

**September 2018**

Volume-62



# YOJANA

Since 1956 A DEVELOPMENT MONTHLY

CHIEF EDITOR  
**DEEPIKA KACHHAL**

SENIOR EDITOR  
**SHYAMALA MANI IYER**

JOINT DIRECTOR (PRODUCTION)  
**VINOD KUMAR MEENA**

COVER DESIGN  
**GAJANAN PRALHADRAO DHOPE**

#### OUR REPRESENTATIVES

Ahmedabad: Janhavi Patel, Bengaluru: B.K. Kiranmai  
Bhubaneswar: Girish Chander Dash, Chennai:  
Sanjay Ghosh, Hyderabad: Vijayakumar Vedagiri,  
Jalandhar: Gagandeep Kaur Devgan, Kolkata:  
Khurshid Malik, Mumbai: Umesh Sadashivarao  
Ujjare: Thiruvananthapuram: Roy Chacko

**Chief Editor's Office** : Room No. 660, Soochna  
Bhawan, CGO Complex, Lodhi Road New Delhi  
110 003 **Phone**: 24362971

**Yojana (English)**: Room No. 647, Soochna Bhawan,  
CGO Complex, Lodhi Road, New Delhi - 110 003.  
**E-mail (Editorial)** : yojanace@gmail.com

YOJANA seeks to provide a vibrant platform for  
discussion on problems of social and economic  
development of the country through in-depth  
analysis of these issues in the wider context of  
government policies. Although published by  
the Ministry of Information and Broadcasting,  
YOJANA is not restricted to expressing the official  
point of view.

**DISCLAIMER**: The views expressed in various  
articles are those of the authors' and they do not  
necessarily reflect the views of the Government  
or the organisation they work for. • Maps/flags  
used in the articles are only indicative. They don't  
reflect the political map or legal representation  
of the flag of India/any other country. • The  
readers are requested to verify the claims  
made in the advertisements regarding career  
guidance books/institutions. Yojana does not  
own responsibility regarding the contents of the  
advertisements.

#### SUBSCRIPTION

1 year ₹ 230, 2 years ₹ 430, 3 years ₹ 610.

For new subscriptions, renewals and  
complaints, please contact : Ph: 011 24367453  
or e-mail your queries to : [pdjucir@gmail.com](mailto:pdjucir@gmail.com)

**Editor (Circulation & Advt.)** : GOPAL CHOWDHARI  
Publications Division, Room No. 48-53, Soochna  
Bhawan, CGO Complex, Lodhi Road, New Delhi  
110 003.

**Business Manager (Hqs.)** : SURYA KANT SHARMA  
Phones: 011-24367260, 24365609, 24365610



Let noble thoughts come to us from all sides  
*Rig Veda*

#### IN THIS ISSUE

CREDIBLE EMPLOYMENT DATA: NEED OF THE HOUR Rajiv Kumar .....	6	HARNESSING DEMOGRAPHIC ADVANTAGE K.P. Krishnan .....	45
USING 'PAYROLL REPORTING' TV Mohandas Pai , Yash Baid .....	10	MUDRA FUELLING GROWTH IN MICRO ENTREPRENEURS AND EMPLOYMENT Rajiv Kumar .....	53
EMPLOYMENT IN INDIA – AN IMPROVING PICTURE Surjit S. Bhalla.....	15	MSMEs: NEW ENGINES OF GROWTH & EMPLOYMENT Arun Kumar Panda .....	58
INNOVATION AND ENTREPRENEURSHIP KEYS TO EMPLOYMENT Amitabh Kant.....	18	EMPLOYMENT – THE INDIAN PERSPECTIVE Gopal Krishna Agrawal .....	62
INDIAN ECONOMY: BOOSTING EMPLOYMENT Bibek Debroy .....	23	ROAD DEVELOPMENT: INDIRECT EMPLOYMENT OPPORTUNITIES Yudhvir Singh Malik .....	66
LIVELIHOOD DEVELOPMENT AND DIVERSIFICATION Amarjeet Sinha .....	25	DIMENSIONS OF THE INDIAN LABOUR MARKET Pravin Srivastava.....	68
CREATING LIVELIHOOD OPPORTUNITIES IN URBAN AREAS Durga Shanker Mishra .....	30	Employment Avenues for Differently Abled Sandhya Limaye.....	72
ACCELERATING THE PACE H.L. Samariya.....	37	CREATE A NEW JOB ECOSYSTEM Shobha Mishra .....	75
FIXING INDIA'S 3E's Manish Sabharwal .....	42		

No. of Pages xx

#### Sales Emporia

New Delhi	Soochna Bhawan, CGO Complex, Lodhi Road	110003	011-24365610
Delhi	Hall No.196, Old Secretariat	110054	011-23890205
Navi Mumbai	701, B Wing, 7th Floor, Kendriya Sadan, Belapur	400614	022-27570686
Kolkata	8, Esplanade East	700069	033- 22486696
Chennai	'A' Wing, Rajaji Bhawan, Basant Nagar	600090	044-24917673
Thiruvananthapuram	Press road, Near Govt. Press	695001	0471-2330650
Hyderabad	204 II Floor CGO Towers, Kavadiguda, Secundrabad	500080	040-27535383
Bengaluru	1st Floor, 'F' Wing, Kendriya Sadan, Koramangala	560034	080-25537244
Patna	Bihar State Co-operative Bldg, Ashoka Rajpath	800004	0612-2675823
Lucknow	Hall No 1, 2nd floor, Kendriya Bhawan, Sector-H, Aliganj	226024	0522-2325455



# Employment News



Leading Weekly on  
Job Opportunities  
&  
Career Guidance  
For over 42 years



Subscribe e-version at  
[www.e-employmentnews.co.in](http://www.e-employmentnews.co.in)  
@ Rs. 400 per annum.

Visit us and book your copy at:  
[www.employmentnews.gov.in](http://www.employmentnews.gov.in) & [www.rojgarsamachar.gov.in](http://www.rojgarsamachar.gov.in)



facebook page  
[facebook.com/director.employmentnews](https://facebook.com/director.employmentnews)

follow us



@Employ\_News



Publications Division  
Ministry of Information &  
Broadcasting  
Government of India

Employment News  
7th Floor, Sochna Bhawan  
C.G.O Complex, Lodhi Road, New Delhi-110003  
Ph. 24369429, 24369443, 24369426  
E-Mail: [director.employmentnews@gmail.com](mailto:director.employmentnews@gmail.com)





## Job landscape

**T**oday India enjoys a place of pride in the international arena not only as a fast emerging economy but also as a vast pool of dynamic human resource. While most of the developed world is moving towards a nation of ageing population, India is poised to be the youngest country in the world by 2022. This young force, which also constitutes nearly 40% of the total population of India, is the most vibrant and dynamic segment and also the country's most valuable human resource. The employability of this pool of creative talent has been the highest concern of successive governments.

Post independence, India was primarily an agricultural economy with majority of population indulged in agricultural practices. Over the years however, the phenomenon of modernisation and industrialisation gained momentum. More recently, the approach has been to promote self employment. Government's attempt has been to provide greater opportunities for entrepreneurship. As the Prime Minister also, on the occasion of National Youth Day said that "we want our youth to be job creators and not job seekers".

Indian economy has very unique characteristics with formal-informal, rural-urban, agricultural-non-agricultural, skilled-unskilled components existing at the same time. Any effort to promote employment needs to address concerns of these components holistically. While on the one hand there is requirement for skilling the unskilled labour class, there is also the need to bring the informal sector workers into a formalised set up. While agriculture still accounts for bulk of employment in India, the non agricultural employment like small scale manufacturing, processing, repairing, construction and other services in villages and rural towns accounts for significant proportion of income for rural households. Initiatives like Agri-clinics, Agri-business centres, National food security mission etc have given big boost to non-agricultural employment in rural areas.

MSMEs are one sector with huge potential to create not only self employment but also opportunities to create jobs further since many MSMEs like handlooms and handicrafts are labour intensive. National Manufacturing Policy estimates the potential of this sector to provide employment for 100 million people by 2022. Hence the government is also having a focussed approach to provide support to this sector by way of Entrepreneurship Skill Development Programme, PMEGP, Scheme for Fund for regeneration of Traditional Industries (SFURTI), Cluster development programmes etc.

Overall urban job scenario is also undergoing a change with newer job and entrepreneurship opportunities becoming available in e-commerce, IT, data analysis, finance, service sector etc. MUDRA, Atal innovation Mission, Skill India, Start up India-Stand up India, National Urban Livelihood Mission etc have been focussing on providing basic requirements like skill, finances, clearances and making it easier and feasible for youngsters to start their own business.

While creating a conducive environment for self entrepreneurship, the government is also giving incentives to employers in the form of wage subsidies, contributions to EPFO and ESIC etc. to enable them to give employment to the unemployed. Under PMRPY, government pays a percentage of Employer's contribution to Employees Pension Scheme. Besides, multi scale development schemes launched in recent years are also providing indirect employment to a huge proportion of unemployed population. Pradhan Mantri Gram Sadak Yojana, Smart cities, AMRUT, Hunar Se Rojgar Tak etc. are some of the projects which have created productive employment opportunities. These numbers, though not accounted for anywhere in the formal employment data, account for major chunk of employment generation and cannot be ignored. The task to prepare a more reliable employment data based on household survey has already been initiated. The data once completed will confirm the results of these initiatives.

The success of a modern economy is directly linked to status of employment in the country. Full employment is an economic situation in which all available labour resources are being used in the most efficient way possible. With recent upsurge in job landscape, India is not far behind.





## Credible Employment Data: Need of the Hour

*Rajiv Kumar*



*...it is quite evident that the quality of jobs on offer and the remuneration packages available for new employment is often not in sync with the aspirations of our young jobseekers. This often gets reflected in large number of applicants for government or public sector jobs but should not be construed to represent the number of unemployed in the country*

**I**ndia's young and growing population requires massive job creation. It also demands good quality jobs, which alone would meet their aspirations. Therefore, it is quite normal for the state of employment or un-employment to be a much debated topic in India. However, this much needed debate is constrained by three realities. First, that around 80 per cent of employment is in the unorganised sector, which is, by its very nature, difficult to measure. Second, the efforts by the current government for promoting the new economy, have opened up several additional employment opportunities in the unorganised sector. These are also not captured in any official data estimates. Third, it is quite evident that the quality of jobs on offer and the remuneration packages available for new employment is often not in sync with the aspirations of our young jobseekers. This often gets reflected in large number

of applicants for government or public sector jobs but should not be construed to represent the number of unemployed in the country.

India's economy is on a balanced growth trajectory which needs to be maintained in the coming years by providing jobs to the country's burgeoning youth population. As per India's recent population growth rates, about 10-12 million people enter the job market every year. Given the low female labour force participation of 27-30 per cent (which is a matter of concern) the total number of jobseekers per year comes to around 8 million. This, in itself, is a formidable number for fresh job creation. Our argument is that current data, which is available, points rather unmistakably to the fact that the economy has generated sufficient number of employment opportunities to absorb these additions to the workforce. However, this still does not perhaps take care of the massive backlog of unemployed youth from earlier years.

**As per India's recent population growth rates, about 10-12 million people enter the job market every year. Given the low female labour force participation of 27-30 per cent (which is a matter of concern) the total number of jobseekers per year comes to around 8 million. This, in itself, is a formidable number for fresh job creation.**

The author is Vice Chairman, NITI Aayog, Government of India.





steep decline in female LFP rates is simply inconceivable. Such incongruities render the CMIE data and their employment/unemployment estimates to be quite unreliable.

Given the huge data gaps, a taskforce headed by former Vice Chairman NITI Aayog, Professor Arvind Panagariya, was formed to review the scenario of employment data in India in 2017. The taskforce recommended yearly survey on employment data in July 2017. This would be based on household surveys, which is now underway. The first report of the NSSO household survey on employment is expected to be released in the first half of 2019. Once available, it would remove all unnecessary debates and conjectures related to the current job scenario in India.

### Employment Generation: Estimates

#### Payroll Reporting

For the first time in India, there is an effort towards payroll reporting,<sup>3</sup> which measures the number of formal jobs and its increase on a monthly basis. As per the EPFO (Employee Provident Fund Organisation) payroll data across India's formal sector, 41 lakh formal jobs were created from September 2017 to April 2018. Earlier Ghosh and Ghosh, using for the first time EPFO data and combining it with ESIC and NPS data had estimated that nearly 70 lakh jobs were added in the economy during 2016-17. The authors, who were associated with the NITI Aayog for this project, had taken ample care to try and include only the net additions by confining their estimates to the youngest category of those employed and also avoiding double counting in any manner. For EPFO alone, number of jobs created in 2017-18 were

### Credible Employment Data

The current discussion on increase or decline in employment in India is bedevilled by the lack of credible data. Employment surveys conducted by various ministries of the government are considered to be the most credible official source of employment data.

The Employment-Unemployment survey conducted by National Sample Survey Office (NSSO), MOSPI (Ministry of Statistics and Program Implementation) is the most comprehensive survey providing complete labour force scenario of India across sectors like agriculture, industry, services, etc. in both rural and urban areas. This was last conducted for the fiscal year 2011-12. Thus, as we can clearly see, the data is more than six-years old.

The Annual Labour Survey by the Labour Bureau was last conducted for 2015-16, which is also somewhat dated. Hence, there is no credible data on employment for the last 3-4 years. Labour Bureau's most recent Quarterly Employment Survey, which has the most recent results for the third quarter of 2017, covers only 8 sectors<sup>1</sup>, which cover less than 15

per cent of the economy and would not ideally reflect the job situation in the country.

### Employment Data

Over the last two years, the void in government employment data has been filled by the CMIE-BSE producing triannual employment reports. As Surjit

**Given the huge data gaps, a taskforce headed by former Vice Chairman NITI Aayog, Professor Arvind Panagariya, was formed to review the scenario of employment data in India in 2017. The taskforce recommended yearly survey on employment data in July 2017. This would be based on household surveys**

Bhalla and Tirtha Das point out in their detailed commentary on the CMIE methodology (see Bhalla and Das, 'All You Wanted to Know About Jobs in India But Were Afraid to Ask' July 2018<sup>2</sup>), CMIE data is fraught with all kinds of problems, which render it quite undependable. For example, according to Bhalla and Das, CMIE data show female labour participation rates dropping from 26.4 per cent in 2014 to 11.7 per cent in 2017. Such a

5.5 million with 4.5 million having been added in 2016-17. The fact that EPFO data, now being regularly released for the first time since its inception, itself yielded an estimate of 4.1 million new jobs for the period between September 2017 and March 2018, provides a reaffirmation of the estimates put out by Ghosh and Ghosh.

While the formal sector is covered through payroll reporting, the unorganised sector too has many success stories to report on the new type of employment which has seen a recent growing trend as discussed below.

### Unorganised sector

Unorganised sector comprises more than 80 per cent of the labour force in India – the present government and the new economy has created several avenues that help in generating employment. The new economy has created membership-based employment like driver partners in Ola/Uber or delivery professionals in companies like Flipkart/Amazon/Snapdeal or professional home service aggregators like Urban Clap/Quikr Services etc. These professionals are different from the formal employees who work in these companies and are, therefore, not covered in any official or informal employment estimates.

**Just the cab business has created more than 2.2 million employments over the last four years. Services like UrbanClap and QuikrServices individually have more than 2.5 million professionals registered on their portals offering services across the large metro cities. Chartered accountants (CA) company secretaries, lawyers and other professionals who join the work force each year, at least in thousands, also employ additional people as assistants and other service providers. These numbers are also not accounted for anywhere. They will further add to the number of new jobs generated in the economy**

We can cite several examples. India based cab-hailing service Ola had 37,000 registered partner drivers across 20 cities in November 2014 which grew to more than 1 million registered driver partners across 110 Indian cities in March 2018. At the same time, the global cab-hailing company Uber had over 1.2 million registered partner drivers in Indian cities. Just the cab business has created more than 2.2 million employments over the last four years. Services like UrbanClap and QuikrServices individually have more than 2.5 million professionals registered on their portals offering services across the large metro cities. Chartered accountants (CA) company secretaries, lawyers and other professionals who join the work force each year, at least in thousands, also employ additional people as assistants and other service providers. These numbers are also not accounted for anywhere. They will further add to the number of new jobs generated in the economy.

The goods road transport sector had about 8.1 million registered goods transfer trucks in 2013. To this about 0.7 million new trucks have been added each year leading to more than 12 million trucks on Indian roads at present. None of those employed in the trucking industry are, to the best of our knowledge, covered in any employment estimates. Similarly, auto rickshaw drivers or those working in the transport sector in peri-urban and rural areas are also not covered. Accounting for all those gainfully engaged in these informal service sectors could easily add more than 12-15 million employed persons in this sector alone.

The story can be repeated for a number of other informal sectors like road side eateries, tourism related workers, those self-employed in rural mandis, haats and related vocations. In short, unless better estimates of employment in these informal or uncovered sectors can be made, it would be quite misleading to come to any conclusion about the employment situation or extent of job creation in the last four years.

Our estimates based on the evidence cited above, would yield a conservative estimate of about 7 to 8.5 million new jobs having been generated in the country over the last two years. These are quite adequate





to absorb the net accretion to the workforce as discussed above.

### Self Employment

Moreover, there is the aspect of self-employed persons whose numbers have quite clearly gone up significantly over the last four years. MUDRA loans started by the current government is one of the major schemes which is helping entrepreneurs towards self-employment and job creation across India. MUDRA covers three categories of loans (i)*Shishu*: covering loans up to Rs 50,000; (ii) *Kishore*: covering loans above Rs 50,000 and up to Rs. 5 lakhs and (iii)*Tarun*: covering loans above Rs 5 lakh and up to Rs. 10 lakhs. Over the last three years 12.27 crore loans have been disbursed. These amount to over Rs. 6 lakh crores. Of these 74 per cent, or 9 crores are women borrowers. The number of new borrowers were estimated to be around 26 per cent or 3.25 crores. Each of these loans have created many jobs for people in their locality.

As can be seen from the examples, MUDRA loans help in creating many new jobs and the number of new jobs across business may vary. However, we can firmly assume that each of these loans on average have generated one new job each. For larger loans under *Kishore* and *Tarun*, the number of new jobs generated must surely be larger than one. Even if we restrict the number of new jobs to one per MUDRA loan and further assume that repeated borrowers did not generate new jobs, we get a very conservative estimate of 6 crore or 60 million jobs having been generated under the MUDRA scheme alone. By adding these numbers to the estimates given earlier, or jobs created in the informal services sector, we can

### SUCCESS STORY

- Nivedita, a lady from Ludhiana was running her garment business with a single sewing machine. After taking MUDRA loan, she has expanded her business to 10 sewing machines providing jobs to 10 people in her locality
- Kakoli Ghosh from Kolkata availed the MUDRA loan to expand her family business of manufacturing laboratory glasses and now employs 5 people in her locality
- Anjali Bansal from Lucknow took MUDRA loan to augment her personal investment in opening a restaurant that now employs 12 people
- Anwar Ali was previously working as a jute craft worker and took MUDRA loan to start his own business of creating craft materials employing himself and 3 other people

safely conclude that the past four years have seen robust employment generation and demand for jobs has not lagged behind the supply of new entrants to the workforce. In fact, the economy may well have seen some backlog of unemployment being cleared during these past four years.

