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# PAKODAECONOMICS

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**Abstract :** This study has been undertaken to understand what is pakodaeconomics and why it is important in today's context. 'Pakodaeconomics' should not be taken lightly because in the age of robotics and automation, imagining jobs by the millions in assembly lines like Henry Ford did is no longer possible and to generate the employment for the citizen in current scenario, you have to make something unique and exceptional.

**IndexTerms – Self employment**

## 1. Introduction:

"Pakodaeconomics", a journo-coined word, reflecting the economic policies introduced by Government for purpose to encourage self-employment and entrepreneurship, came into existence after the statement of Indian Prime Minister in defence of his government policy that for employment statistics even street food vendors should also be considered as they are self-employed and contributing in the economy of the country. After the statement, the ruling and opposition party start sparring over the status of job in India without considering the wider significance of this term and the related economics as to how self-employment not only transforming India's low employment growth but also boost the economy of a densely populated country like India.

'Pakodaeconomics' should not be taken lightly because in the age of robotics and automation, imagining jobs by the millions in assembly lines like Henry Ford did is no longer possible and to generate the employment for the citizen in current scenario, you have to make something unique and exceptional.

## 2. Impact of Economic Growth on Employment

Economic growth is an important requirement for the development of the Country and the development of Country is not only the financial growth of certain Section of their citizen but it should benefit the every citizen of the country and the same should only be achieved by creating the stable environment for financial growth as well as creating the employment, enhancing the employability of their citizen. However, recently most countries have been facing the problem 'jobless growth' meaning economy is growing but not the employment rates. Growth is not meant to end it promotes development and reduces poverty and is designed to serve people.

Creating jobs is crucial for development. Most developing countries struggle with unemployment and underemployment. Many people can barely meet their ends from what they earn thus creating jobs and also improving conditions for the existing jobs is also very important. Pro-development integration with global trade and foreign trade investment can facilitate this process

The global employment trend reports that the world faces a challenge of creating decent jobs for 900 million workers living in the below poverty line mostly in developing countries. Secure jobs with social benefits and fair pay, eradicates poverty and is important pillar in development.

Another important thing is efficient infrastructure, financial and educational institutes which help in the growth of companies and creates jobs. This income generated boosts economy and employment.

On the other hand, the size and evolution of the effect that the economic growth process has on employment differs according to other factors such as rhythm in introducing technical progress, institutional changes specific to the labour market, wage policies, etc.

India is not even exceptional, over the years, in India the contribution of employment has declined and that of productivity has increased in the growth of GDP so that during the last decade 80% growth was accounted for productivity increase and only 20% by employment growth services which have been a major source of recent growth particularly seen a sharp decline the economies of developing and emerging markets have grown faster than that of industrialised countries in recent decades this has been facilitated by deeper integration into global trade and a sharp rise in foreign direct investment trade and direct investment between developing and emerging markets themselves have also risen sharply in recent years Generally recent studies show that between economic growth and employment that's positive and strong relationship meaning that economic growth generates new jobs but of different intensity from one period to another and from one country to another this reflects the different response of the labour market to the economic growth process

In such scenario where India's economic growth is skyrocketing but employment is not being generated in proportion, the requirement of some indigenous method is required which can fill the gap between the speed of economic growth and generation of employment and the 'Pakodaeconomics' is such indigenous method by implementation of the same, India can achieve the said goal.

### 3. **Self-Employment**

Before explaining the 'Pakodaeconomics', it is necessary to understand the meaning of self-employment and how it is beneficial in comparison of other kind of employment.

The literary definition of employment refers to an act or instance of **employing** someone or something. However the economic definition is concise and different. According to economics, "Employment is the agreement which is performed between employer and employee which determines the task, the job role, the way of service and the contribution the employer must provide to the organization". Based on the job role and various other aspects a certain amount of remuneration and facilities is decided by employee which is provided in exchange of his service.

There are three main types of employment that exists:

- Self-employed: those who open and operate an enterprise.
- Casual wage labourers: those who are employed for a short period of time usually in farms/construction work.
- Regular salaried individuals: those who are working in an enterprise regularly and earn a salary.

There are other kinds as well such as frictional and seasonal employment but are not relevant for present topic.

