

Modi Govt shouldn't thump chest with conjured or dubious data

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"7.28

crore youth self-employed under MUDRA loan scheme"-that is title of mythological serial beginning today. Scriptwriters may apply
", tweeted ex-Finance Minister P. Chidambaram on 13th July 2017.

He was ridiculing BJP President, Amit Shah's claim that 7.28 crore people have become self-employed under Pradhan Mantri Mudra Yojana (PMMY) launched in April 2015. Mr. Shah has indeed pulled a rabbit out of his hat. Why his claim is fictitious would become clear later with a quote from an official report.

Ironically, Mr. Shah had last month flaunted a bigger figure on the same matter. He stated: "

As many as 7.64 crore youth have got employment through Mudra bank. The loan amount that is disbursed by the bank varies from Rs 10,000 to Rs 10 lakh. These people turned from job seekers to job-generators".

Textiles Minister Smriti Irani was perhaps the first one to dish out Mudra-linked job statistics. She told a TV channel in May this year that "**Over Rs 7 crore people have been given loan under Prime Minister MUDRA Mission. The loans have been given for entrepreneurship and the loans are being paid back. But those people havenow been self-employed and probably have given jobs to others too".**

All such jobs data is fictitious or wild guess at best because there is no official or Government-commissioned evaluation of impact of Micro Units Development and Refinance Agency (MUDRA) credit.

Diligent search through Parliament questions on MUDRA draws a blank on number of jobs created. Neither Comptroller and Auditor General (CAG) nor Independent evaluation office (IEO) has undertaken any MUDRA study. One encounters a similar failure after visiting & searching niti.gov.in and several official websites. The Finance Ministry's Outcome Budget for 2017-18 is silent on employment generation under MUDRA.

The clinching proof of fictitiousness of jobs data is embedded in the draft report of Task Force on Improving Employment Data (TFIED) released by Niti Aayog on 13th July 2017.

As put by the Report, "

MUDRA gives small, unsecured loans to enterprises. These loans have numbered several crore each year and constitute an important source of job creation. Till date, no count of these jobs exists".

The Report continues: "

Accordingly, the Task Force recommends that MoSPI(Ministry of Statistics and Programme Implementation) carry out a systematic survey of individuals or enterprises that have availed MUDRA loans. With banks providing details on these borrowers, it is a straightforward matter to quickly complete such a survey. MoSPI will, of course, need to be provided necessary financial resources for the survey speedily".

TFIED adds: "

In principle, data from several government schemes and programmes such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Grameen Sadak Yojana (PMGSY), Micro Units Development and Refinance Agency (MUDRA), Integrated Child Development Services (ICDS) programme, Housing for All, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY), and various infrastructure projects and livelihood schemes create jobs.

Till date, these sources have not been exploited to estimate job creation. The major limitation in using data from these schemes is that, in some cases, additions to payrolls may not represent new jobs and simply indicate employment shifts "

It appears some die-hard BJP supporter has given a brilliant twist to the total number of beneficiaries (borrowers) under Mudra. It is here pertinent to recall Prime Minister Narendra Modi's newyear address to the nation.

Mr. Modi stated: "

The progress of the MUDRA Yojana has been very encouraging. Last year, nearly 3 and a half crore people have benefited from this. The Government now aims to double this, giving priority to Dalits, Tribals, Backward Classes and Women".

A PIB release dated 24th May 2017 says: "

Data compiled so far indicates that the number of borrowers this year (2016-17) were about 4 crore, of which over 70% were women borrowers".

The 4 crore plus 3.5 crore borrowers aggregate to 7.5 crore. The figures around this total have thus been pitched by BJP stalwarts as number of jobs created under MUDRA.

Some researcher in BJP office apparently assumed the number of borrowers/beneficiaries as number of persons who got employed under MUDRA. This assumption is flawed on three counts.

First, it is wrong to presume that all borrowers are jobless. Many borrowers would have taken loans to expand/strengthen their existing business. Second, there is no data to show that business expansion led to new jobs creation. Third, it is fallacy to assume that there are no business failures and the resulting loss of employment.

The risk of failure in one-person enterprises & other tiny enterprises is very high as their capacity to withstand adverse conditions is wafer-thin. The sickness rate for small enterprises (including the ones that don't take loans) is much higher than medium and large enterprises.

It is here apt to recall the failure rate under erstwhile loans-driven Self Employment Scheme for Educated Unemployed Youth (SEEUY), which was launched in 1985 by Rajiv Gandhi Government.