This demand-supply balance in the labour market is perhaps best reflected in the movement of real wage rates in the economy. A lagging demand for jobs/skills relative to supply of workers/skills would surely have seen a fall in real wages over the years. Unfortunately, here again, data is a problem with nothing available for the urban sector wage trends. However, the Labour Bureau does give us data on Annual Average Daily Wage Rate in Agriculture and non-Agriculture occupations for the years 2014-2018. It is revealing to see that within the segment of non-agriculture occupations (in the rural areas) real wages (for male workers) have gone up for all categories of occupations like carpenters, blacksmiths, weavers etc. Only and only in the case of plumbers has the real wage declined very marginally. Some increases like in the case of masons, blacksmiths, carpenters, cleaning workers and handicraft

workers has been as high as 9-10 per cent. Quite clearly, and much against what the Cassandras would have us believe, there has not been a burgeoning of unemployed persons in rural India.

I am sure that this trend of rising real wages would also show up in the case of urban occupations and jobs. All those peddling the narrative of jobless growth or unsatisfactory employment generation, must review their own methodology or at least hold their brief until NSSO releases its results based on household survey of employment.

### Endnotes

- 1 Manufacturing, Construction, Trade, Transport, Education, Health, Accommodation & Restaurant and Information Technology (IT)/ Business Process Outsourcing (BPO)
- 2 Accessed from <http://eacpm.gov.in/wp-content/uploads/2018/07/all-you-wanted-to-know-about-employment-in-India-EACPM-omega-July-9-2018.pdf>
- 3 Towards a Payroll Reporting in India, Pulak Ghosh & Soumya Kanti Ghosh, January 2018 accessed from <http://www.iimb.ac.in/user/165/pulak-ghosh> □

(E-mail: [vch-niti@gov.in](mailto:vch-niti@gov.in))

# Using Payroll Reporting

*TV Mohandas Pai  
Yash Baid*



*Cumulatively, from the formal and these informal sectors, India generates over 1 crore jobs each year. This is an understatement as several informal sectors and MSMEs are not considered in this extrapolation. A complete picture of the employment scenario can only be achieved through the use of big data analytics over improved information reporting standards.*

**T**here are no comprehensive reports detailing job creation in India. Numbers for formal sector employment have been arrived at for the first time in the ‘Towards a Payroll Reporting in India’ report by Prof. Pulak Ghosh of Indian Institute of Management, Bangalore and Dr. Soumya Kanti Ghosh, Group Chief Economic Adviser of SBI. The predecessors to the Ghosh Report were NSSO reports that, through their estimates, did not adequately represent the employment situation in the country. Thus emerges the need to develop a better mechanism to determine and report the job situation in the country.

A good place to start is analysing the supply of human capital in the jobs

market. Taking into consideration the data from the Census of years 1991, 2001, and 2011, the Ghosh Report reveals that 2.5 crore babies are born every year. Consequently, 2.5 crore people attain the age of 21 annually today and will do so for the next 20 years as well.

Labour participation rate among these 2.5 crore people is estimated at about 60 per cent, i.e. 1.5 crore people enter the labour force every year. Further, the AISHE (All India Survey on Higher Education) report for 2016-17 highlights that the total number of graduates that pass-out in the country each year is around 88 lakhs. Within this demographic, the drop-out rate (not wanting a job) can be approximated at around 25 per cent, helping us determine the incremental

**Table - 1**

Estimation of Number of Babies born every year	Unit	Net Yearly Babies Added
Census Year 1991	Lakh	253
Census Year 2001	Lakh	248
Census Year 2011	Lakh	252

**Table - 2**

Dynamics of Indian Labour Force	Unit	2017
Eligible Labour Force added per year as per above estimates	Lakh	250
Voluntary Non Participants in Labour Market (40%)	Lakh	-100
<b>Net eligible Participants in Labour Force per annum</b>	<b>Lakh</b>	<b>150</b>
Graduates per year (Gross incremental qualified manpower)	Lakh	88
Drop Out Rate (25%)	Lakh	-22
<b>Qualified Manpower added to Labour Force per annum</b>		<b>66,00,000</b>
<b>Non-graduate/Non-qualified Labour (net of 150L - 66 L) per annum</b>		<b>84,00,000</b>

T.V. Mohandas Pai is Chairman, Manipal Global Education Services.

Yash Baid is Head of Research, 3one4 Capital



number of qualified people added to the labour force annually, i.e. 66 lakhs. Non-graduates as a proportion of the labour force would then come in at 84 lakhs.

Jobs, by definition, are split into the formal and informal sectors in India. Formal sector jobs are characterized by social security coverage. Social security in India is provided by three organisations: EPFO, ESIC, and NPS (NPS is specific to government employees). The best sources of data for formal job creation are the EPFO and ESIC, which cover a gamut of 190 and 90 industries, for those employing over 20 and 10 employees, respectively. The data for the last 6 months has been released by EPFO and ESIC and has been analysed thoroughly in the Ghosh report. As of March 2018, their findings

revealed that 55 lakh incremental jobs have been registered with the EPFO, 9 lakhs with the ESIC, and 7 lakh with the NPS. Therefore, a total of 71 lakh jobs have been created in the formal sector according to incremental social security coverage in 2017-18. This data has been well construed and will only see nominal changes with better data coverage as 2018 progresses. It is, however, safe to assume that the formal sector generates close to 70 lakh jobs a year as this data is based on monthly contributions and payroll.

We must also look at members of the population outside the scope of social security. Job creation among professionals like chartered accountants, lawyers, and doctors is the key in generating employment, and needs to

be an integral part of our calculations. According to ICAI (Institute of Chartered Accountants of India) data, there were 16,970 new chartered accountants added to the job force in 2017 with around 5,624 new practices setting up shop. The total jobs created by this segment of the population is a factor of additional human resources employed by the professional for setting up a new practice.

This applies to doctors and lawyers as well, with both adding approximately 80,000 to the labour force in 2017. Summing up ancillary staff members (clerks, paralegals, nurses, etc.) required to set up practices by these professions, we have surmised that over 6 lakh jobs were contributed through just these

**Table - 3**

Scheme	FY2018	Jobs created per annum
EPFO	55,00,000	
NPS	7,00,000	
ESC	9,00,000	
<b>Total new jobs created in the organized sector</b>		<b>71,00,000</b>

**Table - 4**

Chartered Accountants	FY 2016	FY 2017	Jobs created per annum
No. of new ICAI members 2016-2017		16,970	
No. of practicing firms in India (HQ & Branch)	79,993	85,617	
Addition of new practicing firms for the year 2016-2017		5,624	
Staff jobs created per year		1,12,480	
			1,18,104
Medical Professionals		FY 2017	Jobs created per annum
Total Doctors		25,282	
Total Dental Surgeons		53,473	
Total AYUSH doctors		2,200	
Total medical professionals in 2016-17		80,955	
Addition of new Practices for the year 2016-17 (@60%)		48,573	
Staff jobs created per year		2,42,865	
			2,91,438
Lawyers		FY 2017	Jobs created per annum
New lawyers (UG)		67,973	
New lawyers (PG)		11,387	
New lawyers		79,360	
Under Graduates that Practice (assuming 60% participation)		40,784	
Post Graduates that Practice (assuming 80% participation)		9,110	
Total new Practices per year		49,893	
Staff jobs created per year		1,49,680	
			1,99,574
<b>Employment created by Professionals in 2016-17 (excludes Consultants, Cost Accountants etc.)</b>			<b>6,09,116</b>

three professions in the informal sector, with employment figures for other similar professions and consultancies not considered.

Further, the total stock of employment created through these three professions is around 1.08 crore, assuming 20 jobs per CA practice, 5 jobs per medical practice, and 3 jobs per law practice as per Table 5.

The skill development initiatives

of the Government under the Pradhan Mantri Kaushal Vikas Yojana and National Skill Development Corporation provide the data as outlined in Table 6. They have successfully generated 5 lakh jobs in the previous year but may have been considered in other categories in the formal or informal sector accounting.

The transport industry generates a large chunk of informal employment,

made up of individuals or small firms owning vehicles. Data available from Society of Indian Automobile Manufacturers (SIAM) is segregated by the types of vehicles, providing us sales and exports numbers across the commercial vehicles, three wheelers, and passenger vehicles categories. The capacity for employment for each of these vehicles can be assumed at around 2 per commercial vehicle, 1.5 per three-wheeler, and about 0.25

**Table -5**

Chartered Accountants		As at FY 2017	Jobs Stock
No. of practicing firms in India (HQ & Branch)		85,617	
Staff jobs created (@20 per practice)		17,12,340	
			<b>17,97,957</b>
Medical Professionals		As at FY 2017	Jobs Stock
Total Doctors		10,41,395	
Total Dental Surgeons		2,51,207	
Total AYUSH doctors		7,73,668	
Total medical professionals @60% participation		12,39,762	
Staff jobs created (@5 per Doctor & Dental Surgeon practice)		38,77,806	
Staff jobs created (@2 per AYUSH Doctor practice)		9,28,402	
			<b>60,45,970</b>
Lawyers		FY 2017	Jobs Stock
Total new Practice per annum		49,893	
Total Practices (assumption - 15x yearly increment)		7,48,401	
Staff jobs created (@3 per practice)		22,45,203	
			<b>29,93,604</b>
<b>Total Stock of Employment created by Professionals (excludes Consultants, Cost Accountants etc.)</b>			<b>1,08,37,531</b>

**Table - 6**

PMKVY and NSDC		FY2017	Jobs created per annum
Total people trained as part of PMKVY and NSDC		10,18,572	
Placement percentage (49%)		4,99,100	
<b>Jobs Creation due to PMKVY</b>			<b>4,99,100</b>

**Table - 7**

Vehicle Sales by Category		FY2018	Jobs created per annum
Commercial Vehicles Sold (net of exports)		7,59,586	
Replacement Rate (25%)		-1,89,897	
		5,69,690	
<b>Jobs generated (Employment Capacity averaged at 2 per vehicle)</b>			<b>11,39,379</b>
Three Wheelers Sold (net of exports)		2,54,696	
Replacement Rate (10%)		-25,470	
		2,29,226	
<b>Jobs generated (Employment Capacity averaged at 1.5 per vehicle)</b>			<b>3,43,840</b>
Passenger Vehicles Sold (net of exports)		25,40,678	
Replacement Rate (20%)		-5,08,136	
		20,32,542	
<b>Jobs generated (Employment Capacity averaged at 0.25 per vehicle)</b>			<b>5,08,136</b>
<b>Jobs generated in the Transport industry, 2017-18</b>			<b>19,91,354</b>



(1 in every 4 cars) for every passenger vehicle. Following this premise, it can be surmised that the transport sector contributes close to 20 lakh jobs per year, a figure oft overlooked by employment surveys and reports. These jobs would be in the informal sector as these vehicles are typically owned individually and not by firms. This is buttressed by the fact that the EPFO and ESI data do not reveal these jobs in any large measure.

Commercial vehicles in India -

trucks, LMV (goods), LMV (passenger), buses, and taxis – typically generate 2 jobs per vehicle. The cumulative stock of these in 2016-17 was about 2.25 crores. Therefore, the stock of jobs within the transport industry was extrapolated to be around 3.6 crores in India today.

The contribution to informal jobs creation is a factor of many other sources beyond the scope of this analysis. However, for the sake of brevity and reasoning, we

have estimated that employment not covered by social security from professional and transport sectors alone contribute about 29 lakhs per year. Cumulatively, from the formal and these informal sectors, India generates over 1 crore jobs each year. This is an understatement as several informal sectors and MSMEs are not considered in this extrapolation. A complete picture of the employment scenario can only be achieved through the use of big data analytics over improved information reporting standards. In this

**Table -8**

Transport Industry Total Stock of Employment 2016-2017							
Zone	State/UT	Trucks	LMV (Goods)	Buses	Taxis	LMV (Passenger)	Total Transport
North	Punjab	4,84,291	1,46,423	58,252	3,127	6,27,946	13,20,039
	Uttar Pradesh	2,77,627	3,42,160	64,892	1,12,276	2,99,851	10,96,806
	Haryana	3,86,117	1,99,226	56,549	68,583	1,87,519	8,97,994
	Jammu and Kashmir	50,530	82,804	31,565	41,483	21,781	2,28,163
	Himachal Pradesh	77,872	69,234	22,853	34,706	3,953	2,08,618
	Uttaranchal	73,929	44,018	5,570	48,187	25,579	1,97,283
	Daman and Diu	4,778	1,990	NA	74	1,305	8,147
Andaman and Nicobar Islands	NA	NA	1,106	489	4,931	6,526	
East	Delhi	6,53,502	NA	97,065	1,32,967	6,73,342	15,56,876
	Meghalaya	15,426	12,654	5,668	24,172	21,939	79,859
	Jharkhand	69,124	1,62,122	75,636	16,837	1,53,332	4,77,051
	West Bengal	4,81,880	NA	35,369	1,28,308	70,010	7,15,567
	Orissa	1,69,324	1,65,858	26,150	1,15,139	1,39,732	6,16,203
	Bihar	1,06,933	55,744	32,940	97,703	2,76,042	5,69,362
	Assam	1,47,355	1,19,175	24,993	59,174	1,09,021	4,59,718
	Nagaland	1,41,663	23,978	6,131	9,324	19,832	2,00,928
	Tripura	9,095	11,525	3,051	12,542	26,340	62,553
	Mizoram	5,877	25,568	1,306	11,363	5,130	49,244
	Manipur	18,374	2,619	3,825	10,480	5,547	40,845
	Sikkim	4,018	1,591	417	14,028	NA	20,054
Arunachal Pradesh	9,573	NA	NA	NA	NA	9,573	
West	Maharashtra	4,45,370	9,92,856	1,42,989	3,43,659	7,10,060	26,34,934
	Gujarat	4,01,534	6,77,951	89,353	1,23,532	5,51,434	18,43,804
	Rajasthan	5,69,364	1,08,742	1,07,959	1,41,146	1,94,516	11,21,727
	Chandigarh	1,926	9,414	2,920	868	7,686	22,814
	Dadra and Nagar Haveli	2,984	4,019	423	2	496	7,924
South	Tamil Nadu	5,71,439	4,27,329	1,86,182	3,99,669	4,04,377	19,88,996
	Karnataka	3,07,840	4,08,005	92,602	2,94,684	4,51,980	15,55,111
	Telangana	6,15,420	NA	51,742	1,24,830	3,44,993	11,36,985
	Kerala	4,05,699	3,26,030	30,195	77,448	3,56,495	11,95,867
	Andhra Pradesh	1,62,694	2,11,168	44,482	82,190	4,97,610	9,98,144
	Goa (c)	44,219	18,416	11,733	19,350	4,433	98,151
	Pondicherry	1,143	11,325	2,722	5,124	6,952	27,266
Lakshadweep	NA	1,082	NA	250	750	2,082	
Central	Madhya Pradesh	2,09,275	2,66,274	47,884	19,975	1,27,487	6,70,895
	Chhattisgarh	1,29,047	95,428	63,829	23,601	40,733	3,52,638
<b>GRAND TOTAL</b>		<b>70,55,242</b>	<b>50,24,728</b>	<b>14,28,353</b>	<b>25,97,290</b>	<b>63,73,134</b>	<b>2,24,78,747</b>

Source:

Triangulated co-relation between transport departments of individual states combined with ministry of transport and infrastructure, extrapolated by Excellence4u

**Transport Industry Total Stock of Jobs (2016-17)**

**Table -9**

	Trucks	LMV (Goods)	Buses	Taxis	LMV (Passengers)	Total Transport
Assuming jobs created per vehicle	2	2	2	2	2	
Jobs per vehicle	1,41,10,484	1,00,49,456	28,56,706	51,94,580	1,27,46,268	4,49,57,494
Assuming idle vehicles at 20%	-28,22,097	-20,09,891	-5,71,341	-10,38,916	-25,49,254	-89,91,499
<b>Total Jobs stock in the Transportation Industry (2016-17)</b>	<b>1,12,88,387</b>	<b>80,39,565</b>	<b>22,85,365</b>	<b>41,55,664</b>	<b>1,01,97,014</b>	<b>3,59,65,995</b>

Table - 10

Sector		New jobs per year
Total new jobs created in the Formal sector (EPFO, NPS, ESIC)		71,00,000
	CA, Lawyers, & Medical Professionals	6,09,116
	Other Professionals	3,00,000
	Transport Sector	19,91,354
Total new jobs created in the Informal sector		29,00,470
<b>Total jobs created per annum</b>		<b>1,00,00,470</b>

Table - 11

Scheme	Total Stock
EPFO (non zero)	6,00,00,000
Government Parastatal	2,50,00,000
ESIC	1,00,00,000
<b>Total new jobs created in the organized sector</b>	<b>9,50,00,000</b>

Table - 12

Sector		Total jobs stock
Total stock of jobs in the Formal sector (EPFO, GPF, ESIC)		9,50,00,000
	Professionals	1,08,37,531
	Transport Sector	3,59,65,995
Total stock of jobs in the Informal sector		4,68,03,526
<b>Total stock of jobs</b>		<b>14,18,03,526</b>

article we restrict ourselves to only a few organized chunks of professionals and to the transport sector to determine an objectively conservative flow of employment for the year.

Further, the total active labour force in India is estimated in various studies to be around 50 crore (estimated based on NSSO 2012). As per the World Bank, agriculture contributes to the creation of around 43 per cent of these jobs, thus bringing the workforce in industry and services to around 28.5 crore. Of this, we can quite conservatively appropriate that 9.5 crore are in formal employment as per Table 11, placing India as the third largest formal employment generator in the world after China and the US.

If we take jobs generated in the transport sector and through professionals, the number adds up to about 4.7 crore. This means that the

other uncovered sectors in the Informal sector employ the balance of 14.3crore, requiring periodic adjustments for unemployment through surveys.

This analysis elucidates the fact that India does not, in fact, have a job creation problem, but a wage problem. Low wages (of about INR 15-20K per month), especially in the informal economy, do not allow the country's citizens to live a comfortable and productive life. Efforts need to be directed towards greater job formalisation, including increased social security coverage and better data gathering so that appropriate policies can be made.

It is important to note that India does not face a problem of not possessing the data to drive at its employment disposition. The right data is lying with the government, the authors of the Ghosh report have demonstrated that a planned approach of using 'Payroll

Reporting' can be used to unclutter this data and provide accurate and invaluable insights.

Most importantly, this incontrovertible data proves that claims of jobless growth are completely unfounded and totally wrong. The Indian economy has grown significantly between 1991 to 2018 at the rate of 8.7 per cent a year from USD 275 Bn to USD 2.6 Tn. Such growth cannot be jobless growth. Further, India's current GDP growth rate of 7.5 per cent per annum would most certainly contribute towards a job growth rate of at the very minimum, 2.5-3 per cent per year. As our Prime Minister said, we need better jobs data so that the focus is on good policy directed at creating more formal jobs rather than empty rhetoric about jobless growth. □

(E-mail: [mohan.pai@manipalglobal.com](mailto:mohan.pai@manipalglobal.com))

(E-mail: [yashbaid@3one4capital.com](mailto:yashbaid@3one4capital.com))

# Employment in India – An Improving Picture

*Surjit S. Bhalla*



*The present government has undertaken some reforms specifically geared towards employment – e.g. the emphasis on road construction (a labor-intensive activity); the MUDRA initiative (provision of loans to small entrepreneurs); and wage subsidies to employers hiring new workers (the government pays for the employee contribution to provident fund).*

**T**his paper is a short summary of some recent research that Tirtha Das and I have conducted on the employment situation in India. We find that job growth has been strong in 2017/18 – around 13 million jobs - and discuss some of the policies that may have led to this expansion. Some of the (seemingly) outsized employment gains in FY18 might be due to the fact that the previous year employment levels were below normal – two successive droughts, and major economic reforms (demonetization and GST).

