

LABOUR BUREAU FILES MUDRA JOB REPORT

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

The Labour Bureau has completed its survey on employment generated by the MUDRA loan scheme, giving the Centre a potential data tool to combat other reports showing a dismal scenario on jobs.

“We have completed the survey and submitted the report to the Labour Ministry,” said a senior Labour Bureau official, speaking on condition of anonymity.

“It is awaiting the Minister’s approval now... it is likely to be released in the first week of March,” the official said, declining to comment on the survey’s findings.

The Pradhan Mantri Mudra Yojana was introduced in April 2015 as an effort to extend affordable credit to micro and small enterprises. Loans up to Rs. 10 lakh are extended to these non-corporate, non-farm enterprises by the Micro Units Development and Refinance Agency (MUDRA) through last-mile financial institutions. So far, 15.56 crore loans worth a total of Rs. 7.23 lakh crore have been disbursed.

Before stepping down as vice chairman of Niti Aayog in August 2017, Arvind Panagariya, had submitted a report on the recommendations of a task force he had chaired on improving jobs data.

One recommendation was to analyse the extent of employment and self-employment generated by MUDRA loans.

In December 2017, faced with mounting criticism on the failure to create job opportunities, the Labour Ministry had asked the Labour Bureau to initiate the survey on jobs created through the MUDRA scheme.

NSSO survey

The Labour Bureau’s completed report on MUDRA loans has now been submitted to the Centre at a time when it is taking flak for not releasing the results of the National Sample Survey Organisation’s periodic labour force survey.

According to reports, a leaked copy of the NSSO’s findings showed that unemployment hit a 45-year high of 6.1% in 2017-18.

Central government ministers and officials have already attempted to use the MUDRA scheme’s performance to combat criticism based on the leaked NSSO job survey report.

Some economists, however, have advised caution in the interpretation of MUDRA data, especially as it relates to jobs.

“Every new loan certainly doesn’t imply creation of a new job,” ICRIER fellow Radhicka Kapoor, wrote in a working paper titled ‘Waiting for Jobs’.

“It is improbable that these loans are being given to those who were formerly unemployed. They are more likely being given to people who are moving to self employment from other jobs

resulting in no new net job creation.”

Further, she asserted: “Given that the average size of the loan disbursed under MUDRA is quite small, it is unlikely that the loan seekers are providing a job to anyone other than themselves.”

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