

EDITORIAL

India's Middle-Class Revolt

By The Editorial Board

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Protests by members of a relatively prosperous caste in India who want to be included in affirmative action programs highlight a major problem: India isn't creating enough good jobs. This is a big challenge to Prime Minister Narendra Modi, who has built his political career on promises to reform and modernize the stalled economy.

Different groups of Indians have often demanded government jobs and university admissions that are set aside for people from tribal communities and the lowest rungs of the caste system who are among the poorest in the country. But the recent protests by the Patel clan, of the Patidar caste, are significant because the group is part of the middle class and is from Gujarat, a state that grew rapidly when Mr. Modi ran it for 12 years before becoming prime minister last year.

The fact that 500,000 Patels, who have been a big part of Mr. Modi's electoral base, attended a rally late last month to press their demands is a rebuke of the prime minister's economic policies.

The Patidar campaign, which is led by a 22-year-old firebrand named Hardik Patel, seeks a bigger slice of the economic pie. But no matter how officials decide to allot government quotas for the underprivileged, the main problem is that there is not enough pie to go around.

With half of India's 1.2 billion people 25 or younger, the need to create more jobs is acute. Nearly half of all workers are employed in agriculture, a sector that produces just 17 percent of the gross domestic product. And most of the rest not in agriculture — about 85 percent in 2012, the latest year for which there is data — work for employers with fewer than 20 employees.

It should come as no surprise that young Indians, especially those in the middle class like the Patels, are frustrated. Many have college degrees but still cannot land the kinds of professional jobs that they want. About 25 percent of college-age Indians were enrolled in higher education in 2013, up from 11 percent in 2003, according to the World Bank.

In theory, the increased number of educated workers should help to expand the manufacturing and service sectors. But companies in India are unable or unwilling to expand because it is so hard to operate there.

Chronic energy shortages, for example, make it expensive or impossible to set up factories in many parts of the country. Federal and state labor laws requiring that large companies get government approval before laying off workers encourage businesses to stay small or hire contract workers. And it can be very difficult to enforce contracts, because Indian courts are backlogged with cases that drag on for years.

Before last year's election, Mr. Modi promised to create jobs by applying policies he had used to spur the Gujarat economy. So far, he has not been able to change many laws at the national level. And the protests in his home state raise serious questions about how successful his policies were for the average resident of Gujarat.

Mr. Modi now has less than four years before the next national parliamentary election to make good on his campaign pledge. If he doesn't show results soon, the young electorate that swept him into national office could just as easily vote him out.

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