Below, I attempt to answer some of the questions relating to the important question of employment.

## Estimate of Employment

There is great uncertainty with regard to the status of job creation in the last four years. This uncertainty has been caused by the lack of a large scale NSSO (National Sample Survey Office) survey on employment – the last such survey was in 2011/12. The NSSO survey is the “gold standard” for India.

The lack of data on such an important topic is unfortunate. The Union government has recognized the problem and starting October 2018, there will be a large-scale quarterly employment survey in urban areas and an annual employment survey in rural areas.

The NSSO survey is normally conducted every five years. Household interviews for the NSSO survey for 2017/18 covering the period July 2017-June 2018 have just been completed. It is possible that preliminary results from this survey will be made available by the end of calendar 2018. Until then, the discussion will be based on “private” estimates based on employment reforms, macro-activity etc.

## Job Growth in India – Historical Record

India has not had robust employment generation, at least since 2004-05. Between 1999-00 and 2004-05, jobs increased at a rapid pace of 2.4 per cent a year, or an average annual job gain of 9.7 million jobs. GDP growth averaged 5.6 per cent a year.

---

The author is part-time Member, Economic Advisory Council to the Prime Minister.



Coincident with NSSO data (2004-5 to 2011-12) GDP growth averaged the highest ever, CAGR of 7.8 per cent a year (as also inflation – CAGR of 7.4 per cent). However, total new jobs increased by only 11 million in this seven-year period.

For the period post 2011-12, there were several factors arguing against “robust” employment generation. The first two years of the period – 2014-15 and 2015-16 – were drought years, only the fifth time in the last 150 years that two successive droughts have occurred. Droughts are not conducive to economic growth, nor conducive to agricultural (rural) employment.

The next two years the weather was normal, but two major economic reforms were undertaken – demonetization and GST. Both reforms have several objectives; in the main, they have had a considerable effect on direct tax compliance (demonetization) and indirect tax collection (GST). Both these reforms introduce uncertainty,

and hence, in the short-run, affect economic growth, and employment generation.

The present government also inherited a broken state banking sector; NPA’s at a decadal high and close to 8 per cent for state owned banks. Again, reform of banking is non-growth enhancing in the short run.

Finally, as if growth diminishing factors were not present in abundance, the Indian economy witnessed the largest increase in real policy rates post 2014. In May 2014, the monetary policy repo rate was at 8 per cent and CPI inflation was at 8.3 per cent i.e. a real policy rate of -0.3 per cent. The average real policy rate for fiscal year 2017-18 was 2.5 per cent, the highest observed in India since the start of the repo regime in FY2005 (when the real policy rate was 2.1 per cent), and the third highest in the world in FY18 (behind Brazil and Russia).

## Jobs Needed

Ten to twelve million is the most often cited figure for the number of jobs needed to keep the unemployment rate constant. We find that this conclusion has not been valid since 2004-05 when the “required” rate was 10.2 million jobs a year. By 2011, this requirement was reduced to 8.3 million; and in 2017, the requirement is only 7.5 million. For 2022, the requirement is further lowered to 6.9 million.

## Employment Expansion Policies

The present government has undertaken some reforms specifically geared towards employment – e.g. the emphasis on road construction (a labor-intensive activity); the MUDRA initiative (provision of loans to small entrepreneurs); and wage subsidies to employers hiring new workers (the government pays for the employee contribution to provident fund).

GDP growth in construction may have been a major driver of





the more expansive definition of the young (15-34 years), the increase is only 11.7 million over the next five years, compared to an increase of almost twice this rate between 2012 and 2017.

There has been a rather robust expansion of educational enrollment. Between 2004-5 and 2011-12, about 40 million more went to school or college (age group  $\geq 15$  years). Over the next six years, it is estimated that education enrollment increased from 101 million in 2011-12 to 112 million in 2017.

While labor force participation rates of women in India have declined, the decline is misunderstood. For two reasons. First, about half of the decline is explained simply by the fact that more women are attending school (and college); and second, while labor force participation rates for women have declined, male participation rates have also declined, and at about the same rate. The labor force participation rate for women, for ages greater than 24 years, has stabilized since 2009. Increased educational attainment of females should lead to an increase in their labor force participation, and employment, in the future.

## References

1. Ghosh & Ghosh “*Towards a Payroll Reporting in India*”, 2018. Available at: [http://www.iimb.ac.in/sites/default/files/Payroll per cent20in per cent20India-detailed\\_0.pdf](http://www.iimb.ac.in/sites/default/files/Payroll%20in%20India-detailed_0.pdf)
2. Bhalla, Surjit S. and Tirtha Das, “All you wanted to know about Jobs in India – but were afraid to ask” at [www.eacpm.gov.in](http://www.eacpm.gov.in); also at [ssbhalla.org](http://ssbhalla.org). □

(E-mail: [ssbhalla@gmail.com](mailto:ssbhalla@gmail.com))

growth in FY18. GDP growth of 5.8 per cent in construction in FY18 was the largest in the last six years. The acceleration in construction GDP in FY18 was the highest in the last twenty years. This construction activity is estimated to have alone added between 1.7 and 3 million jobs in FY18.

## “Private” Estimates of Job Growth

As of now, three estimates of job growth exist. The first estimate is by a private data company, Centre for Monitoring Indian Economy (CMIE), in collaboration with the Bombay Stock Exchange (BSE), has been publishing monthly All India employment estimates since January 2016. These data point to a 3 million *decline* in jobs from May 2017 to April 2018.

The second estimate is contained in a joint paper by Pulak Ghosh (Professor, IIM Bangalore) and Soumya Ghosh (Group Chief Economic Adviser, SBI). In their paper “Towards Payroll Reporting in India”, they estimate the first ever payroll-based estimate of employment change in India. Establishment payrolls contain employee contributions to provident

fund or social security payments (EPFO). Their first estimate of job gain was in March 2018 when they estimated that 7 million non-farm sector jobs were created; their latest estimate (July 18, 2018) is that a *minimum* of 10 million jobs were created in FY18.

The third estimate is provided by Tirtha Das and me – we estimate job growth of 12.8 million in FY18. Our estimate incorporates macro data (e.g. GDP growth in construction as discussed above), EPFO data (for 18-21 year olds), labor force surveys in 2014 and 2015 and CMIE data pertaining to unemployment in 2016 and 2017.

## Demography In India's Favour

Both the demographic dividend and high population growth are now part of history. The national fertility rate is now at replacement levels (2.1 children per woman) and the population growth rate has declined to just 1.1 per cent a year, from a 1.8 per cent level two decades earlier.

The size of the young 15-24 age group is expected to increase by only 2.5 million over the next five years (from 236.2 million in 2017 to 238.7 million in 2022). Even with



# **INNOVATION AND ENTREPRENEURSHIP**

## **KEYS TO EMPLOYMENT**





## What are the challenges for creating employment opportunities for Indian youth?

India has the largest youth population in the world with around 27 per cent of the population in the age bracket of 15-29 years.



India, by harnessing this youth power, can be the skill capital of the world. But there are challenges in terms of low levels of education and skills and high dropout rates and discontinuance of education impacting the employability of the Indian youth and heterogeneity in sectoral distribution of economic activity across regions.

The choice of low skills jobs is evident from most of the youth entering farm sector followed by construction and manufacturing at the entry level (15-17 years) and shifting to trade and repair/transport sector followed by construction and manufacturing in the later years (18-29), though agriculture remains a dominant sector.

Further, the unemployment rates have shown an increasing trend with rise in educational qualification viz. at 18.4 per cent it is highest for those with Graduate and above level education and at 3 per cent lowest for those with up to primary level education. One of the reasons for low employability of youth is perhaps preference by majority of youth (85 per cent) in the age cohort 15-29 for general stream of education with only about 12.6 per cent for technical/professional education and only 2.4 per cent pursuing vocational education<sup>1</sup>.

There is also a need to increase formal employment, which presently constitutes about 8 per cent of the labour force to circumvent more youth joining low paid sectors and remaining working poor.

This is suggestive of schools evolving as learning institutions where vocational skills are included in the school curriculum right from Class VI onwards to arrest the

“ Currently, India is the fastest growing economy with huge demographic potential. This demographic potential can facilitate increase in the GDP growth if the demographics can be converted into productive workforce through appropriate skilling ”

**Amitabh Kant**

**CEO, NITI Aayog**

**responds to Yojana Team**

disinterest among students/youth towards formal school education and enable them to develop an interest in learning skills for employment.

The transition from school to work requires encouraging youth to choose technical or vocational education over general education and incentivizing the fees for acquiring vocational/technical education as most of these institutes are in the private sector and out of reach of youth from the low-income category.

## What are the new emerging avenues for the Indian workforce which is expected to increase to 600 million by the year 2022?

Currently, India is the fastest growing economy with huge demographic potential. This demographic potential can facilitate increase in the GDP growth if the demographics can be converted into productive workforce through appropriate skilling. As per the Annual Survey of Industries 2013-14, Coke and Refined Petroleum Products, Basic Metals, Food products, Chemical and Chemical products and Motor vehicles, Trailers and Semi-trailers<sup>2</sup> across states contribute at least 80 per cent of gross value of output and more than 50 per cent of total industrial

output is from capital intensive industries.

The Sectoral Distribution of employment varies across States such that in some States the share of agriculture in total employment is lower than the All India average, while in some States the share of manufacturing in employment is higher than the All India average. This trend is also visible in the case of construction, wholesale and retail trade and other service sectors.

The overall job ecosystem in India, however, is witnessing changes. The growth of technology-based sectors are impacting availability of livelihood opportunities as new jobs are being created either replacing the existing or new jobs due to change in processes and technology. The huge investments in infrastructure sectors such as Roads; Shipping; Smart Cities; Renewable Energy; Transport and Railways; Airports and Dedicated Freight Corridors are facilitating creation of jobs in the economy. The Atal Innovation Mission; Focus on Women Entrepreneurship; Mudra; Start-up India and Stand Up India are impacting availability of jobs and livelihood opportunities for millions in the rural and urban sector even with low skills. Besides these, sectors such as information technology; telecom; banking and financial services; healthcare; retail; automobile and tourism and hospitality sector also have the potential to generate employment.

This calls for an employment strategy focusing both on manufacturing and services led growth as suited to the demographic and educational/skill profile of the States/UTs addressing the three

---

**“ The overall job ecosystem in India, however, is witnessing changes. The growth of technology-based sectors are impacting availability of livelihood opportunities as new jobs are being created either replacing the existing or new jobs due to change in processes and technology. ”**

---

types of job deficits that India faces viz; (i) a deficit in the overall number of jobs (ii) a deficit in the number of formal jobs and (iii) a deficit in the number of jobs for women would be a better strategy to adopt.

**You have mentioned somewhere that we must realign India’s education system to emphasise skills rather than mere degrees. Can you elaborate upon it?**

Labour markets in India are beset by a strange paradox wherein any job opening has vast number of applicants and yet, jobs requiring a modicum of skills are difficult to fill. The Skill requirements for modern manufacturing jobs are far more complex than those required for simple assembly operations. In today’s technology driven economy it is not easy to predict which occupations will grow and which will decline. The key challenge that our education system faces is training potential workers in skills that are transferrable across occupations while simultaneously meeting needs of specific industries. This can be addressed through two-pronged approach (i) teaching skills that are transferrable across occupations; and (ii) imparting specific skills required by particular industry/ occupation combination as a part

of industry specific apprenticeship programmes.

The cognitive skills developed in primary and secondary education are important for developing skills at the work place. Better educated primary and secondary school students are in a better position to learn a variety of skills including technical ones. Strengthening the vocational components for significant numbers of the school going population presents an alternative to students who would like to enter the labour market after having acquired some specific skills in the high school stage. In some systems, school-based learning is widely combined with work based learning. Examples of this type of dual system can be found in Austria, the Czech Republic, Denmark, Hungary, the Netherlands, the Slovak Republic and Switzerland. Through work-based learning, students acquire the skills that are valued in workplace. Work-based learning is also a way to develop public-private partnerships and to allow social partners and employers to get involved in the development of VET programmes, often including the definition of curricular frameworks.

The initiatives taken by States such as Haryana, Himachal Pradesh and Kerala to introduce vocational education at the level of secondary schools and colleges and B. Voc. Degree) needs to be encouraged since they allow a student to pursue general education in parallel and become job market ready by the time of graduation. The Ministry of Human Resource Development (HRD) is looking at ways to add up to a 1,000 hour of ‘professional’ component to undergraduate programmes. There

is proposal to add components on soft skills, information technology and discipline specific professional skills in Bachelor of Arts, Bachelor of Science and Bachelor of Commerce to make them more job oriented. There is urgent need to align National Education Policy with the National Skill Development Policy and alignment of vocational courses in schools with the National Skills Qualifications Framework (NSQF). The Atal Tinkering Labs are encouraging students develop the habit of innovative thinking and obtain transferable practical skills. There is need for each school to have a counsellor and provision for aptitude testing. There is also urgent need to link the short term training programmes with the National Apprenticeship Program to ensure that students have hands on training for better employability and as per local requirements.

### **Which sectors have the potential of creating maximum employment?**

The structural transformation in a labour surplus economy like India has not followed the path followed by the other developed economies in their journey. We have moved from agriculture led growth to the service led growth even much before the technological revolution started impacting the livelihoods. The services sector has adapted digital technology impacting a large pool of young labour force looking forward to job opportunities in the service sector. Apart from skilling/re-skilling the challenge that India faces in capitalizing upon its demographic advantage lies in the changes being brought to existing job descriptions as well

---

**“ The structural transformation in a labour surplus economy like India has not followed the path followed by the other developed economies in their journey. We have moved from Agriculture led growth to the Service led growth even much before the technological revolution started impacting the livelihoods ”**

---

as emergence of new job roles and skills in today's digital age commonly referred to as the Fourth Industrial Revolution. Sectoral bifurcation of jobs may fade out in the years to come with the integration of digital technology in all job roles across sectors and the prospectus would be for IT integrated job roles. Already, manufacturing has been restricted to core manufacturing with rest of the jobs being outsourced and therefore it has been transferred to the service sector.

Areas of Big data analytics, Artificial Intelligence, Robotic Process Automation, Internet of Things, Cloud Computing and Virtual Reality, Block chain and Electric vehicles will create highly skilled and high paid jobs in the future. However, for the large segment of poorly educated and low skilled labour force opportunities lie in apparel; textile and leather; tourism and hospitality sector; construction as also in the tech-based entrepreneurship which has seen rapid growth both in rural and the urban areas.

The government initiatives like Start-up India; Mudra; Stand up India; Swachh Bharat are creating significant employment opportunities for low skilled

workforce. Further, the sectors where government is investing hugely and policy interventions are promoting investments viz agriculture; infrastructure; auto motive; textiles; leather are throwing open new employment opportunities for the new entrant to labour market and to the existing through reskilling better employment opportunities.

### **Do you think there is a need to change mindsets in order to create employment and foster the spirit of entrepreneurship?**

Entrepreneurship is an important driver for creating employment opportunities, boosting innovations and thereby fuelling growth. In the Indian context this is important to harness demographic advantage and ensuring people have livelihood opportunities despite low skills and education. The government of India has taken a large number of initiatives since 2014 which are changing the mindset of people to foster the spirit of entrepreneurship. The earlier challenges in terms of access to credit, market linkages, space and network and mentors are being made available through programmes like Start-up India; Ease of Doing Business; Stand Up India, MUDRA and Atal Innovation Mission.

An increasing number of tech based start-ups in the area of education, e-commerce/m-commerce, financial services, ITES etc are emerging making India the third largest start-up ecosystem in the world. For instance the Byju's Learning App started in July 2015 as a start-up has become an unicorn within 3 years of its launch.

Tele-medicine consultation has been made practicable in rural and hilly areas which can reduce





crowding in at the tertiary care centres and also address the issue of shortage of doctors/specialists especially in rural areas and small towns. For the operation of these portals we would be requiring more of paramedicals such as lab/X-ray technicians, pharmacists, nurses etc with digital literacy in rural areas. These entrepreneurs are impacting everyday life both in the rural and the urban areas.

### How is Atal Innovation Mission helping in creating better employment opportunities in the country ?

Atal Innovation Mission (AIM) is a flagship initiative of the Government of India under the auspices of the NITI Aayog to create an ecosystem of innovation and entrepreneurship across the country that will enable the creation of job creators not just job seekers in the youth of our country. Through a holistic approach covering schools, NGOs, universities, MSME and corporate industry in all states and union territories, AIM is establishing Atal Tinkering Labs

**“ Entrepreneurship is an important driver for creating employment opportunities, boosting innovations and thereby fuelling growth. In the Indian context this is important to harness demographic advantage and ensuring people have livelihood opportunities despite low skills and education ”**

to promote student innovations, Atal Incubators to foster thousands of startups, and has launched Atal New India challenges that would stimulate product innovations having national socioeconomic impact and the creation of new job creations in the country. To date 5441 ATL labs have been selected across 650+ districts across India, 101+ incubators each of whom would spawn 25-30 innovative tech driven startups every 18 months and nurtured to success, and 24+ Atal New India challenges in Agriculture, Urban Housing, Drinking Water and Sanitation,

Rail and Transportation have been launched. AIM will soon be launching a Small Business Innovation and Research initiative (AIM-SBIR) which will help the MSME and small business industry innovate creating new jobs and boosting the Make In India initiative while also reducing dependency on imports and boosting tech driven exports. AIM initiatives are to incentivize and enable all round job creation in both urban and Tier-2, Tier-3 cities as well as rural India leveraging emerging technologies, Artificial Intelligence and new business models.

