

# Economy is in a slowdown, India in 'middle-income trap', says Congress

**COUNTER ACTION.** On the eve of the Economic Survey, party releases a 'Real State of the Economy' report

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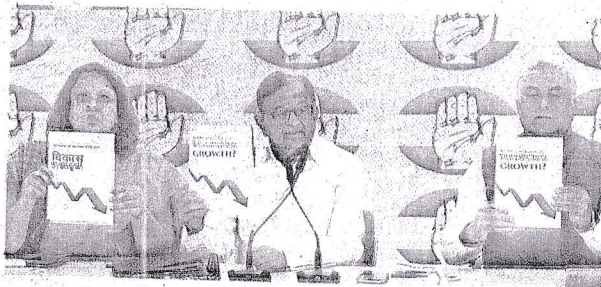
Ahead of the presentation of the Economic Survey and the Union Budget, the Congress on Thursday accused the ruling BJP of "wasting a decade" during which the economy faltered and is now stuck in a "middle-income trap" with unemployment, inequality and falling wages as its defining characteristics.

Releasing a report titled 'Real State of the Economy 2025 — What Happened to Growth', prepared by the Congress' Research Cell, former Finance Minister P Chidambaram and former MP MV Raješv Gowda, who heads the Research Cell, said there can be no denying the fact that Indian economy is

in a slowdown, and dwelt on different aspects of falling growth.

"However much the government may try to deny it, the fact is that the economy has slowed down and it has, may be, fallen up to 2 per cent of the previous year's growth," said Chidambaram.

Gowda said what India is going through is not jobless growth, but "job-loss growth" — job destruction. "Despite parents spending so much on education, graduates face an unemployment rate of 29 per cent. The more educated you are, the less is your chance of getting a job. Manufacturing jobs have declined and people are moving back to the farm where they are under-employed and women are badly hit," said Gowda.



**'REAL' STATE.** India is going through "job-loss growth" — job destruction, says the Congress' report PTI

Highlighting the theme of growth, Gowda said the economy has "slumped".

## GROWTH SLUMP

"Ever since demonetisation and GST rollout, we have seen the economy slump and this 'Modi slump' is now the new normal. The average growth is 6 per cent or so; at this rate, we are heading

straight into what economists call the middle-income trap. This means that the kind of opportunity we were hoping to create, the demographic dividend that we were hoping to encash, is all doomed. Essentially, we will be a stagnating, middle-income country, under-productive and uncompetitive globally," said Gowda.

In the report, the chapter on growth highlights that during the UPA's tenure, the average growth rate was 7.6 per cent, despite shocks such as the global financial crisis in 2008.

In the last 10 years of the BJP's rule, the average growth has fallen to 6 per cent.

"The BJP government claims that India is the fastest-growing economy in the world. However, a long-term growth under 8 per cent will deprive crores of young Indians of opportunities to have lives better than their parents."

"The World Bank points out that at current rates, it will take India 75 years to reach a quarter of the per capita income of the US," said the report.