS, vehicle sales, IT returns, Mudra and others—and collate with Aadhar. Using the latest big data analytical tools, an appropriate jobs report reflecting facts and the on-ground reality can be prepared to direct policy decisions.

NEIGHBOURHOOD WATCH

EXT YEAR WILL MARK the 100th birth anniversary of Sheikh Bangabandhu Mujibur Rahman, whose struggles delivered independence for Bangladesh. It provides an opportunity for us to learn to appreciate that country better. For what that country stands for. For what their aspirations are. For why they are totally deserving and justifiably of India's respect.

The first description that needs correction is the Indian characterisation of the events of 1971 on the eastern front as an India-Pakistan war. It wasn't. Instead, it should be seen as Bangladesh's war of independence. Yes, India fought Pakistan. Yes, we sent our army in. Yes, the air force followed thereafter. But let none forget that while 3,900 Indian soldiers died and another 9,851 were wounded, the loss of Bangladeshi life was far more. Some say that the genocide unleashed by Pakistan caused upwards of 3 million deaths. If the quantum of sacrifice made by its people is any criteria, it was clearly Bangladesh's fight in which India provided substantial assistance with men and material to help the local population capture power.

At the 100th anniversary celebrations that start in March next year, no other country has as much claim to be on the main stage as India. During the 1971 war, only India and Russia were with Bangladesh. China sided with Pakistan, but clearly Bangladesh has mended fences with China, with the latter offering to invest huge sums of money in Bangladesh. Even with Pakistan, Bangladesh's relations are on even keel, as evidenced by the sociocultural interaction between the two countries from time to time. While it is

A new Bangladesh is emerging

Earlier termed a basket case, terrorist haven, Bangladesh is now aboard the development train





true that Sheikh Hasina's Awami League has sided with India on issues involving Pakistan, the same cannot be said of the two main opposition parties, namely Begum Zia's BNP or late General Ershad's

Jatiya Party, both of whom gave Hasina hell

for cosying up to India. It has been 48 years since independence. For more than half the period, Bangladesh had governments that were not favourably disposed towards having good friendly ties with India even when they may not always been completely inimical. The population of Bangladesh, at the time of its independence in 1971, was 65 million; today, it is 165 million. Which means that most of the population has no recollection of Mujib and his sacrifices or India's contribution. The 100th anniversary is a perfect opportunity to tell them about Bangabandhu, his sacrifices and his contribution to the cre-

ation of Bangladesh. India would do well to showcase its own role without making Bangladesh uncomfortable. It is a perfect opportunity for India to pay homage to the memory of the 3 million Bangladeshis who died during the independence struggle.

It is in India's interests to do so. Bangabandhu, or friend of Bengal, Mujib wore his Bengali identity proudly on his sleeve. Which is how, even today, the Bengali identity trumps the Muslim identity for most Bangladeshis. The anniversary provides an opportunity to reinforce this in the minds of the post-independence generation. From India's point of view, that alone will be enough to provide a bulwark against mass radicalisation of the population. Bangladesh attaches great value to its secular credentials, and the fact that there are more than 100 temples where daily worship takes place is testimony to



sation that can hurt India. But to get there, we, in India, need to change. The Indian mindset on Bangladesh

has to change. Take the name in front of anyone and everything you likely hear is negative. Illegal migration. Basket case. Poor country. Terrorist haven. There is no denying that Bangladesh has its share of problems. But today's Bangladeshi is a proud Bangladeshi. And there is much for him to be proud of. And he wants to be appreciated for it. With good reason, too.

The Brookings Institution calls Bangladesh one of Asia's most remarkable and unexpected success stories in

recent years. "Bangladesh defies economic and political gravity," screams the Nikkei Asian Review. They are self-sufficient in food and earned the world's respect when they gave shelter to the Rohingyas fleeing persecution in Myanmar, in much the same way India did when millions of Bangladeshis took refuge in India in 1971. Even Pakistan calls Bangladesh a success story, admitting candidly that Bangladesh has done much better than Pakistan itself.

There is more. I did not know until last week that India exports \$10 billion worth of goods and services to Bangladesh and that we run a trade surplus of over \$9 billion with them. It means that Bangladesh buys over Rs 70,000 crore worth of stuff from us. That is a lot of jobs they are helping us create in India. They deserve our gratitude for this alone. But the story does not end

there. In 2017, more than 2.2 lakh Bangladeshis came to India for medical treatment, and that number will be much higher by now. They create jobs, too. With them, come their families. The Indian High Commission issues over 15 lakh visas to Bangladeshis annually. I am not sure if there is any other country that sends as many visitors to India. Many of them come to Kolkata for weekend shopping, some have started going to Guwa hati after a direct flight was introduced. The impact of these 15 lakh on the Indian economy cannot be overstated. Thank you, Bangladesh. It is high time we acknowledged their positive impact on the Indian economy, and give them the respect they so rightfully deserve.

If that's not all, Bangladesh trumps on several indicators. Bangladeshis' average life expectancy is now 72 years, compared to 68 years for Indians, says the World Bank. When it comes to banking, only 10.4% of Bangladeshi bank accounts are dormant, compared to 48% of Indian bank accounts. Dormant accounts are those where there has not been a single transaction for a year. When it comes to readymade garments, Bangladesh trumps India by a long way.

If none of this resonates with you as being reason enough for Bangladesh to be proud, allow me to remind you of Shakib Al Hasan, whose performance at the recent ICC Cricket World Cup has been nothing short of phenomenal. The success of Shakib has given the young Bangladeshi reason enough to walk with his head held high. It is time we in India recognised this and give them the respect that they deserve.