### Endnotes

- 1 4 NSSO Key Indicators of Social Consumption in India- Education Report, 2014
- 2 Highest ranking States in terms of share in total output of the State-Coke and Refined Petroleum Products – Bihar (67 per cent), Assam-54 per cent, Kerala- 46 per cent, Gujarat-41 per cent, MP-17 per cent, Karnataka-17 per cent, Maharashtra- 15 per cent. Basic Metals- Chattisgarh-72 per cent, Odisha-67 per cent, Jharkhand-59 per cent, West Bengal-30 per cent, Rajasthan-30 per cent. Food products- Manipur-37 per cent, Delhi-47 per cent, AP-29 per cent, UP-21 per cent, Punjab-19 per cent. Chemical and Chemical products- Goa-26 per cent, J&K-27 per cent. Motor vehicles, Trailers and Semi- trailers- Haryana- 28 per cent, Tamil Nadu 18 per cent, Uttarakhand-13 per cent. (Source: ASI 2013-14, Section 11, Statement 18) □

(E-mail: amitabh.kant@nic.in )

# Indian Economy: Boosting Employment

*Bibek Debroy*



*Growth should lead to employment creation. Therefore, the best thing governments (Union or State) can do for employment generation is to create an enabling environment for growth.*

**I**ndia is, and will continue to be in the near future, a substantially informal economy. There are several transitions going on – rural to urban, agriculture to non-agriculture, informal to formal, subsistence to wage employment, life-time employment to short-duration contracts, and employer-employee relationships to self-employment. These transitions, simultaneous and not sequential, sometimes pull in opposite directions. That's perfectly understandable in a large and heterogeneous economy with segmented labour markets. Regions with relatively abundant labour supply can co-exist with regions with relative labour scarcity. Segments with low skills can co-exist with segments integrated into global labour markets. Given this, it follows that reliable employment data cannot be extricated from enterprise surveys, unlike countries where many more people are in employer-employee relationships. There are, and will continue to be, enterprise surveys. But their utility is limited. Reliable employment data will emanate from household surveys. Unfortunately, official and large-sample household surveys are dated. The last year for which we have such NSS data are 2011-12. Therefore, data on employment

are unsatisfactory. This will begin to be rectified from the last quarter of 2018, with annual (unlike the historical five-yearly) employment surveys, subsequently supplemented by quarterly ones.

Growth should lead to employment creation. Therefore, the best thing governments (Union or State) can do for employment generation is to create an enabling environment for growth.

## Easing Compliance Costs

We shouldn't lose sight of this bit of the present government's agenda, easing compliance costs of doing business (not to be interpreted as corporate sector manufacturing alone) and public expenditure to ensure access to inputs (physical and social infrastructure) required to trigger growth, employment and entrepreneurship. There is plenty of entrepreneurship in the country and this entrepreneurship isn't necessarily reflected in a legal identity for the enterprise. This is what Start up India, Stand Up India and the Mudra Yojana are about. In passing, not only has entry been eased for entrepreneurship, so has exit. (This is the first time there are exit provisions for an unincorporated enterprise that are delinked from personal bankruptcy.)

The author is Chairman, Economic Advisory Council to the Prime Minister and Member, NITI Aayog, Government of India.

The government cannot provide jobs to everyone. Nor should everyone seek to become an employee. The focus should no longer be on jobs, which suggests employer-employee relationships and life-time contracts. Instead, the focus should shift to employment, which can indeed be short-term and contractual.

### Need for Accurate Data

Having said this, growth doesn't automatically lead to employment. In part, the composition of growth is important too. The debate over jobless growth isn't a new one. It was one that figured in the two earlier NSS rounds too, 2004-05 and 2009-10. But there is a conceptual point worth remembering. Real GDP has been growing, then as now. Let's say real growth is 7 per cent. Do we believe labour productivity has grown at 7 per cent? If not, there must have been employment growth. From the national income identity, it cannot but be otherwise. Therefore, clearly data are not capturing something that is going on. Having said this, agriculture cannot possibly absorb all new entrants into the labour force, notwithstanding commercialization and diversification of agriculture and generation of off-farm employment opportunities. Modern manufacturing is also not as labour intensive as used to be the case earlier. Therefore, a large part of the answer will have to be found in the services sector.

### Labour Intensive Growth

Let me now flag some issues that warrant discussion, if not debate. First, India is relatively more endowed with labour, not capital. Therefore, growth should be labour intensive, unless the capital/labour choice is distorted. That input choice is a function of the relative prices of labour and capital. Arguments are advanced about artificially high



costs of labour in the organized sector, interpreted not just as wage costs, but also compliance costs of labour legislation. However, post-1991, these compliance costs have not increased. If at all, they have declined. (One should mention the Shram Suvidha portal.) So why has the capital/labour choice become even more warped? The answer can only be found in a relative decline in cost of capital, reinforced by subsidies (read tax exemptions) given to capital usage. Note that the present government has sought to neutralize this by subsidizing new employment. Second, why are there complaints about labour shortage in some parts of the country, spliced with excess labour supply in others? Clearly, the disintermediation between prospective employers and employees isn't working very efficiently. The phenomenon of labour contractors who are not registered is also known. As one of the initiatives of the present government, one should therefore mention the National Career Service portal. Third, why is there an increasing gap, to the extent data exist, between work force and labour force? Why are work force participation rates declining, not just for females, but also for males? While increasing female work participation rates

is part of any reform agenda, the decline (subject to unsatisfactory data) remains a conundrum. Is that transitory, because of higher enrolment rates in higher secondary and higher education? Markets, including labour markets, should clear at the right price. Hence, is it because wages offered are not commensurate with expectations? In other words, we do not have a clear fix on voluntary versus involuntary unemployment. Fourth, is this difference between the two a consequence of the lack of correlation between education and skills? Education, publicly or privately funded, encourages higher salary expectations, but the skills that education delivers are not worth the price, according to market perceptions. Fifth, regardless, there is a skills problem. Thus, one should flag the National Skill Development Mission, with the National Skill Development Agency (NSDA), the National Skill Development Corporation (NSDC), and Directorate General of Training (DGT) as part of this framework.

When reliable data surfaces at the end of 2018, these initiatives are bound to show results, measured as employment growth. □

(E-mail: [bibek.debroy@gov.in](mailto:bibek.debroy@gov.in))



# Livelihood Development and Diversification

Amarjeet Sinha

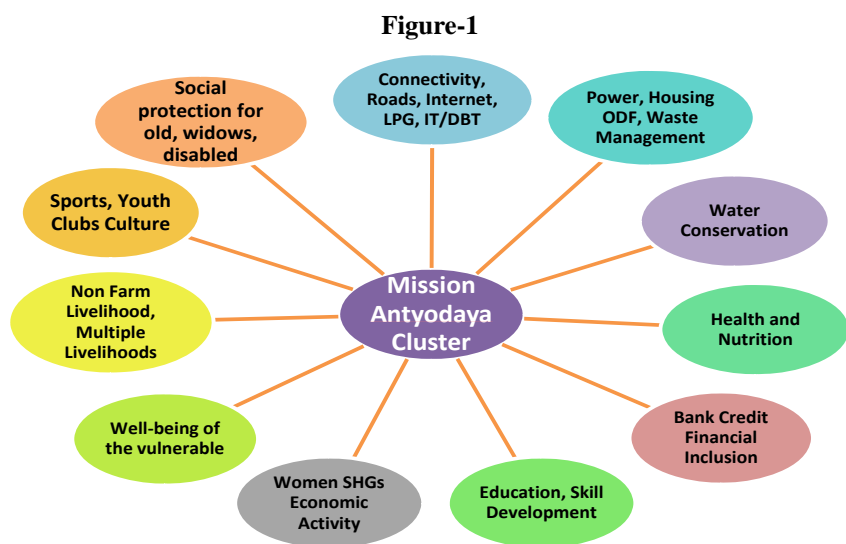


*There has been a considerable stepping up of financial resources for improving rural infrastructure, diversifying livelihoods and reducing poverty over the last four years. PMAY-G, PMGSY, MGNREGS, DAY- NRLM are some such programmes for infrastructure generation and livelihood development which contribute to generation of direct and indirect employment.*

**A**s the Sustainable Development Goals (SDGs) bring out clearly, poverty is multi-dimensional and therefore requires a range of interventions. Figure-1 illustratively brings out the challenges of creating poverty-free Rural Clusters. Non-farm livelihoods and multiple livelihoods that are required to make a difference. As recent data points out, half of manufacturing and one-third of the services sector is already part of the rural economy. Income and Employment through Livelihood Development and

Diversification is clearly the way forward.

The last 4 years has seen a considerable stepping up of financial resources for improving rural infrastructure, diversifying livelihoods, reducing poverty, and thereby improving the well-being of poor households in terms of allocation for Programmes of Department of Rural Development. The actual expenditure of Department of Rural Development from 2012-13 to 2017-18 and the Budget Estimates (BEs) for the year 2018-19 shown in the Table-1 illustrates the points very well.



The author is Secretary, Ministry of Rural Development, Government of India

**Table I – Actual Expenditure of Department of Rural Development**

Year	Expenditure in Rural Development Schemes (amount in Rs. crore)
2012-13	50,162
2013-14	58,630
2014-15	67,263
2015-16	77,321
2016-17	95,099
2017-18 (RE)	1,05,448*
2018-19	1,12,403.92**

\* Revised estimates for the year 2017-18

\*\*Budget Estimates for the year 2018-19

Source: Ministry of Rural Development

Annual expenditure in 2017-18 is more than double of what it was in 2012-13. One has also to bear in mind that there were 4 additional sources of funds for addressing rural poverty during this period:

I. The sharing pattern under programmes for non Himalayan States became 60:40, and 90:10 in Himalayan States. Under Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), instead of a 75:25 sharing earlier, it became 60:40 leveraging a total of Rs. 45,000 crore in 3 years as State share, against a government of India provision of Rs. 81,975 crore. Likewise, from December 2015, states started contributing 40 per cent of Pradhan Mantri Gram Sadak Yojana (PMGSY) funds. This leveraged an additional Rs. 8000/- to Rs. 9000/- crore of State share each year which were not available earlier with PMGSY. A similar increase happened in programmes that



were brought on 60:40 share from the earlier 75:25, like NSAP, DAY-NRLM, etc.

II. From 2017-18, under the Housing Programme, additional resources were mobilised through Extra Budgetary Resources (EBRs) as well. A total of Rs. 21,975 crore of Extra Budgetary Funds have been mobilised/are being mobilised in 2017 to 2019 period for PMAY-Gramin. Rs. 7329.43 crore has already been disbursed through EBR.

III. The transfer of funds under the 14<sup>th</sup> Finance Commission awards has also registered a significant increase compared to the allocations earlier under the 13<sup>th</sup> Finance Commission. It can be seen in Table-II.

**Table II – Release under 14<sup>th</sup> Finance Commission**

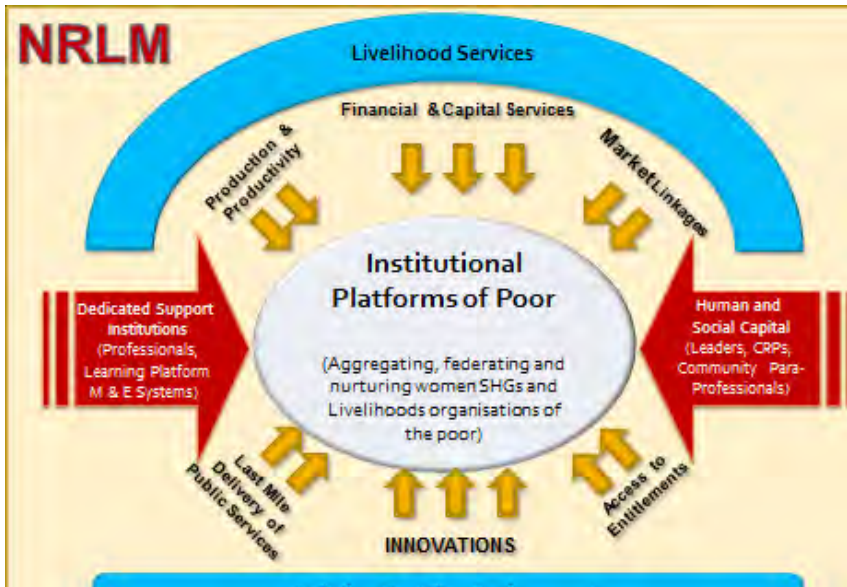
Year	Total Release (Rs. in crore)
2015-16	21510.46
2016-17	33870.52
2017-18	32423.72

IV. The fourth important factor to note is the leveraging of Bank Loans by Women Self Help Groups (SHGs) during

this period. A total of Rs. 1.64 lakh crore have been mobilised as Bank Loan by Women Self Help Groups in the last 5 years. The Bank Loan outstanding has more than doubled from Rs. 31865 crore in 2013-14 to Rs. 69733 crore in 2017-18 under DAY-NRLM.

Besides the specific resource provision for Rural Poverty Programmes, the thrust on Swachh Bharat Mission (SBM), increase in the allocations of Ministry of Agriculture and other infrastructure and livelihood programmes for the poor, the total transfer of financial resources to rural India has been very significant. A large proportion of the same goes into improvement in incomes and employment.

The Department of Rural Development has focused on development and diversification of livelihoods of the poor households during this period. The Socio-Economic Caste Census (SECC) 2011 released in July 2015 provided an evidence based criteria for selection of beneficiaries under various government programmes. The application of deprivation criteria of SECC to the Provision for LPG Gas connection under Ujjwala, free household electricity connection under Saubhagya, selection of beneficiaries under



PMAY-G, and now selection under Aayushman Bharat for National Health Protection have ensured that the benefits of development reach the most deprived on a priority. The use of SECC in finalisation of Labour Budgets to States under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and insistence in enrollment of all women from households with deprivation under SHGs of Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) has also ensured that poor regions with larger number of poor households receive priority in programmes of rural poverty. Table-III highlights the kinds of deprivation:

**Table III – Deprivation under SECC 2011**

Particular	Deprived Households
Only zero room or one room with kucha walls and kucha roof (D1)	2,37,31,674
No adult member between 16 to 59 (D2)	65,15,205
Female headed households with no adult male member between age 16 to 59 (D3)	68,96,014

Particular	Deprived Households
Disabled member and no able bodied adult member (D4)	7,16,045
SC/ST households (D5)	3,85,82,225
No literate adult above 25 years (D6)	4,21,47,568
Landless households as manual casual labour (D7)	5,37,01,383

*Another 16 lakh households are automatically included as the poorest of the poor households.*

All programmes of rural development were aligned to livelihood development and diversification. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) focused on durable assets and water conservation, and also provided for livelihood generating individual benefits like farm ponds, dug wells, goat shed, poultry shed, housing support, and support for dairy shed. The livelihood linkages in convergence with subsidy programmes for animal resources and for agriculture contribute to improved incomes in the Agriculture

and Allied Sectors. The increase in production of fruits and vegetables and the significant growth through animal resources over the last 4 years have been on account of this larger thrust on rural livelihood development and diversification. To illustrate some of the salient livelihood generating and income and employment supporting initiatives over the last 3 years are as follows:-

- (i) 143 lakh hectares of land provided benefit of water conservation works.
- (ii) Nearly 15 lakh farm ponds and 4 lakh wells for irrigation besides a very large number of Water Conservation Community Structures came up during this period.
- (iii) Over 6222 Custom Hiring Centres managed by Women Self Help Groups fully functional during this period.
- (iv) 11000 Bank Sakhis and 773 Bank Mitras trained as Banking Correspondents (BCs) from among SHG Women.
- (v) 33 lakh women farmers supported under non-chemical based agro ecological interventions.
- (vi) 86000 Producer Groups and 126 Agri Producer Companies established.
- (vii) 449 vehicles under Aajeevika Grameen Express Yojana (AGEY) for Rural Transport plying on roads with women drivers.
- (viii) Over 9 lakh solar lamps assembled by nearly 4000 Women Self Help Group Members in remote regions of Bihar, Uttar Pradesh, Jharkhand, Rajasthan, etc.
- (ix) Over 6000 Barefoot Technicians trained and certified.



(x) 3.54 lakh candidates successfully placed for wage employment under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and 12.65 lakh candidates settled for self-employment under Rural Self Employment Training Institutes (RSETIs) in the last 4 years.

(xi) 10949 Rural Masons trained and certified under the Housing Programme.

National Institute of Public Finance and Policy (NIPFP) was requested to assess the impact of Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) on Income and Employment. The Report found that *“By using information about the completed and under construction houses since 2016-17 that is made available through AwaasSoft and by the MoRD, we estimate that the scheme could have generated about 52.47 crore person-days. Of this, nearly 20.85 crore person-days are for skilled labour and the remaining 31.62 crore person-days are for the unskilled labour force in both years”*.

For rural infrastructure, the PMGSY has been a flagship

programme and during the last 4 years 1.69 lakh kms of roads were constructed. The average road length constructed annually since 2011-12 may be seen in Table-IV.

**Table IV – Total Road length constructed per day under PMGSY**

Year	Average Road Length Constructed per day under PMGSY (in km)
2011-12	85
2012-13	66
2013-14	69
2014-15	100
2015-16	100
2016-17	130
2017-18	134

A significant stepping up of road construction programmes has also generated direct and indirect employment. On an average one-fourth of the total cost of construction of rural roads contributes to employment of skilled, semi-skilled and unskilled wage earners. Clearly these have also contributed to incomes and employment during this period. The Central Government annual

allocation was increased to Rs. 19000 crore over the last 3 years. This is able to leverage Rs. 8000 crore to Rs. 9000 crore as State share. Over the last 3 years, this means that nearly Rs. 70,000 crore to Rs. 80,000 crore was available only for road construction. 25 per cent creating direct employment is naturally a larger number with consequences for incomes and employment in rural areas.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been a major source of strengthening livelihood security with full transparency during this period.

- The Central Government’s commitment to ensure effective implementation of MGNREGS is reflected by the continuous increase in budget allocation. Total Budget Allocation in FY 2017-18 was Rs. 55,167 crore which was highest since inception.

**Table-V**

Year	Budget Allocation (Rs. in crore)
2014-15	33000
2015-16	37346
2016-17	48220
2017-18	55167

- Fund Utilisation: The fund utilisation (including Central and State share) has also seen a significant increase in comparison to previous financial years. The total expenditure in FY 2017-18 is about Rs. 64,288 crore (provisional) which is highest ever since inception.
- The person-days generated under MGNREGS in the last 3 years has been in the range of 235 crore every year. This is



higher than most years before, indicating how the thrust on durable assets and Individual Beneficiary Schemes (IBSs) has generated a steady demand for MGNREGS. The figures in Table-VI affirm the high demand for livelihoods security through durable assets of MGNREGS.

**Table-VI**

Year	Person-days of work generated (Rs. in crore)
2014-15	166.21
2015-16	235.14
2016-17	235.6
2017-18	234.3

The expansion of the National Food Security Act (NFSA) with a provision of rice at Rs. 3 per kg and wheat at Rs. 2 per kg has facilitated food security in poor households. The increases in the Consumer Price Index for agricultural labour has been modest on account of the low food price inflation during this period as food items comprise the largest chunk of the basket of goods and services for calculating the Consumer Price Index for agricultural labour. The subsidies on rice and wheat, and the ready availability of cheap foodgrains to poor households need to be factored while looking at wage rates for agricultural labour. Even with nominal increases in real wage, the purchasing power goes up as major expenditure items like rice and wheat are heavily subsidised with effective availability.