"

SEEUY could not be continued successfully. It was estimated that more than 70% of the units became sick and subsequently closed down," says Development Commissioner (MSME), Ministry Of Micro, Small & Medium Enterprises.

The God knows the success rate under a similar credit-driven Self-Employment Programme for Urban Poor (SEPUP) that was launched in 1986 .

Under MUDRA, banks and micro finance institutions (MFIs) provide collateral-free loans to unemployed or self-employed individuals, micro-enterprises and small units.

It offers loans as three products: loans of upto Rs 50,000 termed as '**Shishu**

', loans in the range of Rs 50,000 to Rs 5 lakh categorized s 'Kishore' and loans between Rs 5 lakh to Rs 10 lakh dubbed as '**Tarun**'.

Mudra loans are covered by Credit Guarantee Fund for Micro Units (CGFMU) with a corpus of Rs 3000 crore. A similar arrangement named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) already exists. It was created in 2000 by Atal Bihari Vajpayee Government.

If we leave asides the politics of flaunting something 'new' before voters, we will realize that there was no need to launch Mudra. Modi Government could have enhanced CGTMSE's corpus & created new refinance window in Small Industries Development Bank of India (SIDBI). The window could have been opened for doling out collateral-free small loans through MFIs to poor people.

To expand credit as driver of employment & growth in unorganized sector or personal sector, a term coined by Mr. Modi, the Government ought to strengthen existing employment-oriented welfare schemes, make all relevant data public and ask CAG to conduct period audit.

BJP top leaders are fond of flaunting job guesstimates that can send any person into tizzy. In April 2015, the Finance Minister Arun Jaitley, for instance, claimed that the amendment to land acquisition law would generate 30 crore jobs for landless in industrial corridors.

The Government should enlighten public the basis & timeframe for this estimate. It should explain two-year delay in enactment of this law that would herald acche din for landless people.

Introduced in Lok Sabha during May 2015, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015 is still pending in Parliament.

Potential job guesstimates aside, Modi Government also likes to show off data in different spheres of development. Such data looks dubious when taken along with news reports from ground reality.

The most obvious example is that of number of toilets & labeling of States, districts and villages with open defecation Free (ODF) tag. In May 2017, a leading daily reported that 36 villages in a district in Uttar Pradesh have been falsely shown as ODF under Swachh Bharat Abhiyan.

Himachal Pradesh was declared ODF State in October 2016. If this claim is correct, why HP High Court is hearing a petition on this subject? Last month, the Court observed: **"Shockingly, there are no public conveniences available on these highways, as a result of which public travelling day in and day out on such roads are compelled to urinate/defecate in open causing damage to the ecology as well as causing pollution ."**

A news story on the case quoted amicus curiae Deven Khanna as stating:

"Approximately 10 million toilets were constructed between 2006-07 and 2010-11 across the country under Total Sanitation Campaign, but unfortunately, toilets remain largely defunct and are reportedly being used as storerooms ."

Take now the case of Indian Leather Development Programme (ILDP). The Outcome Budget for 2017-18 claims that projects under ILDP would result in **"Higher employment by at least 3.8 lakh skilled manpower in the sector"** over the **"medium term"**.

Consider now Pradhan Mantri Rozgar Protsahan Yojana for which Rs 1000 crore has been earmarked in the current fiscal year. It is expected to create five lakh jobs in 2017-18 through provision of incentives to employers. Disclosure of the basis for this target in Outcome Budget would have given credence to such estimates.

Similar approach should be applied to Prime Minister's Employment Generation Programme (PMEGP). With budget outlay of Rs 1024.49 crore, PMEGP would create 4.52 lakh jobs by facilitating setting up of 56500 micro units in current financial year, according to Outcome Budget for 2017-18.

The National Mission on Food Processing intends to facilitate employment to 5,33,600 persons over the medium term with budget allocation of Rs 725 crore on different projects during 2017-18.

All such numbers have to be crunched with a pinch of salt as the Government does not disclose the basis for computation of estimates. Nor does it have a regular mechanism to verify the number of jobs accruing from different schemes.

Modi Government ought to embrace transparency in entire chain of governance from policy formulation to projects monitoring, independent verification and accountability.

It should strictly follow open data policy as is being done by member countries of Organisation for Economic Co-operation and Development (OECD).

"Most OECD countries have adopted an 'open by default' policy, whereby all government data is open unless there are legitimate justifications for not doing so", says OECD's 'Government At A Glance 2017' report.