

Business

Modi kept his job, but most Indians worry about theirs

1.2 million vie to enter cutthroat job market

NEW DELHI: Asad Ahmed, one of about 1.2 million young Indians entering the cutthroat job market each month, diligently scribbles notes at a computer class in New Delhi. While nationalist Prime Minister Narendra Modi won a new five-year term promising to step up his campaign for a "new India", 18-year-old Ahmed is pessimistic about getting a new job.

"There are so many people in Delhi and the competition is intense," said Ahmed, dressed like the other students in a black-and-white uniform at the three-month community course run in a police station in Old Delhi.

"I know this stint may not be enough for me to get a job but I am trying my best." Modi came to power in 2014 promising jobs, but delivering on that has been a challenge. And as soon as the election euphoria settles, Modi's government will have to find ways to boost investment and revive manufacturing to create new jobs. Like Ahmed, most of the other 60 students at the government-sponsored "skill development" classes at the Old Delhi police station, all from poor families, were also apprehensive.

Nudrat Akram, 19, signed up for the course because her family could not afford to pay for higher education. "I want a job in the retail sector where I can earn 10,000 rupees (\$143) a month," Akram said, as she practiced speaking English with pretend customers.

More jobs, more debt

India's conservative prime minister came to power in 2014 on a pro-business platform, promising to create 10 million jobs a year. The world's fastest-growing major economy has grown about 7 percent a year since, but jobs have been elusive. The promise was barely mentioned in Modi's triumphant re-election campaign. Nearly two-thirds of India's 1.3 billion population are of working age, between 15 and 64, but an

increasing number are in the unemployed list. No official data has been released for more than two years but a recent leaked report—denied by the government—put the unemployment rate at a 45-year high of 6.1 percent.

The Centre for Monitoring Indian Economy, a private research firm, estimates the jobless rate rose to 7.6 percent in April. "The economy is going to be a huge problem. The government simply cannot create jobs for millions entering the workforce," said political analyst Parsa Venkateshwar Rao.

"Modi will rely on businesses but they are also struggling so he has a real problem on his hands."

'Not easy to survive'

Unemployment is particularly dire for women. A Deloitte consultancy report in March said female labor force participation fell to 26 percent in 2018 from 36 percent in 2005 because of poor education and socio-economic barriers. The manifesto of Modi's Bharatiya Janata Party (BJP) promised a \$1.4-trillion infrastructure boost to create jobs if it won the election. It offered metro trains for 50 cities and to double the national highway network. But analysts say the government, which has drastically increased its debt over the past five years, will have to borrow huge new amounts to pay for the works.

In 2015, Modi launched a Skill India program aiming to train 500 million people by 2022. But the results have been mixed. According to 2018 data, only a quarter of people who joined the scheme found jobs.

"The Skill India mission has not had as much success as say the highway program," said economist Arvind Virmani.

"The real crisis is about job skills and basic education." India's rural jobs guarantee program offers work to about 70 million people at a minimum wage for 100



An Indian vendor sells handmade baskets and baby cradles to commuters on a road in Amritsar yesterday. —AFP

days a year, but there is no equivalent for the growing numbers of urban youth. Experts say the government must consider an urban employment guarantee scheme in order to reap the true benefit of its economic growth. At the Delhi classes, 18-year-old Sehar, who uses

one name, is worried about helping her poor family, including four younger sisters. Her father, who works at a hospital, is the only earner.

"I am the eldest and I want to help my family, it's not easy to survive in this city." —AFP

Pakistan bracing for austere budget under IMF: Finance chief

ISLAMABAD: Pakistan is preparing a belt-tightening budget to tame its fiscal deficit, the de facto finance minister said on Saturday, adding that both civilian and military rulers agreed austerity measures were needed to stabilize the economy.

But Hafeez Shaikh, Prime Minister Imran Khan's top finance adviser, declined to say whether the military's hefty budget would be cut following last week's agreement in principle with the International Monetary Fund for a \$6 billion loan.

The IMF has said the primary budget deficit should be trimmed by the equivalent of \$5 billion, but previous civilian rulers have rarely dared to trim defense spending for fear of stoking tensions with the military. Unlike some other civilian leaders in Pakistan's fragile democracy, Khan appears to have good relations with the country's powerful generals.

More than half of state spending currently goes on the military and debt-servicing costs, however, limiting the government's options for reducing expenditure.

"The budget that is coming will have austerity, that means that the government's expenditures will be put at a minimum level," Shaikh told a news conference in the capital Islamabad on Saturday, a few weeks before the budget for the 2019/20 fiscal year ending in June is due to be presented.

"We are all standing together in it whether civilians or our military," said Shaikh, a former finance minister



ISLAMABAD: Advisor to Prime Minister Imran Khan on Finance, Revenue and Economic Affairs Abdul Hafeez Shaikh gestures during a press conference next to special assistant to the Prime Minister for Information and Broadcasting Firdous Ashiq Awan, in Islamabad on Saturday. —AFP

appointed by Khan as part of a wider shake-up of his economic team in the last two months. In the days since last week's agreement with the IMF, the rupee currency dropped 5 percent against the dollar and has lost a third of its value in the past year. Under the IMF's terms, the government is expected to let the rupee fall to help correct an unsustainable current account deficit and cut its debt while trying to expand the tax base in a country where only 1 percent of people file returns.

Shaikh has been told by the IMF that the primary budget deficit—excluding interest payments—should be cut to 0.6 percent of GDP, implying a \$5 billion reduction from the current projection for a deficit of 2.2 percent of GDP.