Rural poverty is truly multi-dimensional and there is a need to address it simultaneously for greater impact. The efforts over the last few years have been towards convergence of rural initiatives to make a real difference to the well



being of poor households. These interventions have targeted both the poverty of households and the poverty of geographies. The factors contributing to these are listed below:

#### Poverty of Households -

- Lack of education and skills
- Under nutrition and ill-health
- Lack of employment opportunities
- Assetlessness
- Lack of safe housing
- Limited access to public services
- Clutches of middlemen/ corruption/ moneylender
- Absence of social capital- collectives of women/youth/ poor households

#### Poverty of Geographies

- Low Price for produce - distress
- Violence/crime
- Unirrigated agri/vagaries of monsoon
- Lack of basic infra-roads, electricity, Internet
- Lack of access to markets and jobs
- Lack of non-farm opportunities

It is evident from the data and interventions listed earlier that higher financial resources have been made available for addressing rural poverty over the last few years along with a much higher scale of leverage of Bank Loans for Women Self Help Groups. These have been contributing to both rise in incomes and employment through diversification and development of livelihoods. A few illustrative examples of such diversification have been listed above. Overall, the challenges to rural poverty are being effectively addressed through the range of interventions outlined above. Evaluation Studies by the Institute of Rural Management Anand (IRMA) has also confirmed increase in incomes, productive assets, and enterprises in villages where Women Self Help Groups are active under DAY-NRLM. Similarly, Studies of Water Conservation works under MGNREGA by the Institute of Economic Growth confirmed increase in income, productivity, acreage, and the water table. Such increases are bound to generate employment on a large scale. □

(E-mail: secyrd@nic.in)



The changing technological landscape in manufacturing and service industries, and further mechanization of agriculture, is expected to lead to more robust job growth in urban areas... Government of India is addressing these challenges with a multi-pronged approach. This article explores the evolution and progress of government initiatives to create livelihood opportunities in urban areas and discusses emerging policy directions towards creating a future-ready urban workforce.

## Creating Livelihood Opportunities in Urban Areas

*Durga Shanker Mishra*

**I**ndia's vibrant and rapidly growing economy needs steady supply of skilled human resources. As per Census, 2011, over 31 per cent of the total population lived in urban areas and estimates suggest that this will rise to over 50 per cent by 2050. As cities increase in number and existing cities become larger and denser, the pressure to support livelihoods will keep mounting. About 10 lakh new people enter the workforce every month (OECD Economic Surveys: India, 2017). The changing technological landscape in manufacturing and service industries, and further mechanization of agriculture, is expected to lead to more robust job growth in urban areas. It is estimated that over the next two decades, about 70 per cent of the new jobs will be created in urban India (Sankhe et al, 2010).

### I. Developing the Skills Ecosystem

The National Skill Development Policy was released in 2009 and the National Skill Development

Corporation (NSDC) was established with a mandate to skill 150 million people by 2022. Structured as a PPP with government-ownership restricted to 49 per cent of the equity, majority ownership of NSDC rests with the private sector with the shareholdings equally dispersed among 10 Chambers of Commerce and sector-specific industry organizations (Chenoy, 2012).

The skills landscape in India has evolved considerably, with 22 Ministries offering various types of skill training programs. Recognizing the need for a consistent policy direction and outlook on skills, the Skill India Mission was launched by the Prime Minister in 2015. It consolidates various disaggregated efforts across multiple ministries to create a blueprint for India's future skilled workforce. Skill India Mission has revised the target upwards and now aims to train 400 million people by 2022.

The skilling ecosystem is being complemented by a parallel effort to broaden access to formal financial

---

The author is Secretary, Ministry of Housing & Urban Affairs, Government of India.





SHG federation meeting, Odisha

### Multi-dimensional Livelihoods Strategies

The Mission aims to alleviate urban poverty through a holistic approach and a clear focus on livelihoods promotion.

Social Mobilization and Institutional Development component of the Mission builds social capital through a three-tiered community structure; Self Help Groups (SHGs), area or slum level federations and city level federations.

These federations give a collective voice to the community and support their livelihoods.

services which is essential to promote self-employment opportunities. The JAM+ architecture, comprising of Jan Dhan, Aadhar, and Mobile based services has led to achievement of financial inclusion. The Global Findex Report released by the World Bank earlier this year, revealed that the number of account holders have risen from 35 per cent of the adults in 2011 and 53 per cent in 2014 to 80 per cent in 2017. The gender gap in account ownership has also decreased with 83 per cent of the men and 77 per cent women now having an account. Moreover, among MUDRA loan beneficiaries, women account for almost 75 per cent (World Bank, 2018).

An integrated approach to support both wage employment and self-employment is part of the Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM), under the Ministry of Housing & Urban Affairs (MoHUA). This Mission has been working towards creating livelihood opportunities for the poor and vulnerable population, in all the statutory towns.

DeendayalAntyodaya Yojana-National Urban Livelihoods Mission (NULM) was launched as one of the flagship schemes of the Ministry of Housing & Urban Affairs (MoHUA). The other flagship urban missions viz. Swachh Bharat Mission – Urban (SBM-U),

Pradhan Mantri Awas Yojana – Urban (PMAY-U), Smart City Mission (SCM), Atal Mission for Rejuvenation & Urban Transformation (AMRUT) and Heritage City Development & Augmentation Yojana (HRIDAY) complement the DAY-NULM by creating sustainable employment opportunities.

### a. Multi-dimensional Livelihoods Strategies

The Mission aims to alleviate urban poverty through a holistic approach and a clear focus on livelihoods promotion (see Figure 1).

Social Mobilization and Institutional Development component of the Mission builds social capital through a three-tiered community structure; Self Help Groups (SHGs), area or slum level federations and city level federations.

These federations give a collective voice to the community and support their livelihoods.

City Livelihoods Centers (CLCs) established under the Mission help to organize the informal hyper-local services sector at the Urban Local Body (ULB) level. Self-employed and freelancing service providers such as electricians, carpenters, plumbers, painters, tailors, tutors etc. are registered at the CLCs and customers can access these services by calling the CLC. CLCs also provide marketing support to microenterprises.

The Employment through Skill Training and Placement (ESTP) component of the Mission provides market relevant skill training and placement under the Skill India Mission. After training, candidates are either supported to get job placements or to become



Figure 1: DAY-NULM Components

### SHG federations supporting livelihoods, Ambikapur, Chhatisgarh

The “Garbage to Gold” initiative in Ambikapur aimed transition from corporation-driven to community-driven waste management system. More than 500 women organized into SHGs are engaged in door-to-door waste collection (D2DC), and operation of Solid and Liquid Resource Management (SLRM) centres across the city. These activities are monitored by the urban local body in a centralized control room and an online portal displays daily data on garbage collection.

self-employed. The Self-Employment Program (SEP) is a critical component of the Mission, focusing on financial inclusion of the urban poor, and support for their micro-enterprises through subsidized micro-credit.

The Support for Urban Street Vendors component of the Mission seeks to protect the livelihoods of street vendors as per the provisions of the Street Vendors Act, 2014. Under this component, more than 8 lakh ID cards have been issued to street vendors – thereby legitimizing their profession as well as their vending locations. Many cities have prepared the Town Vending Plans and started establishing dedicated vending zones with required vending infrastructure.

As per the mid-term impact evaluation of the mission about 45 per cent of the SHG bank linkage loans have been used for setting up micro-enterprises.

### City Livelihoods Center, Jaipur, Rajasthan

The Jaipur CLC has set an example, through their innovative marketing activities to promote microenterprises led by SHG women. The CLC has established tie-ups with prominent e-commerce platforms such as Amazon, Snap Deal, Flipkart, and Shop Clues.

A call center has also been established for skilled service providers, with over 10,000 customers served so far. The CLC also runs placement support programs for skill trained candidates and conducts workshops for street vendors.

The CLC was initially established with grant support under DAY-NULM and has now become financially self-sustaining.

Taking this into account, the Mission has made significant progress in livelihood generation and has directly supported more than 25 lakh livelihoods so far (see Figure 2).

### b. Employment through Skill Training & Placement

The ESTP component aims to enhance employability of the urban poor. The emphasis is on wage and self-employment through placement focused, outcome driven skill training programs. To ensure that the programs respond to domestic demand, a skill gap study has been conducted. Candidates are selected through a screening process and counselled, so that they can choose courses, aligned to their aspirations as well as the industry demand.

The mode of training is primarily short-term skill training courses ranging from 3 to 6 months. There are about 200+ courses being offered currently across various sectors. The most popular sectors are – IT-ITES, Apparels, Beauty & Wellness, Construction, Healthcare & Nutrition.

ESTP also offers courses of the Modular Employable Skills (MES) framework under the Director General of Training (DGT) within which courses are approved by the National Council on Vocational Training (NCVT). These courses are now aligned to the National Skill Qualification Framework (NSQF). Within the NSQF framework, a network of 38 Industry established bodies called Sector Skill Councils (SSCs) are responsible for housing the qualification packs (QPs) for



Figure 2: Progress so far

various courses, and for setting the standards for assessment and certification.

### c. Self-Employment Program

The Self-Employment component of the Mission supports individuals and groups to establish micro-enterprises by facilitating bank loans @ 7 per cent ROI. There are three types of subsidized loans offered – individual loans up to Rs. 2 lakh, group loans up to Rs. 10 lakh and SHG-bank linkage loans in the ratio of 1:4 based on the group corpus (as per the RBI guidelines). Loan applications under the SEP component are evaluated by a task force which includes representatives from banks as well as the Urban Local Body (ULB).

Interest charged by the banks/ lending institutions beyond 7 per cent is transferred to the beneficiary as interest subvention. Women's SHGs are provided additional interest subvention of 3 per cent to incentivize timely repayment. Capacity Building under the Entrepreneurship Development Program is provided to beneficiaries to provide knowledge and skills, needed to sustain and grow micro-enterprises.

### d. Mission Evaluation and New Initiatives

In order to address the gap identified through the mid-term evaluation, DAY-NULM has undertaken a major initiative to set up a web portal for interest subvention – which has enabled the transfer of interest subvention directly to the loan accounts of the beneficiaries through Direct Benefit Transfer (DBT). MUDRA loans which are already available at subsidized rates of interest, have also been made eligible for interest subvention through DAY-NULM as a convergence measure.

The Mission is making strides towards enhancing placements of trained candidates by engaging placement agencies, exploring captive placement models and through partnerships with private sector players in high growth sectors. A mechanism to get direct feedback from trained candidates has been introduced, called PARAS (Personalized Rapid



A network of 1,187 Skill Training Providers and 6,136 training centers across the country is engaged to provide training and placement support under DAY-NULM. The most popular sectors are – IT-ITES, Apparels, Beauty & Wellness, Construction, Healthcare & Nutrition.

Assessment System), which is helping States to assess and improve their training programs.

A ranking system called SPARK has been introduced to induce competition among the states based on outcome parameters of the Mission.

## II. Recognizing and Addressing Key Risks

As MoHUA looks towards the future, its priorities are evolving based on the emerging risks and opportunities. Three key national challenges being addressed by the Mission are – a. informal nature of employment b. lower participation of women in labour force and c. capacity constraints of the implementing agencies.

### a. Formalizing the Urban Informal Workforce

An overwhelming majority - 81 per cent of India's total workforce - comprises of informal/unorganized workers. Further 77 per cent of workers in India are likely to be in 'vulnerable employment' by 2019 (ILO, 2018). Trends show that the high rate of urbanization in the country is not accompanied by a proportionately high rate of formalization, with more informal enterprises being added to urban areas. Informal sector outcomes are likely to reflect the economic impact of urbanization, as much as the formal sector (Ghani, et al., 2013). Sectors such as construction and sanitation employ a large proportion





*Training in computer applications, Raipur, Chhattisgarh*

ESTP also offers courses of the Modular Employable Skills (MES) framework under the Director General of Training (DGT) within which courses are approved by the National Council on Vocational Training (NCVT). These courses are now aligned to the National Skill Qualification Framework (NSQF).

through mobile apps etc. Many CLCs are collecting and training informal workers and facilitating their formal employment through municipal contracts. CLC in Nahan, Himachal Pradesh for example, has trained informal sweepers from the Balmiki Basti. They have now been provided formal contracts by the Nahan Municipal Corporation, with detailed Terms of Reference and safety equipments.

### **b. Improving Women’s Participation in the Urban Workforce**

Another major issue plaguing India’s economy and society is the declining rate of female labour force participation. Between 1990 and 2015, India’s real GDP (gross domestic product) per capita grew from US\$375 to US\$1572, but its female labour force participation rate (LFPR) fell from 37 per cent to 28 per cent. If India could rebalance its workforce, the GDP is expected to increase by 27 per cent (IMF, 2013).

of the informal urban labour force and have the worst health and safety conditions.

DAY-NULM is addressing this challenge through two initiatives. First, Recognition of Prior Learning (RPL) has been adopted in convergence with the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), as a mechanism to recognize, certify and formalize those who have acquired skills informally. The RPL process and certification, especially in vulnerable sectors such as construction and sanitation, is expected to improve health and safety standards, enable informal workers to take pride in their skills, and move up the qualification levels. Further, the mission is also doing its bit to build capacities of the sanitation workers and promote green livelihoods in collaboration with the Sector Council for Green Jobs Council and the Swachh Bharat Mission.

Second, City Livelihoods Centers (CLCs) which are supposed to be established in all cities under DAY-NULM are being revitalized, with a renewed focus on creating a robust database of freelance service providers, making their services available

31 per cent of women who are primarily engaged in domestic duties would like to do some kind of job, as per the National Sample Survey (NSS) data. The Female Labour Force Participation Rate (FLFPR) in India could rise by 21 percentage points (78 per cent) if all women who expressed a desire to work were enabled to do so (Pande, 2017).

DAY-NULM directly addresses this gap, by mobilizing women into Self Help Groups. Nearly 30 lakh women have been mobilized into SHGs and their federations. These community-based organizations empower women to look beyond their traditional role within the household, and to become socially and financially secure. In states where this community-based architecture has matured, the focus is shifting towards the next step i.e. income generating activities and micro-enterprises supported by credit access.

**As MoHUA looks towards the future, its priorities are evolving based on the emerging risks and opportunities. Three key national challenges being addressed by the Mission are – a. informal nature of employment b. lower participation of women in labour force and c. capacity constraints of the implementing agencies.**

The mission has made large strides in prioritizing skill training and employment for women. Under the skill training component, over 70 per cent of the candidates trained are women, though the mandated quota for female trainees is only 30 per cent.

### c. Urban Building Capacity of Local Bodies (ULBs)

Urban Local Bodies (ULBs) are key implementation units for DAY-NULM. The Ministry has launched Integrated Capacity Building Programme (ICBP) to build their capacities for implementing the urban missions including the employment and self-employment programs and sensitizing them to the vulnerabilities of the urban poor.

Through ICBP, MoHUA is conducting training for ULB officials and the elected representatives. The program comprises of three phases of training—the first is an integrated orientation program focusing on convergence between the urban missions. The second and the third phase consist of specific technical modules on each Mission, and an exposure visit to observe and learn from a best practice case in another city.

### III. The Way Forward

Various missions of the Ministry viz PMAY-U, SBM-U, AMRUT, HRIDAY and SCM; are making significant investments in the urban areas. Urban mobility is also improving through mass rapid transport projects. The creation and maintenance of this growing urban infrastructure is generating tremendous employment opportunities; thus, complementing the efforts of DAY-NULM.

Convergence guidelines for DAY-NULM and SBM-U were released recently, with the objective of developing dignified livelihoods opportunities along the sanitation value chain. Similar policy interventions focusing on improving the quality of



As the standard of living improves with rise in disposable income of urban Indians owing to sustained growth of the Indian economy, new sectors are emerging which have high employment potential. These include e-commerce delivery, on-demand taxi services, fitness and wellness, elderly care, child care, home-based services etc.

livelihoods generated through other urban missions are being explored. Convergence with the National Health Mission (NHM) has also been initiated, as health related expenditure is one of the most prominent reasons for a family to slip back into poverty trap.

MoHUA is encouraging certification of workers in the construction sector, with the twin objective of improving livelihoods and the quality of public works. A beginning has been made in this direction by the Central Public Works Department (CPWD), by deploying at least 20 per cent certified workers for its projects.

As the standard of living improves with rise in disposable income of urban Indians owing to sustained growth of the Indian economy, new sectors are emerging which have high employment potential. These include e-commerce delivery, on-demand taxi services, fitness and wellness, elderly care, child care, home-based services etc. DAY-NULM is encouraging courses relevant to these emerging sectors and exploring partnerships with private sector employers, in order to improve the income potential of candidates skill trained under the Mission.

Such types of demand for skilled human resources is available outside the country as well. In order to tap this global demand, NSDC has launched Pravasi Kaushal Vikas Yojana and India International Skills Centers are being established. These will provide training and placement support to Indians seeking jobs abroad, with the support of MEA. A detailed skill gap study on global skill demand is also being conducted by NSDC so that India's positive demographic dividend can be suitably harnessed to fill the global gap in demand and supply of skills.

## References

Brown, A. & Lloyd-Jones, T., 2002. Spatial planning, access and infrastructure. In: C. Rakodi & T. Lloyd-Jones, eds. *Urban livelihoods: A people-centred approach to reducing poverty*. s.l.: Earthscan, pp. 188-204.

Census of India, 2011. *Provisional Population Totals Paper 2 of 2011 India Series 1*, New Delhi: Office of the Registrar General & Census Commissioner, Government of India.

Chenoy, D., 2012. Skill Development in India; A Transformation in the Making. India infrastructure report, pp.99-207.

Ghani, E., Kanbur, R. & O'Connell, S. D., 2013. *Urbanization and agglomeration benefits: gender differentiated impacts on enterprise creation in India's informal sector*, s.l.: The World Bank.

International Labour Organization (ILO), 2018, *Women and men in the informal economy: a statistical picture* (third edition) / International Labour Office – Geneva

International Labour Organization (ILO), 2018, *World Employment and Social Outlook: Trends 2018*, International Labour Office – Geneva: ILO, 2018

IMF (2013) Elborgh-Woytek, Ms Katrin, et al. *Women, work, and the economy: Macroeconomic gains from gender equity*. International Monetary Fund, 2013.

OECD (2017), OECD Economic Surveys: India 2017, OECD Publishing, Paris, [https://doi.org/10.1787/eco\\_surveys-ind-2017-en](https://doi.org/10.1787/eco_surveys-ind-2017-en)

Pande, R., 2017, *Getting India's Women to the Workforce: Time for a Smart Approach*, Ideas for India



**Pravasi Kaushal Vikas Yojana (PKVY)**  
is a skill development initiative aimed at training and certification of Indian workforce keen on overseas employment.

**Pravasi Kaushal Vikas Yojana (PKVY)**

- The short term program (of 2 weeks to one month) will prepare the candidates holistically in taking up challenging assignments in different countries with confidence and meet transnational skill requirements.
- The program could be of great help to blue collar workers who get an opportunity to acquire professional skills and be able to communicate in the foreign language, besides getting skilled in particular trades.

Phillips, S., 2002. Social capital, local networks and community development. In: T. Lloyd-Jones & C. Rakodi, eds. *Urban Livelihoods: A People-centred Approach to Reducing Poverty*. s.l.: Earthscan, pp. 133-150.

Sankhe, S., Vittal, I., Dobbs, R., Mohan, A. and Gulati, A., 2010. India's urban awakening: Building inclusive cities sustaining economic growth.

Walker, J., Meikle, S. & Ramasut, T., 2001. *Sustainable urban livelihoods: Concepts and implications for policy*.

World Bank (2018) Demirguc-Kunt, A., Klapper, L., Singer, D., Ansar, S. and Hess, J., 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. The World Bank. □

(E-mail: [secyurban@nic.in](mailto:secyurban@nic.in))



# Accelerating the Pace

*H.L. Samariya*



*The Government of India is committed to enhance the pace of employment generation and has adopted a multi-pronged approach to ensure access to such employment to all with a special focus on the poor and weaker sections of the society.*

**P**rovision of quality employment is instrumental to achieving economic and social development. Apart from its direct implications for improving individual well-being in terms of wages, jobs and social security, employment is key to fulfilling various social objectives including poverty reduction and promoting social cohesion. The Government of India is committed to enhancing the pace of employment generation and has adopted a multi-pronged approach to ensure access to such employment to all with a special focus on the poor and weaker sections of the society.