The self-employment is defined as the employment of the employer, workers who work for themselves, member of producers cooperative and unpaid family workers (unpaid in the sense that they lack of formal contract to receive a fix amount of income at regular intervals, but they share in the income generated by the Enterprise). In other words, the self-employment may be seen as a survival strategy for those who cannot find any other earning and income or as evidence of entrepreneurial spirit and the desire to be once own boss. The self-employed person may be involved in a variety of occupation but generally are highly skilled at a particular kind of work such as writers, doctors, lawyers, trade people, freelancer, chartered accountants, insurance agents etc. A self-employed person is not often the same thing as a business owner in contrast, a person who is a self-employed both owns the business and is also the primary or sole operator and the taxation rule applies on them are differ from the employee or a business owner.

However, the 'Pakodaeconomics' which coined on the statement of the Prime Ministry of India that street food vendors (who are engaged in selling Pakodas should also be considered in employment statistics) has wide connotation which mean a person which may be not highly skilled but earning their livelihood without being the employee of other is self-employed person and it is one of the employment. This statement is not made for the purpose of jugglery of data, but it is a mere hint, how the Government is working to reduce the unemployment, push their economic growth and silently enhancing their tax collection base.

### 4. **'Pakodaeconomics' is synonymous to self-employment:**

'Pakodaeconomics' is not only related to the street food vendor but represent all small traders, vendor, technical person who earn his livelihood by doing their own work. They may be street food vendor, vegetable seller, air condition mechanics, automobile mechanic and doing all short of pity works but earn a respectable amount. All the persons are working as an unorganized sector where most of them is neither registered with any government organization nor having bank account and they are definitely not existing in any employment statistics or other government or non-government data collected in respect of any economic activity, however, they have the substantial contribution towards the economy of India.

It is well-known fact the people always opted to either be the business owner or be the employee of organized sector (First choice to be the Government employee) with only reason that these employment provide them medical insurance, retirement benefits, pension etc., and simultaneously provide them social status, which all things lacking for the aforesaid self-employed and due to the same, it is not opted by most of person as a carrier option and seen as a survival strategy for those who cannot find any other means of earning and income.

However, the Indian Government by introducing different policies try to encourage the self-employment program, so the many more person opted this path and earned their livelihood and a good social status. The government introduced various policies after keeping in mind the high population ratio of the country and they are also aware with the ground reality that their economic growth cannot generate the proportionate employment, therefore, with purpose to deal with unemployment issue they find a good indigenous solution to encourage the self-employment.

The said statement has not been made casually, the government has taken various steps and implemented various schemes for encouragement of self-employment such as 'Jandhan Yojna' facilitate anyone to open the account on zero balance, pension scheme, providing free medical treatment etc., which is very essential and minimum requirement for opting the self-employment by the person who is not well-qualified and even not qualified at all. After the certain basic steps taken by the Government now anyone can easily open bank account even on zero balance, start their business, deposit and withdraw the said amount without any fear to lose the money, they are secured by different scheme of the government just like free medical treatment, insurance, pension etc. which provide the social security and apart from the same, the government also introduced a lot of schemes which provide the easy finance, so they can easily get money for starting their own work. Therefore, the government by touching the right note, encouraging the people to opt the self-employment and in this way the government is giving the boost to the economic growth.

The government directly or indirectly also broadening their base of tax collection by encouraging the self-employment, as after introduction of the different schemes, these persons who are falling in the purview of Pakodaeconomics, are basically related to the unorganized sector and after opting various schemes of the government they encouraged to do the bank transaction and even automatically coming in the access of the tax department. So by supporting such scheme the government is also broadening their tax base.

However, the government introduced lots of schemes to increase the self-employment and those are as follows:

#### **Aspire Scheme**

A Scheme for Promotion and Innovation, Rural Industries and Entrepreneurship (ASPIRE) is aimed to make the people of rural areas self-employed by providing financial support from subsidies and loans. The main aim of introducing this scheme is to generate opportunities in rural areas. To build new enterprises in rural areas, the Aspire scheme was introduced by the Government of India in 2015.

#### **Prime Minister Employment Generation Programme**

This scheme is introduced by the Khadi and Village industries (KVIC) to produce employment opportunities in the urban and rural areas of the country. Any citizen of India who has crossed the age of minority (18 years) is eligible to get the benefits of this scheme. The Prime Minister Employment Generation Programme is only for the new ideas and not for the established ones.

The maximum cost of a project unit provided by the Central Government under this scheme is Rs. 25 Lakhs for the production sector and Rs. 10 Lakhs for the service sector.

#### **Pradhan Mantri Rozgar Scheme**

Pradhan Mantri Rozgar Scheme is the scheme of the Central Government, launched in 1993, which focuses on providing self-employment to the literate youth who do not get any job. This scheme provides loans for unemployed women and youth. With the help of this loan, young India can start their business with Innovative ideas in many sectors.