The next fiscal year's revenue collection target will be 5.55 trillion rupees (\$36.88 billion), Shaikh told the news conference, highlighting the need for tough steps to broaden the tax base. —Reuters

Bangladesh, fishermen protest fishing ban

COX'S BAZAR: Hundreds of Bangladeshi fishermen staged a protest in the country's south yesterday, police said, after the government imposed an unprecedented two-month long fishing ban on the Bay of Bengal. Carrying placards and banners, the fishermen marched to Cox's Bazar city from coastal villages days after the government's 65-day long fishing embargo came into effect.

"This is wrong. This is injustice. No other country in the world has ever imposed such a long ban," said union leader Kolim Ullah through a loudhailer during the protest.

Ullah said the ban has hit the livelihood of hundreds of thousands of people in Bangladesh's coastal districts, home to about 20 million people, most of whom depend either directly or indirectly on fishing. "The embargo has especially hit the poor fishermen hard. They don't know any other work," he said.

Bangladesh imposed the ban on fishing in the Bay of Bengal last week in an effort to replenish depleted stocks. The junior minister for fisheries, Ashraf Ali Khan, said the ban would run from May 20 to July 23, and that navy and coast guard vessels would patrol the bay to prevent boats from putting to sea.



COX'S BAZAR: Bangladeshi fishermen stage a protest in Cox's Bazar yesterday after the government imposed two-month long fishing ban on the Bay of Bengal. —AFP

Bangladesh frequently slaps seasonal bans on fishing in deep seas and coastal rivers, but authorities said this was the longest-ever imposed for shallow waters near the coast. It covers all types of fishing boats. Ullah said the protesters submitted a memorandum to the administrator in Cox's Bazar demanding the ban be shortened to one month and the government stop foreign fishing vessels from entering Bangladeshi waters.

As part of compensation measures, the Bangladesh government has announced it will provide free rice for nearly half a million families of badly affected fishermen. But SM Nazrul, another union leader, said the aid is promised only for the registered fisher-

men, while "the number of unregistered fishermen is eight times more than the registered ones." Fishermen have also threatened to march towards the capital Dhaka if the embargo is not shortened.

"The ban is slapped on just before Eid," said fisherman Mohammad Rafique, referring to the largest Muslim festival of Eid al-Fitr. "How will we celebrate Eid when we don't have a penny in the pocket?"

The ban has also hit Rohingya refugees, nearly a million of whom have fled a military crackdown in Myanmar and found shelter in squalid camps near Bangladesh's Teknaf and Ukha fishing towns.

The refugees are not permitted to

work outside the camps but thousands have secretly found work in the sea-going fishing trawlers owned by Bangladeshis. "Thousands of Rohingya work as crew members in a bid to find a better life. This ban would throw these Rohingya back on the streets," Abdus Salam, a boat owner in Shamlapur fishing village, told AFP.

Every year Bangladesh imposes a weeks-long ban on the fishing of Hilsa—a popular Herring-like staple—and has created six sanctuaries in its network of coastal rivers to allow spawning.

The bans have boosted the Hilsa catch by more than 150 percent since 2004 and turned it into a \$2 billion industry. —AFP

Much in trade talks to wait until after Japan July vote: Trump

TOKYO: The United States and Japan are making "great progress" on trade talks, but "much" of the negotiations will wait until after Japanese elections in July, US President Donald Trump tweeted yesterday. "Great progress being made in our Trade Negotiations with Japan. Agriculture and beef heavily in play. Much will wait until after their July elections where I anticipate big numbers!" Trump wrote, referring to upper house elections in Japan this summer.

Japan and the United States still need to work to narrow their differences on trade, Japan's economy minister said on Saturday, following a meeting with US Trade Representative Robert Lighthizer. Toshimitsu Motegi met with Lighthizer in Tokyo for trade talks ahead of a meeting today between the leaders from the two nations. Motegi said there was no discussion of President Donald Trump's decision to declare some auto imports a national security threat.

"We deepened our understanding of each other's positions on trade. However, we're not in complete agreement," Motegi told reporters following the talks. "There are still some gaps. We need to work to narrow our differences." He said he did not expect a total, or even partial agreement on trade at Monday's summit. Trump arrived in Japan on Saturday for a largely ceremonial state visit meant to showcase strong ties even though trade relations remain problematic. He urged Japanese business leaders to increase their investment in the United States while chiding Japan for having a "substantial edge" on trade. The United States is engaged in a trade war with China in protest against Beijing's treatment of US companies, and tensions with Japan and the European Union over trade are simmering. —Agencies

UK stocks shrug off May's exit, but Brexit risk lurks

LONDON: Britain's FTSE 100 held its gains on Friday after Prime Minister Theresa May announced her resignation date as head of her party in a widely expected move that nevertheless raises the prospect of a successor likely to seek a more hardline Brexit deal.

The FTSE 100 added 0.7 percent and the midcap index rose 0.5 percent, slightly off its opening levels, as traders and investors said the market had already priced in May's move when rumors first started circulating. Housebuilders, considered prone to any hit to the economy from a chaotic "no-deal" departure from the European Union, barely budged after May's speech. "It's been so well-flagged and UK assets have been hammered all week. Realistically we know no more or less than we did yesterday," said a trader.

Housebuilders, retailers, domestic banks and other Brexit-sensitive stocks fell sharply earlier this week when pressure grew on May and investors grappled with the likelihood of Boris Johnson, who wants a tougher divorce deal, as her successor. The former foreign secretary is favorite to win the Conservative party leadership contest, according to Oddschecker. May will step down as prime minister once the new party leader is chosen, expected in July. "Theresa May's announcement ... comes as no surprise, but it could lead to a chain reaction that will ultimately be negative for UK market sentiment," said Seema Shah, senior global investment strategist at Principal Global Investors. —Reuters