Ministry of Labour & Employment (MoLE) plays a pivotal role in facilitating employment-related services and protecting the interests and welfare of the employees. It does so by fulfilling its core mandates like managing social security needs

of the workforce, collection and compilation of data on the status of employment condition of workers, providing employment related services, extending assistance to physically challenged and weaker sections of society in joining the workforce, etc.

To enhance the availability and accessibility of employment opportunities for the teaming youth, the Public Employment Service in India has been transformed through the National Career Service (NCS) platform to bring together job seekers, employers and training providers on a common platform through the efficient use of information technology. The salient features of NCS include: provision of career related services to job-seekers; counselling services; call centres; Model Career Centres; rich repository of career content, capacity building and other facilitation services. The NCS also provides a variety of employment

**To enhance the availability and accessibility of employment opportunities for the teaming youth, the Public Employment Service in India has been transformed through the National Career Service (NCS) platform to bring together job seekers, employers and training providers on a common platform through the efficient use of information technology**

The author is Secretary, Ministry of Labour & Employment, Government of India.

## Success Story

### Shri Rakesh Kumar Sahoo: Differently-abled Job Seeker

Shri Rakesh Kumar Sahoo, a 28-year-old man from Ghatikia, Khurdha, Odisha with speech and hearing impairments, registered himself at 'National Career Service Centre for Differently-abled' (NCSCDA), Bhubaneswar. After a narrative therapeutic counselling session, he opted for a 3½ months course in 'Tally with Computer Fundamental' in the batch ending on 23<sup>rd</sup> February, 2016. The training was imparted by the Department of Social Security and Empowerment of PwDs (SSEPD), Government of Odisha, and NCSCDA, Bhubaneswar and sponsored by the Odisha Skill Development Authority (OSDA).



Shri Rakesh Kumar Sahoo was one of the 28<sup>th</sup> candidates who qualified for the interview and was finally selected. It is worth noting that though he has 75 per cent speech & hearing impairments he is confidently performing his job to the satisfaction of one and all, as expressed by him during a recent interaction.

related services like job matching, e-linking all employment exchanges and organising job fairs on a regular basis.

One hundred and seven (107) Model Career Centres (MCCs) have been set up and additional hundred (100) centers are being planned to be established in the near future. These MCCs converge technology and counselling by the young professionals at the centres to facilitate job-seekers select the jobs best suited to their ability,

aptitude and satisfaction. The profile of the job aspirants and job providers is dynamic in nature and therefore needs continuous up-dation. With the help of NCS and about 2200 job fairs organised by the Ministry of Labour and Employment in collaboration with the state governments and other social partners, it was possible to mobilise about 30.2 lakh jobs till June, 2018.

The NCS has to be scaled up further to make it the premier

## National Career Service (NCS) Platform

- This is a National Career Service Platform.
- Provides career related service to job seekers, counseling services; call centres; Model Career Centres; rich repository of career content, capacity building and other facilitation services.
- Also provides a variety of employment related services like job matching, e-linking all employment exchanges and organising job fairs on a regular basis.
- 2200 Job Fairs have been organized and 30.2 lakhs jobs have been offered through the NCS portal.
- It provides counselling by the young professionals at the Centres to the job seekers to select the jobs best suited to their ability, aptitude and satisfaction.
- 107 Model Career Centres (MCCs) have been set up and additional 100 MCCs are being planned.
- NCS is inter-linked with the major private job portals through signing of MoUs.
- NCS portal is inter-linked with all Government portals and particularly with the 'Employment News' portal of MoI&B.
- 21 National Career Service Centres for Differently Abled (NCSC-DA) persons are being run by DG(E). Details at <https://labour.gov.in/vrc>
- 25 National Career Service Centres for SCs and STs (NCSC-SC/ST) for providing employment related training and guidance are being run by DG(E). Details at <https://labour.gov.in/cgc>



Counseling Session at Model Career Centre, Surat

For more details, please log on to:  
[www.efilelabourreturn.gov.in](http://www.efilelabourreturn.gov.in)

## SHRAM SUVIDHA PORTAL

The Ministry of Labour & Employment has developed a unified Web Portal –‘Shram Suvidha’– catering to four major organisations under its aegis: Office of Chief Labour Commissioner (Central); Directorate General of Mines Safety; Employees' Provident Fund Organization; and Employees' State Insurance Corporation.



- **The Shram Suvidha Portal was launched by Hon’ble Prime Minister on 16<sup>th</sup> October 2014 as a one stop shop for labour law compliance.**
- **The portal accessible at <https://shramsuvudha.gov.in> provides multitude of services such as unified registration, licensing and return services for establishments of EPFO and ESIC as well as CLC(C).**
- Establishments can also file annual returns under three rules for mines and factories act.
- The portal facilitates transparent risk based inspection by labour enforcement agencies.
- Labour Enforcement Agencies conducted a total of about 3.75 Lakh inspections through the portal till June 2018 since inception of the portal.

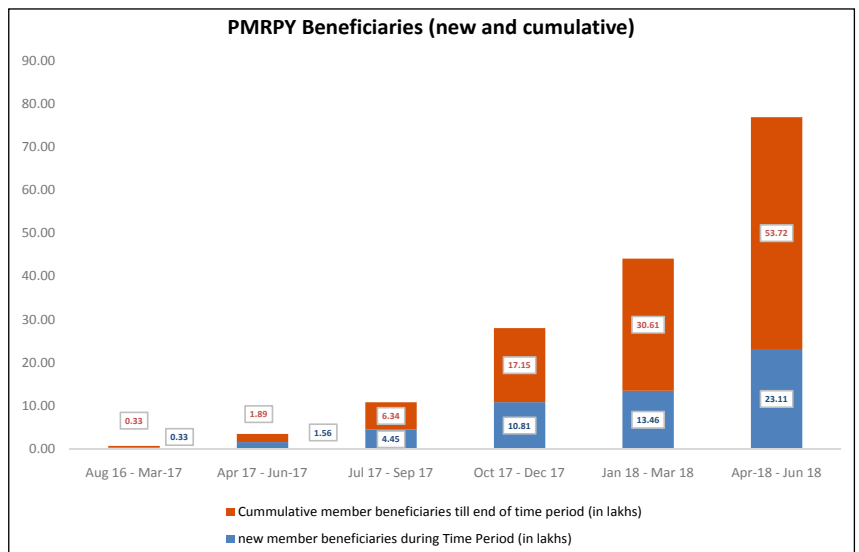
employment provider portal of the government by integrating and interlinking with all other related government portals. The portal has also given inter-linking facility to major private job portals through signing of MoU, for enhancing the data base of job seekers and employment providers.

In order to economically mainstream the differently-abled persons, the ministry of labour and employment has established 21 National Career Service Centres (NCSC) in different parts of the country. These centres evaluate residual capacities of differently-abled persons, facilitate vocational training and extend assistance in the process of securing employment and self employment. These centres also reach out to differently-abled persons living in rural and slum areas through mobile camps and provide vocational counselling and guidance services.

Directorate General of  
 Employment (DGE) also

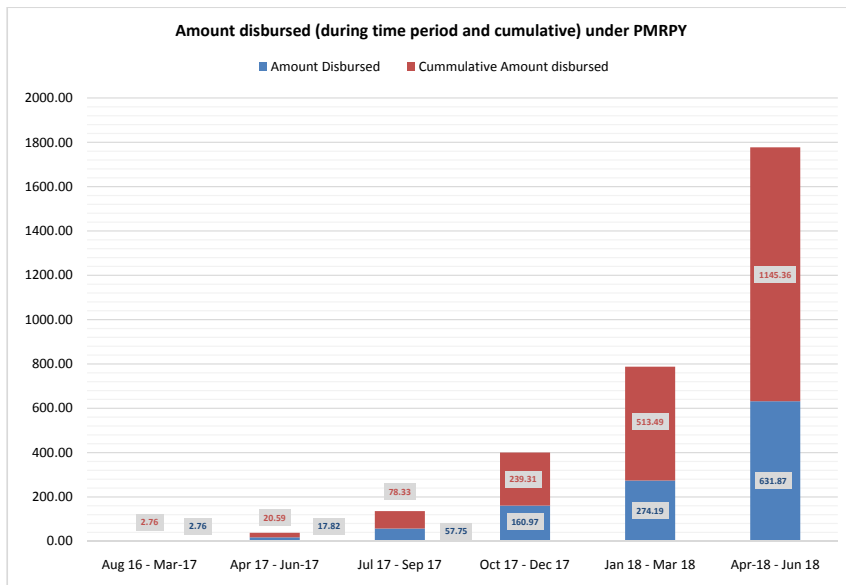
implements schemes for Welfare of Scheduled Caste/Scheduled Tribe (SC/ST) job seekers through coaching, vocational guidance and training. It also plans for introduction of new courses in the existing NCSCs for SCs/STs and

establishment of new NCSCs for SCs/STs in the states not covered so far. Twenty five new NCSCs for SC/STs have been set up by DGE in the recent past and special coaching schemes and computer training through outsourcing have



The above chart depicts the progress of PMRPY starting from launch of the scheme till June 2018 in terms of number of ‘new member/employee beneficiaries’ added on EPFO payroll and ‘cumulative number of member/employee beneficiaries’ on EPFO payroll. The number of member/employee beneficiaries has been showing an upward trend with number of total beneficiaries rising from 0.33 lakh during the period August 2016-March 2017 to 53.72 lakh till the end of June 2018.





The above chart depicts the progress of PMRPY starting from launch of the scheme till June 2018 in terms of amount disbursed by the government. The amount disbursed has gone up from Rs 2.76 crore during the period August 2016-March 2017 to Rs 1145.34 crore till the end of June 2018.

been added to the curriculum to reorient the functioning of these centers.

Ministry of Labour and Employment has also been focusing on reforms in labour laws to address the emerging needs of the industry and economy at large. The Shram Suvidha Portal facilitates inspection of establishments in a scientific and transparent manner. It also provides for a common

registration under Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC) and facilitates submission of monthly Electronic-Cum-Challan (ECR). The Ministry has also reduced 56 registers/ forms required to be maintained under 9 Central labour laws and rules made there into 5 common register/forms which would result in saving of

### Shri Moon Kachari: Seeking Decent Employment

Shri Moon Kachari, ST, hailing from a very poor family from Kamrup, Assam was aspiring to get decent employment which would enable him to take care of his family. He joined the Special Coaching Scheme of the NCSC for SC/ST during 2015-16 and successfully completed it in May 2016. Participation in the above coaching scheme enabled him to compete in different competitive examinations. He also participated in the job melas organised by NCSC for SC/ST and his first success came when he was selected as Marketing Executive by Axis Bank at the job fair organised in May 2016 by NCSC for SC/ST, Guwahati. He also cleared the competitive examination and was selected for the post of Lower Division Assistant (LDA) in the District and Session Judge, Diam Hasao District, Assam which he joined on 27<sup>th</sup> July 2017.

time and cost of compliance. The Shram Suvidha Portal provides for a transparent and accountable

## VOCATIONAL TRAINING TO TRANSFORM JOBS INTO CAREERS



The Ministry of Labour & Employment emphasizes the active participation of women in the workforce. The focus will be on Welfare Schemes across sectors, but the main thrust will be on programmes to encourage a culture of self-sufficiency and career-mindedness.

Under the Directorate General of Employment & Training (DGET), Women's Training teaches women to play different roles as workers, supervisors and entrepreneurs. Skills training for women will stimulate extra opportunities among women of various socio-economic strata and different age groups as well as create better homes and families.

- Women's Vocational Training Programme covers many areas:
  - a. Wage-employment in industry
  - b. As instructors
  - c. To promote self-employment.
- To efficiently enable this and give them a head-start, the Programme offers:
  - a. Industrial skills training under Craftsmen Training Scheme (CTS)
  - b. Instructor skills training under Craft Instructors Training Scheme (CITS)
  - c. Demand-driven short-term courses
  - d. Special programmes for training ITI Instructors
  - e. Tailor-made courses as per industry demand

## Pradhan Mantri Rojgar Protsahan Yojana



- Government is paying 12 per cent towards EPS and EPF for all sectors for employers' contribution since 1.4.2018 to all the eligible new employees.
- It will be for the next three years and all new employees should have Universal Account Number (UAN) seeded with Aadhaar.
- Till June, 2018, 53.72 lakh new employees have been registered by EPFO.
- Till now, Rs.1145.34 crore have been spent on this scheme and it is expected that another Rs.4,500 crore will be required to meet the demand under the PMRPY.
- Easy to operate through online enrolment and Aadhaar. Details at [www.pmrpy.gov.in](http://www.pmrpy.gov.in)

enforcement mechanism. It provides for transparent labour inspection schemes and facilitates ease of compliance through filing of a single unified annual return for 8 Labour Acts. This has also led to easing of doing business in the country which can be seen from the recent World Bank Report *'Doing Business 2018: Reforming to Create Jobs'* that India has jumped in ranking to the 100<sup>th</sup> position from 130<sup>th</sup>. India was also rated as one amongst the top ten improvers during 2017-18.

The Ministry has been working on simplification, amalgamation and rationalisation of multiple existing Acts into four Labour Codes, viz., Code on Wages, Code on Social Security, Code on Industrial Relations and Code on Occupational Safety, Health & Working Conditions. The Code on Wages has been introduced in Lok Sabha on 10<sup>th</sup> August 2017. In order to provide flexibility in hiring workforce as per seasonal requirement and to enable meeting of targets including export obligations by an enterprise, a category of fixed term employment has been introduced. It also ensures

that all social security benefits, wages and working conditions for fixed term employee are on par with that of a regular employee.

The "Pradhan Mantri Rojgar Protsahan Yojana (PMRPY)" is also being implemented from 2016-17 with the objective of incentivising industry for promoting employment generation. Under this scheme, the government has been paying the 8.33 per cent contribution of Employers to the Employees' Pension Scheme (EPS) in respect of new employees having a new Universal Account Number (UAN) and earning up to Rs. 15,000 per month for a period of three years from the date of registration, with an aim to create employment/formalise a large number of informal workers. As per the Economic Survey, 2017-18, the formal employment is equivalent to 31 per cent of non-agricultural workforce in India clearly signifying that "formal pay rolls' is considerably greater than currently believed.

To further incentivise the textile industry (made-up and apparel sector), government

has been contributing the entire employer's contribution (12 per cent or as admissible) towards both the Employees' Pension Scheme (EPS) and Employees' Provident Fund (EPF) under the Pradhan Mantri Paridhan Rojgar Protsahan Yojana (PMRPY). Further, considering the paramount importance of this scheme, in the Budget 2018-19, government decided to pay the entire employer's contribution (12 per cent or as admissible) towards the EPS and EPF for all sectors with effect from 01.04.2018 to all eligible new employees and applicable for all sectors for the next 3 years from the date of registration of the new employee including existing beneficiaries for their remaining period of 3 years.

The approach of the government has been at striking the desired balance between quantitative and qualitative dimensions of employment so that employment emerges as a key catalyst for achieving the Sustainable Development Goals (SDG) 2030. □

(E-mail: [secy-labour@nic.in](mailto:secy-labour@nic.in))

## Fixing India's 3E's

*Manish Sabharwal*



*Our past policy narratives around education, employment and employability were about running away from something rather than towards something, and often blamed blaming external variables of opening balances rather than taking responsibility. India's low productivity and poverty has many reasons but we finally have a strategy in formalisation, urbanisation, industrialisation, financialisation and human capital*

**S**ometime soon in 2018, India's annual GDP will cross England's (\$2.6 trillion). Is this a milestone to celebrate? Or a milestone that triggers honest questioning of why has it taken 71 years for 1.2 billion people to cross the output of 66 million people? Poet Maya Angelou said "The Universe is not made of atoms but stories" and I believe our pathetic productivity is a child of the nutty economic stories we told ourselves after 1947. Our political stories have spectacularly delivered but our economic stories targeted the symptoms of poverty rather than the disease of productivity by distrusting decentralisation (strong states lead to a weak nation), disrespecting institutions (corruption and informality are cultural) and sabotaging competition (public sector entities and monopolies are better for consumers). The 1955 Avadi resolution gave us

bad phone service, chose colleges over schools, exploded the public sector, and knee capped capital markets. These stories poisoned our productivity; we only have 52 cities with more than 1 million people, only 50 per cent of our labour force works outside farms, only 25 per cent of our labour force has formal wage employment, only 43 per cent of our 14-18 aged kids can solve a basic division problem, only 5 lac of our 30 crore students get an apprenticeship, only 7 million of our 63 million enterprises were registered for indirect taxes before GST, and only 1.5 per cent of our 1.2 billion citizens paid income taxes before demonetisation. India's poverty comes from our low productivity. Productivity is embedded in the air; the institutions, the infrastructure, the efficiency of factor markets, and human capital.

I'd like that the fixing our infrastructure of opportunity—India's

**India's 3Es of education, employability and employment - is a crucial part of raising our productivity and putting poverty in the museum that it belongs. Also I'd like to counter the popular narrative that India has a jobs problem and believe our official unemployment rate of 5 per cent is not a fudge. Everybody who wants a job has a job; they just don't have the wages they want or need.**





3Es of education, employability and employment - is a crucial part of raising our productivity and putting poverty in the museum that it belongs. Also I'd like to counter the popular narrative that India has a jobs problem and believe our official unemployment rate of 5 per cent is not a fudge. Everybody who wants a job has a job; they just don't have the wages they want or need. This diagnosis of jobs vs wages is important because if you think India's problem is jobs then you will throw money from helicopters, mandate a three day workweek, and take away workers' shovels and give them spoons. But if you think the problem is wages i.e. productivity you will go down a different path of formalisation, urbanisation, industrialisation, financialisation, and human capital.

Raising India's productivity needs raising formal employment to 50 per cent of the labour force (from 25 per cent today), raising the number of cities with more than a million people to 200 (from 50 today), reducing farm employment to less than 10 per cent of the labour force (from 50 per cent today), reducing gold and real estate to less than 50 per cent of savings (from 90 per cent today), and getting the difficult balance of cost, quality and

quantity from our schools, skills and college system. Lets look at each component:

### Formalisation

On the surface, India's entrepreneurship ecosystem seems healthy; 50 per cent of our labour force is self-employed, and we have one enterprise for every four non-farm workers. But most of our enterprises are dwarves (Only 11 per cent of manufacturing companies in India employ more than 200 people, compared with 52 per cent in China), vary considerably in productivity (there is a 22-times productivity difference between a firm at the 90th and 10th per centile by size in manufacturing), and 40 per cent of our labour force comprises the working poor (people who make enough money to live but not enough money to pull out of poverty).