Under this scheme, the loan amount of up to Rs. 1 Lakhs is offered to the borrower and training of 15 to 20 days is provided. The period of repayment is 3 to 7 years of the loan amount.

#### Micro-Credit Scheme for Self-Help Groups

Micro-credit scheme for self-help groups is run for the members of self-help groups (SHGs), generally for the ladies who live in the rural areas or the slum section of urban areas. The National Ministry, Development and Finance Corporation, looks out for this scheme. In the micro-credit scheme, as the name suggests, the little or micro amount of Rs. 1 Lakhs to the members of self-help groups with the 7% rate of interest. The period of refund of this loan is three years.

#### Self-Employment Lending Scheme

The Self-Employment Lending Scheme is run by the National Ministry Development and Finance Corporation (NMDFC) for the minor community to make them self-employed and self-reliant. The maximum value of loan amount sanctioned under this credit line term-2 scheme is Rs. 30 Lakhs, and for credit line term-is Rs. 20 Lakhs. The rate of interest charged on this amount to the minor communities is 3%, and the repayment tenure is five years.

#### Self-Employment Programme for Urban Poor Scheme

The Self-Employment Programme for Urban Poor Scheme is the programme under the National Urban Livelihoods Mission (NULM). This scheme provides the poor living in Urban areas with financial support. There is no education qualification required to be eligible for this scheme, and any individual or group with a minimum number of members three can apply for it. For the groups, the sanctioned loan amount is up to Rs. 10 Lakh for groups and Rs. 2 Lakh for individuals. The interest rate in this scheme is 7%, and the tenure of refund ranges from 5 to 7 years.

#### Pradhan Mantri Mudra Scheme

Many young innovators do things out of the box. The Central Government introduced the Pradhan Mantri Mudra Scheme to encourage those innovators toward self-employment. This scheme provides the facility of credit to different Micro, Small and Medium Enterprises.

- SHISHU Loan- The loan amount provided in the SHISHU loan has a maximum limit of Rs. 50,000. This loan is provided to set up the new business.
- KISHOR Loan-The loan amount provided in the KISHOR loan ranges from Rs. 50,001 to Rs. 5,00,000. This loan is given to those existing industries which want to purchase the new equipment and raw materials.
- TARUN Loan-The loan amount provided in the TARUN loan ranges from Rs.5,00,001 to Rs. 10,00,000. It is provided to the enterprises and businesses which are already existing and want to grow at a large scale.

Some other important self-employment schemes run by the Central Government are given in the table below:

S.No.	Name of the Scheme	Benefits
1	Mahila Samridhi Scheme	The beneficiary loan amount for an individual lady in this microfinance Scheme is Rs. 60,000.
2	Atma Nirbhar Bharat Scheme	Up to 3 Lakhs to the farmers.
3	Marketing Assistant Scheme	Offer 25% to 95% off of the space rent and Airfare to the innovators.
4	Startup or Stand Up India Scheme	Between 10 Lakhs to 1 Crore to the group in which minimum one Schedule tribe or Scheduled caste person and minimum one lady is a member.
5	Self-Employment Scheme	This scheme is for the handicapped individuals, who want to set up their business in their area with a maximum limit of Rs. 50 Lakhs.

By going through all the schemes, we can easily find out how the same are helping the ordinary citizen to opt the self-employment and by pursuing the same they have not only earned the livelihood but also create the jobs.

#### 5. EMPLOYABILITY:

Now a very important point come for consideration by encouraging the self-employment for a person who are not much qualified, can the employability be achieved by these persons and if not then can a special purpose be achieved i.e. the economic growth of the country. The answer is yes. By doing their own work these person also acquire experience and expertise of their own field, which enhancing their potential to maintain their self-employment and sometime it help in switching to get the regular employment or to exercise their entrepreneurial skills and the whole world is full with such example that how a person who indulged in pity self-employment initially turn into the successful entrepreneur and India is not exceptional. However, the government has to take the step to make them familiar with new knowledge, enhancement of skills and introduction of technology so they can improve their marketability and maintain their self-employment.

Therefore, this Pakoda economics is not mere a journo coined terminology but itself a good economics to generate the employment by encouraging the unemployed citizen to opt the self-employment method to earn their livelihood. So, it is necessary to take this term seriously and fill the gap between the economic growth and employment growth.

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