India is not producing enough enterprises with the productivity to pay higher wages. Of India's 6.3 crore enterprises, 1.2 crore do not have an office, 1.2 crore work from home, only 70 lakh had a tax registration pre-GST, only 14 lakh make the mandatory employer social security payments, and only 10 lakh are incorporated as companies. Most tragically, only 17,500 companies in India have

a paid-up capital of more than Rs. 10 crore. India's regulatory cholesterol had traditionally stunted enterprise growth and formality but GST is an important game changer; the number of enterprises with an indirect tax registration has increased by 50 per cent since GST went live. This number is expected to reach 15 million soon. Improving the ease of doing business would create a Cambrian explosion of new venture creation and massively increase productivity among existing enterprises. This requires rebooting the thought world of the Medium and Small Enterprises (MSME) Ministry, improving access for non-collateral credit, getting rid of the labour and tax inspector Raj, simplifying the goods and services tax (GST), growing the venture capital industry, but most importantly, adopting the India stack for all employer-employee and employer-government. interface by moving all laws to Paperless, Presenceless and Cashless.

### Urbanisation

This is about the difficult question of whether India is going to take jobs to people or people to jobs. In political imagination you are always taking jobs to people but in development it is most often about taking people to jobs because fertile habitats for job creation are hard to create. India does not have the equivalent of a Chinese new year – a four day weekend when 200 million people buy a train ticket to visit home because the Chinese model involved taking people to jobs – on Diwali, Chaath, Eid or Christmas. India only has 50 cities with more than a million people; China has 375. We have 6 lac



## Human Capital

India needs a radical restructuring of our education and employability regime but we have contradictory objectives: quality, quantity and inclusiveness. Radical changes to the world and the world of work mean that education and employability need radical change. Learning is now more important than knowing (google knows everything) and changes in the world of work (automation, machine learning, artificial intelligence, etc) mean that the three Rs of reading, writing and arithmetic are key foundations for new jobs. Employability also need us to add the the four Rs of relationships or soft skills. Knowing must shift to learning because google knows everything. Metrics need shifting from inputs to outcomes because only money is not working.

Our past policy narratives around education, employment and employability were about running away from something rather than towards something, and often blamed blaming external variables of opening balances rather than taking responsibility. But as Ghalib said “*Umar bhar Ghalib yahibhoolkartaraha, dhoolchehre pe thiaurainasaafkartaraha* (All his life, Ghalib kept making a mistake; it was his face that was soiled, but he kept cleaning the mirror)”. India’s low productivity and poverty has many reasons but we finally have a strategy in formalisation, urbanisation, industrialisation, financialisation and human capital. As Karl Marx said “Philosophers have tried to describe the world in thousands of ways. The point, however, is to change it”. □

(E-mail: [manish@teamlease.com](mailto:manish@teamlease.com))

villages of which 2 lac have less than 200 people; there is no way they can become job magnets. The unintended consequence of this low urbanization is the massive divergence of real and nominal wages in big cities; a kid in a job fair at Gwalior asked me to give him Rs 400 per month in Gwalior, 6000 per month in Gurgaon, 9000 per month in Delhi and 18,000 per month in Mumbai. Essentially he was not asking for a salary but a reimbursement.

Over the next two decades we should not shove more people into Delhi, Mumbai or Bangalore but create new job magnets like Gurgaon near Delhi, Gachibowli near Hyderabad, Magarpatta near Pune, Whitefield near Bangalore and Mohali near Chandigarh.

## Industrialisation

India has too many people on farms (50 per cent of our labour force), too many people self-employed (50 per cent of our labour force), and too little people in manufacturing (11 per cent of our labour force). All three are closely related; the migration from farms is retarded by the lack of non-farm jobs, and the poor cannot afford to be unemployed so they are self-employed. Not everybody can be an entrepreneur;

our 50 per cent self-employment is mostly working poor who cannot find wage employment. Both agriculture and self-employment in India suffer from what Russian economist Chayanov called self-exploitation (small farms are viable because you don’t have to pay yourself, your spouse or your kids a salary). But Indians are tired of self-exploitation and that is why massively increasing formal wage employment and manufacturing employment are important.

## Financialisation

Indians have traditionally mostly saved in physical assets like land and real estate and mostly raised capital for enterprises from nationalised banks. This has led to massive mispricing of real estate (we, are among the few countries with the dubious distinction of rental yields not equalling bank borrowing rates) and the lack of a bond market and a small private bank sector. A radical disruption in favour of financialisation has been demonetisation because it has created 18 Lac crore New Lending Capacity, 15 crore New Monthly Digital Transactions, 3 lac crore New Financial Savings, lower Interest Rates.



# Harnessing Demographic Advantage

*K.P. Krishnan*



*To ensure mobility of Indian workers multi skill institutes in terms of Pradhan Mantri Kaushal Kendras (PMKKs) have been set up in 460 districts and more are being set up. This has led to a significant increase in capacity for skilling market relevant trades thereby improving the opportunities for accessing employment.*

**I**ndia is passing through a demographic transition which makes India the youngest nation in the world with an average age of 29 years. This offers India the unique opportunity to provide skilled manpower not only to the rapidly growing domestic economy but also to the ageing economies of the west. As per Economic Survey 2016-17, for the first time since 1950 the combined working age (WA) population (15-59) of the advanced countries declined with both China and Russia experiencing fall of 20 per cent in their working age

population individually. On the other hand, India currently with around 28 per cent population in the youth category is witnessing an increase in its working age population which may saturate by 2040.

There is large heterogeneity among the states in their demographic profile and evolution. A clear divide exists between peninsular India (West Bengal, Kerala, Karnataka, Tamil Nadu and Andhra Pradesh) and the hinterland India (Madhya Pradesh, Rajasthan, Uttar Pradesh, and Bihar). While the peninsular states are exhibiting a pattern akin to the developed



The author is Secretary, Ministry of Skill Development and Entrepreneurship, Government of India



economies, the hinterland states are relatively young and dynamic, characterized by a rising working age population.<sup>1</sup> However, to reap this demographic potential the young labour force needs to be equipped with employable skills and knowledge to improve productivity and competitiveness of the economy.

The India Skills Report 2018, brought out by Wheebox, indicates that only 46 per cent of youth coming out of higher educational institutes are employable. This raises the issue of skill gap; skill mismatch or skill shortage. There is a paradoxical situation with industry complaining of shortage of skilled manpower and large number of educated youth not getting suitable employment.

A Skill Gap Study by NSDC estimates an incremental human resource requirement of 109.73 million skilled manpower by 2022 in twenty four key sectors of the economy. This makes skill development integral to employment and necessitates economic growth strategies to drive employability and productivity.<sup>2</sup> A successful skill strategy needs to be complemented with creation of decent jobs including entrepreneurship opportunities across sectors so that livelihood creation becomes an outcome of economic growth. There is an emergent need to strengthen the entrepreneurship ecosystem to meet the aspirations of youth. In the last decade a number of initiatives have been undertaken to strengthen the skill ecosystem so as to harness the demographic potential and meet the aspirations of both economy and the youth. However, it is necessary to briefly look into the challenges to be addressed for optimally utilising human resources.



### Major Challenges

The challenges in the skill ecosystem are a consequence of the labour market conditions and requirement of rapid economic growth and impacts quality, access, outreach and relevance. Some of them are;

1. Large pool of poorly educated youth
2. High demand for skilled manpower vis-a-vis low employability
3. Skilling formal school dropouts to provide them a second chance to acquire basic numeracy, literacy and functional skills for accessing jobs in the formal sector.
4. Limited and unequal distribution of training capacities vis-a-vis youth demographics.
5. Availability of good quality trainers due to lack of focus on development of trainers' training programmes and career progression pathways for them.
6. Multiplicity in assessment and certification systems leading to inconsistent outcomes and confusion to the employers.

7. Preponderance of informal/unorganised sector and mapping of existing skills and skills required.
8. Achieving convergence and coordination across sectors.

### Realizing Potential of Youth Demographics: Early Efforts

In 2007-08 focus was laid on skill development for harnessing the demographic potential that India has. Coordinated Action on Skill Development (CASD) was initiated with emphasis on inclusive skilling and encouraging the private sector to participate in the skilling.<sup>3</sup> A National Policy on Skill Development was formulated to empower all individuals through improved skills, knowledge and recognized qualifications to gain access to decent employment and ensure India's competitiveness in the global market.<sup>4</sup> The policy envisaged skilling beyond conventional long term training of ITIs and focused on modular short term training to improve access and outreach of skilling in the remotest areas. The idea was to prepare the youth for a job role and not for a sector as in the

conventional training. This modular skill training also facilitated use of private training facilities for delivery of services under various government programmes.

In addition to introduction of short term skilling, there were other reforms in the long term ecosystem as well with the addition of service sector job roles in ITIs, modernization of ITIs and creation of model ITIs. To catalyze the efforts of the private sector, the National Skill Development Corporation (NSDC), a Public Private Partnership company was incorporated for providing resources for infrastructure development on loan, grant or equity basis. The Corporation, through formation of Sector Skill Councils, industry led bodies, was to not only catalyze the industry participation but also garner industry support to create standards, content and curriculum as per industry demands and improve relevance of skill programmes. Further, for improving the regulation of skill ecosystem the National Skill Development Agency (NSDA) was

set up in 2013 to coordinate skill efforts across Central Ministries and States and anchoring a national competency based qualification framework - the National Skills Qualification Framework (NSQF). The framework aims to bring equivalency and mobility between the academic education and skill development.

### Post July 2014: National Skill Development Mission

#### Change in Governance Structure

Despite these various reforms the skill ecosystem remained fragmented with 18 Ministries implementing 40 schemes with different standards, inputs and norms. Recognizing the need for a focused approach a dedicated Ministry of Skill Development and Entrepreneurship (MSDE) was formed in November 2014 as the nodal ministry for all skill development activities in India. To consolidate the infrastructure and programme to achieve optimum utilization of the existing skill

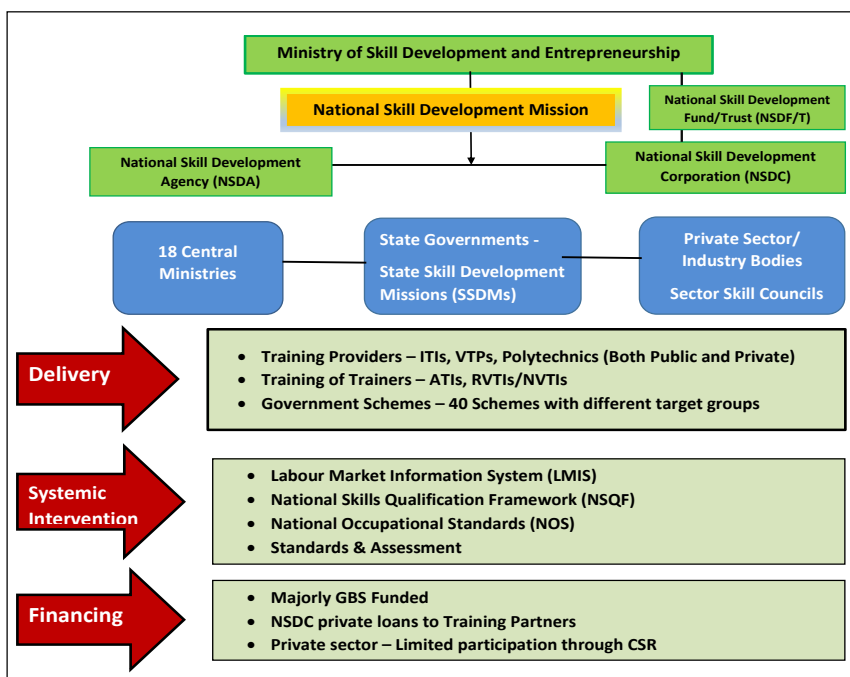
development institutions such as Directorate General of Training, NSDC and NSDA and later many programmes such as Polytechnics, Jan Shikshan Sansthan and institutions such as NIESBUD and Indian Institute of Entrepreneurship have been transferred to MSDE. Many new initiatives have been undertaken since then. The new Governance structure as outlined in the policy is depicted below:

#### Broad basing National Policy

The National Policy on Skill Development 2009 has been revisited and a new policy with focus on entrepreneurship also was launched in 2015 “National Policy for Skill Development and Entrepreneurship 2015”. The policy has redefined the vision for Skill India in terms of creating an ecosystem of empowerment by Skilling on a large Scale at Speed with high Standards and to promote a culture of innovation based entrepreneurship which can generate wealth and employment so as to ensure sustainable livelihoods for all citizens in the country. As a major policy reform, the Apprenticeship Act, 1961 was amended in 2014 after taking inputs of the industry to encourage industry participation and further increase the ambit of apprentices. The 2015 National Policy on Skill also recognizes the value of on-the-job training, by making apprenticeships in actual work environments an integral part of all skill development efforts.

#### Systemic Interventions

Number of initiatives have been undertaken to improve the availability of information; synergy in delivery of training and standardization of competencies.





All training programmes have been aligned with NSQF framework, requiring them to be industry validated. Over 2,611 QPs have been developed and validated by over 2000+ companies. NSQF also requires revision of QPs every 3 years to ensure they are up to date with industry requirements.

The workers in the labour intensive sectors – Construction, Agriculture, Domestic Work, Healthcare and Gems and Jewellery are likely to be the biggest beneficiaries.

### **Increasing Training Capacity**

There has been significant effort in increasing the capacity of the skill development ecosystem. The long term training capacity of the ITIs has increased significantly from 10,750 ITIs in May 2014 to 14,276 ITIs in May 2018, a 56 per cent increase in seating capacity to reach 30.73 lakh. The short term training has also increased tremendously to reach 16 lakh in FY 2017-18 from 3.34 lakhs in 2013-14 under PMKVY only. The PMKVY centres are spread across various states and UT's and efforts are made to make available the training facility in each district.

To ensure mobility of Indian workers, multi skill institutes in terms of Pradhan Mantri Kaushal Kendras (PMKKs) have been set up in 460 districts and more are being set up. This has led to a significant increase in the capacity for skilling market relevant trades thereby improving the opportunities for accessing employment. Besides these, programmes such as DDU-GKY, NULM, ISDS are also creating capacity for skilling rural and urban youth in generic and sector specific trades. The training

Vocational training should lead to decent employment. This depends on the availability of information about opportunities. A Labour Market Information System (LMIS), an integrated database has been put in place to make available both demand side and supply side information at one place including trends in wages; focus areas for skilled manpower, occupational shortages etc. This is one stop window to help all the stakeholders viz. Trainees, Training Providers, Industry/Employers, Government Agency/Policy Makers, Assessment Agencies, Certifying Agencies, Funding Agencies, International Agencies, Sector Skill Councils, Labour Market Tracking Agencies and Placement Agencies to make appropriate choices.

To synergise the implementation of skill development schemes across Ministries/Departments and States, the Common Norms have been notified. They mandate uniform input standards for skilling/ reskilling/ up skilling; outcomes for skill development; funding norms; fund flow; third party certification etc. This is likely to enable a common framework, improve

quality and bring consistency across stakeholders.<sup>5</sup>

Millions of people in India acquire skills through non-formal channels without formal certification of their skills. These people are

---

**Vocational training should lead to decent employment. This depends on the availability of information about opportunities. A Labour Market Information System (LMIS), an integrated database has been put in place to make available both demand side and supply side information at one place including trends in wages; focus areas for skilled manpower, occupational shortages etc.**

---

constrained to market their skills in the limited geographies and communities that know of them by word of mouth. A competency based framework NSQF has allowed all such skills to be tested and certified under Recognition of Prior Learning and is enabling millions of experientially skilled to derive proper economic and social benefits of their skills.<sup>6</sup>





capacity over the last four years has increased significantly to reach 1 crore per annum.

Moreover, e-marketplace and app based library have been launched for dissemination of skill content and curriculum.

### Improving Quality and Relevance

There has been a significant effort towards improving and enforcing quality norms in training output.

Over 5,000 ITIs and 15,000 training centers have been graded on parameters including infrastructure, equipment, trainers and past performance/industry linkages to help identify the quality differential among training centers. This would facilitate choice for the prospective trainee and build in the competition. The strengthening of accreditation and affiliation norms for ITIs has improved the training infrastructure.

Further, system of concurrent monitoring through SMART portal has been introduced for maintaining quality of training. Technology has been extensively used for the purpose of evaluation and

monitoring including mobile app for center inspections, monitoring visits to assessments, allowing for real time monitoring of scheme progress.

**Over 5,000 ITIs and 15,000 training centers have been graded on parameters including infrastructure, equipment, trainers and past performance/industry linkages to help identify the quality differential among training centers. This would facilitate choice for the prospective trainee and build in the competition. The strengthening of accreditation and affiliation norms for ITIs has improved the training infrastructure.**

The efforts for improved quality has led to increased placement percentage in both fee based training from 26 per cent to 50 per cent and grant based training (PMKVY) from 17 per cent to 60 per cent, even when the scale of operation of the schemes has increased. The private sector is partnering in the administration of ITIs for better industry connects and organizing local industry specific training.

Further, to improve the quality, special focus is laid on training of trainers. In this respect, guidelines and norms have been brought in to standardize the process for trainers. Takshila portal has been launched to mobilize the trainers and assessors, capturing their profile and mapping their pathway inside the skill ecosystem.

### Formalizing the Informal Skills: Recognition of Prior Learning (RPL) and Apprenticeship

In India, about 93 per cent are informally employed. Most of these have no formal vocational training blocking their pathways to progression. To facilitate these workers and to map the skilling requirement of the informal sector a programme “Recognition of Prior Learning” has been introduced whereby the skills of workers are tested, assessed and certified. So far under the PMKVY, 9 lakhs have been skilled. Evaluation of trade learned skills and certification through assessment helps the trainees through increased mobility options to the formal sector employment. In certain cases, it has been observed that RPL certification has helped workers to negotiate better wages and open possibilities for some vertical progression in their careers. In almost all cases, trainees have displayed enhanced self-confidence and pride through attainment of skill certificates.<sup>7</sup>

The Guru Shishya parampara has been an age old practice for transfer of skills. This tradition of skill development through on the job training has survived the test of time and found its place in the skill development programmes of various nations around the world. The apprenticeship model leads

### Schemes that facilitate a self-employed to become an entrepreneur

Name of Scheme	Eligibility	Nature of Assistance
<p>Deen Dayal Antyodaya Yojana- to set up Rural Self Employment Training Institutes (RSETIs) for nurturing self-employed and entrepreneurs for micro-enterprises.</p> <p>-Ajeevika Grameen Express Yojana</p> <p>-Startup Village Entrepreneurship Programme</p>	<p>Rural BPL families- 50% of the beneficiaries SC/ STs, 15% minorities &amp; 3% PwDs, preferably women headed families, women victims of trafficking, single women etc</p>	<p>NRLM encourages public sector banks to set up RSETIs in districts to transform unemployed rural youth into confident self-employed entrepreneurs through need-based experiential learning programme followed by systematic hand-holding support.</p> <p>At least one member from each identified rural poor household, preferably a woman, is brought under the SHG network.</p>
<p>Pradhan Mantri Mudra Yojana</p>	<p>Refinance to micro finance units, CBs, RRBs, NBFCs etc</p>	<p>Bank Loans from Rs.50000 –Rs.10 lakh</p>
<p>Standup India</p>	<p>Green field enterprises of women, SC, ST entrepreneur</p>	<p>Bank Loans from Rs.10 lakh-Rs.1 crore</p>
<p>PMEGP</p>	<p>Individual above 18 years of age, Co-operative Societies, Self Help Groups, Trusts. Loan only for new projects that have not availed any govt subsidy</p>	<p>Rs.25 lakhs for manufacturing units and Rs.10 lakhs for service Units. Before margin money, EDP training of 10 working days for project cost more than Rs.5 lakhs and 6 working days training for project cost upto Rs.5 lakhs to the beneficiary is compulsory. Projects costing upto Rs.10 lakhs free from collateral security.</p>
<p>ASPIRE</p>	<p>Set up business incubators so that eligible youth can be adequately incubated in various skills and be provided the opportunity to set up their own business enterprises</p>	<p>Livelihood Business Incubators the quantum of assistance is one-time grant of 100% of cost of Plant &amp; Machinery other than the land and infrastructure or an amount upto Rs.100 lakh, whichever is less and if set up in PPP mode one-time grant of 50% of cost of Plant &amp; Machinery other than the land and infrastructure or Rs.50 lakh, whichever is less to be provided. For Technology Business Incubator the quantum of assistance is 50% of plant &amp; machinery cost or Rs.30 lakhs whichever is less.</p>
<p>SFRUTI</p>	<p>To organize the traditional industries and artisans into clusters to make them, competitive and provide support for their long term sustainability</p>	<p>Heritage cluster (1000-2500 artisans ): Rs 8 crore</p> <p>Major cluster (500-1000 artisans): Rs 3 crore</p> <p>Mini cluster (Up to 500 artisans): Rs 1.5 crore</p>
<p>Coir Udyami Yojana(<i>SFRUTI for Coir Industry</i> )</p>	<p>To organize the traditional industries and artisans into clusters to make them, competitive and provide support for their long term sustainability</p>	<p>Maximum admissible cost of the project is Rs.10 lakhs plus working capital, which shall not exceed 25% of the project cost.</p>

**Table-1 Average Monthly Earnings**

	Self-employed	Regular wage/salaried	Contract workers	Casual labour
Persons in Work Force	46.6	17.0	3.7	32.8
Upto Rs.5000	41.3	18.7	38.5	59.3
Rs.5001-7500	26.2	19.5	27.9	25.0
Rs.7501-10000	17.4	19.0	20.3	12.0
Rs.10001-20000	11.1	23.6	11.0	3.5
Rs.20001-50000	3.5	17.7	2.1	0.3
Rs.50001-Rs.100000	0.4	1.4	0.1	0.0
Above Rs.100000	0.1	0.2	0.0	0.0

Source: Annual Employment-Unemployment Survey 2015-16, Labour Bureau

to the creation of an industry-ready workforce. Most countries around the world have implemented the apprenticeship model – Japan has over 10 million apprentices, Germany has 3 million apprentices and USA has 0.5 million apprentices, while India has only 0.3 million apprentices. This number is relatively low considering the huge population and demography of India with more than 300 million people in the age group of 18 -35 years.

As mentioned already, to promote apprenticeship as a mode of skill development, the Apprenticeship Act, 1961 was amended in 2014 to enhance the scope of apprentices in non engineering trades also and to offer industry optional trades. Further, through Schematic intervention under the National Apprenticeship Promotion Scheme, financial assistance in the form of sharing of stipend (Rs 1500 per month) and basic (Rs 7500) training cost is provided to the employer.

A user-friendly online portal ([www.apprenticeship.gov.in](http://www.apprenticeship.gov.in)) has been launched in order to facilitate the easy processing of the entire apprenticeship cycle and for effective administration and monitoring of the scheme. The portal provides end to end service for the employer from registration and mentioning

vacancy to submitting claims, and for the apprentice from registration to receiving and accepting offer letters online.<sup>8</sup>

MSDE is working towards promoting the skilling ecosystem through its initiatives to provide incentives to employers and creating a regulatory framework to

**A user-friendly online portal ([www.apprenticeship.gov.in](http://www.apprenticeship.gov.in)) has been launched in order to facilitate the easy processing of entire apprenticeship cycle and for effective administration and monitoring of the scheme. The portal provides end to end service for the employer from registration and mentioning vacancy to submitting claims, and for the apprentice from registration to receiving and accepting offer letters online.<sup>8</sup>**

promote compliance. It is felt that our initiatives such as NAPS will enable us to create an industry-ready workforce and help us transform India into the ‘Skill Capital of the world’.

### **Making Skill Acquisition Aspirational**

That skill is not very aspirational due to social stigma, i.e lack of lucrative wages and information

asymmetry in the job market are key factors inhibiting move towards vocational education. Progression pathways have been created through NSQF for vertical and horizontal mobility between skills and the academic education system.

The Participation in World Skills competition and regional level skill competitions have provided a platform to get recognition and showcase excellence. In the recent World Skill Competition 9 Medallions of Excellence, silver and bronze medals were won by young Indians in Abu Dhabi.<sup>9</sup>

For the first time, graduation ceremonies are held at ITIs and Skill centres to award certificates. The Kaushal melas are organized for motivating youths and their communities to make skill as an alternative career option. To complete the loop Rojgar melas are organized for ensuring access to better employment opportunities. The industry institute connect like in case of Centurion University facilitate better job access.

### **Making India Skill Capital of the World**

Indian workers have been migrating out of India for employment especially in the Middle East for blue coloured jobs, mainly construction and retail and to the European countries for technical skills. There has been a shift in emigration trend from relatively



prosperous states such as Karnataka and Kerala to states such as Bihar and Uttar Pradesh. Uttar Pradesh has witnessed the highest emigration with 25 per cent of the total workers migrating out of India for skilled and unskilled work belonging to the state<sup>10</sup>.

In order to facilitate mobility of Indian workers globally MSDE has set up with MEA India International Skill Center to provide skill training along with Pre departure orientation and basic language skills. The candidates in IISCs are provided an international certification facilitating global mobility. In addition to this, temporary employment opportunities have also been identified to provide international exposure and learning opportunities such as the Technical Internship and Training Programme (TITP) with Japan wherein technical interns are sent from India to the Japanese company for three years.<sup>11</sup>

### More in the Pipeline

The realisation of the potential of Demographic Advantage for accelerated economic growth requires appropriate skilling for increased access to jobs and enhanced productivity. Realising this potential in India is a mammoth task given the heterogeneous spread and poor level of education of the workforce. Although Government has put in place policy and institutional frameworks, the realization of this agenda requires active involvement of all the stake holders' viz., government, training providers, state and district authorities, industry and civil society.

Over the past 3 years, the skill development ecosystem has come a long way especially in terms of institutional frameworks and policy reforms, leading to better quality outcomes while achieving scale.

Yet, there are still a few challenges which need to be addressed

### Integrating Micro Industries to Marketplace

The challenges akin to migration are a major hindrance for continued livelihood opportunities. With the advent of technology, creating and integrating more micro enterprises at village level to larger marketplaces may limit migration and increase the chances for continued livelihood. There is need to encourage states to take advantage of State component of PMKVY to have locally relevant skill training.

### Skill Wage Premium

Wage premium for skilled labour is still not a reality in the Indian industries which are more cost focused and thus unable to realize the benefits of a skilled workforce. The lack of any wage advantage, on one hand causes the students to directly seek employment as unskilled labor and learn on-the-job rather than undertaking a skill development programme. On the other hand, it causes the skilled candidates to either stay unemployed or opt for underemployment due to lack of apt employment opportunities.

### Informal and Unorganized Economy

To address the skill requirement of the informal sector there is need to generate accurate information of the skill demand/job opportunities through district level skill studies.

### Encouraging Private Sector Funding

Despite the efforts to encourage industry funding for skill development activities over the past decade, the response has been not very encouraging. While, industries are a direct beneficiary of the skilled manpower, the skilling

initiative has been entirely funded by government initiatives. We need to explore various options such as reimbursable contributions, levies or even mandatory cess to determine how best to motivate the industries to voluntarily participate in skill development activities.

What emerges is that skill development alone is not sufficient; there is need for availability of quality employment requiring convergence across macro and labour policies and mapping of the jobs wage/self-employed created across sectors for continuous upgrading of the skill training programmes and keeping it industry relevant.

### End Notes

- 1 Economic Survey 2016-17
- 2 National Skill development and Entrepreneurship Policy 2015
- 3 National Skill Development Coordination Board, Planning Commission
- 4 National Skill Development Policy, 2009
- 5 Common Norms Gazette Notification 2014
- 6 National Skill Qualification Framework, 18 March 2015 - PIB
- 7 Rajesh Agrawal, 6 February 2017 – PMKVY: A perspective - PIB
- 8 Rajiv Pratap Rudy, 27 January 2017 - National Apprenticeship Promotion Scheme - PIB
- 9 Ministry of Skill Development & Entrepreneurship Felicitates WorldSkills 2017 Winners from India, 28 December 2017 - PIB
- 10 Global Skill Gap Study – Grand Thornton
- 11 Signing of MoC on Technical Intern Training Programme (TITP) between India & Japan, 18 October 2017, PIB □

(E-mail: [secy-msde@nic.in](mailto:secy-msde@nic.in))



# MUDRA

## Fuelling Growth in Micro Entrepreneurs and Employment

*Rajiv Kumar*

Micro Units Development and Refinance Agency Limited (MUDRA) has been set up for 'funding the unfunded' micro enterprises in the country. MUDRA will refinance all banks, Micro-finance Institutions (MFIs) and other lending institutions, which are in the business of lending to micro / small business entities, engaged in manufacturing, trading and services activities. Thus, MUDRA will strengthen the Last Mile Financial Institutions by extending refinance and other development support to expand their outreach. This will, in turn, help micro businesses across the length and breadth of the country. MUDRA's mandate also includes developing the micro enterprise sector into a viable economic sector, for which various developmental interventions including financial/ business literacy programmes are planned.

**T**here are a large number of small business units, estimated at around 5.77 core in the informal sector, running small business units, mostly proprietorships, in manufacturing, trading or service businesses, who find it difficult to access formal systems of credit. While a number of initiatives have been taken in the past for improving access to formal credit channels for such units, there exists a large and significant section to which the benefit had not percolated. Large corporate and business entities play a significant role in promoting growth, but they have to be also suitably supported by the informal sector which generates maximum employment.

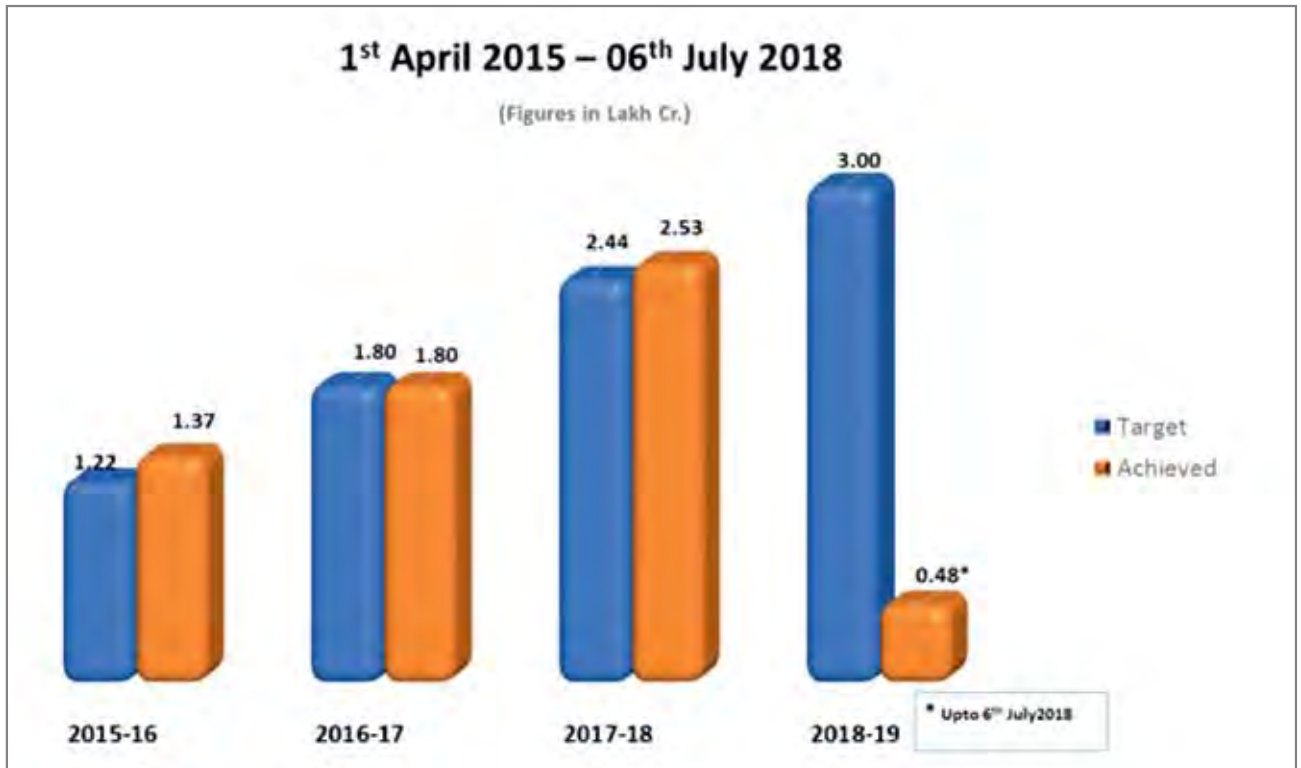
Such micro enterprises, however, may not normally have the resources to fund their operational costs or even reinvest to grow their businesses. They majorly operate as unregistered enterprises. One of the major constraints, faced by the micro enterprise segment is the lack of adequate credit access, leading to borrowings from informal sources like money lenders (at very high interest rate) or dependence on limited internal resources, thereby stifling the growth of the sector.

Pradhan Mantri Mudra Yojana (PMMY) was launched on the 08<sup>th</sup> of April, 2015 with the objective of funding the unfunded. PMMY loans are extended through Member Lending Institutions viz: Banks, Micro Finance Institutions (MFIs)

and Non Banking Financial Companies-MFIs (NBFC-MFIs) for an amount of upto Rs.10 lakh for income generating activities. The loans fall in three categories i.e.; Shishu (upto Rs 50,000), Kishore (Rs 50,000 to Rs 5 lakh) and Tarun (Rs 5 lakh to Rs 10 lakh). This, apart from increasing the opportunities available to the young, educated or skilled workers who aspire to become first generation entrepreneurs, facilitates the expansion of existing small businesses, thereby giving a boost to employment.

Since the launch of the scheme, as on 06.07.2018, over 13.16 core loans have been sanctioned for an amount of Rs. 6.19 lakh core, leading to credit expansion at the

The author is Secretary, Department of Financial Services, Ministry of Finance, Government of India.



Source: Mudra Portal ([www.mudra.org.in](http://www.mudra.org.in))

bottom of the pyramid. The annual targets since the launch of the scheme have been comfortably exceeded. This year a target of Rs 3 lakh core has been set.

PMMY loans have contributed to the evolution of a new ecosystem of extending loans to micro enterprises and the informal sector which goes beyond banking channels making formal non banking credit an equally important source of funding.

The growing number of borrowers and the increase in

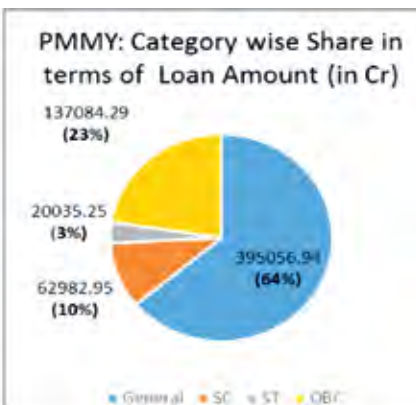
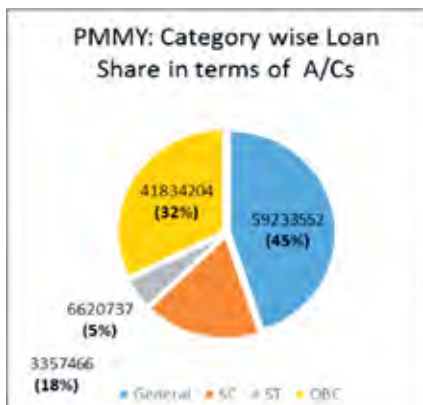
average loan size during the three years since its launch reflects the fact that the objective of the scheme is being achieved. Today, it is not just 110 banks but also 72 MFIs and 9 NBFCs which extend PMMY loans. Provision has been made for online application of loans at [www.udyamimitra.in](http://www.udyamimitra.in) portal.

#### Impact on Employment:

PMMY loans have increased the availability of credit at the bottom of the pyramid. They have helped in strengthening and expanding the

Smt. Anita Soni, a resident of Bhilwara in Rajasthan, was running a ladies' garments business from her home. She was unable to take her enterprise to the next level. However, after availing a loan of Rs 10 lakh under the Tarun category, she opened a permanent garment store "Laadli Collection". Gradually she has been able to increase her customer base and her income.

Source: Mudra Portal ([www.mudra.org.in](http://www.mudra.org.in))



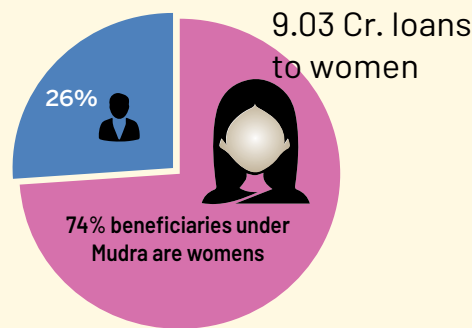
existing micro and small enterprises and has also provided a fillip to new enterprises, thus generating employment. Around 90 per cent of the loans by number are from Shishu category. Their impact has been substantial on the informal businesses sector, thereby promoting growth and employment.



A study conducted by Dvara Research<sup>1</sup> has revealed that PMMY has led to significant growth in bank credit to Micro, Small and Medium Enterprises (MSMEs), particularly loans below Rs. 2 lakh. MFIs are working with banks to increase the reach of such loans below Rs. 2 lakh. Average size of loans given by banks in Shishu category has increased significantly (about 50 per cent) in 2016-17. Data suggests that existing clients are likely to opt for larger loans. For MFIs, increase in loan size is seen in Kishore category.

The fact that around 55 per cent of the borrowers are from SC/ ST/ OBC category indicates the fulfilment of social objectives, putting the underserved first.

## Empowering Women



1st April 2015 & 31st March 2018

Smt. Hema Rathore is a woman entrepreneur from Jaipur. When she lost her sons and husband in a span of 3 months, she lost all hope. She had to provide for her two widowed daughters-in-law and four grand children. She was able to revive her husband's driving school by availing the loan under the scheme and now earns around Rs.1.5 lakh every month.

PMMY loans have been instrumental in extending loans to women and expanding their participation in the labour market.

Out of the total loans sanctioned, 74 per cent of loans have been extended to women, who have been able to harness their skills in bangle making units, beauty salons, agarbatti units, stitching, weaving enterprises, electronic gadgets repairing centres, computer training centres etc. Female headed proprietary enterprises have shown an incremental growth from 13.4 per cent (2013-14 6<sup>th</sup> Economic Census)<sup>2</sup> to 19.5 per cent (2015-16 NSSO 73<sup>rd</sup> Round)<sup>3</sup>. This reflects the growing need to focus on women employment through PMMY.

## Ease of Borrowing

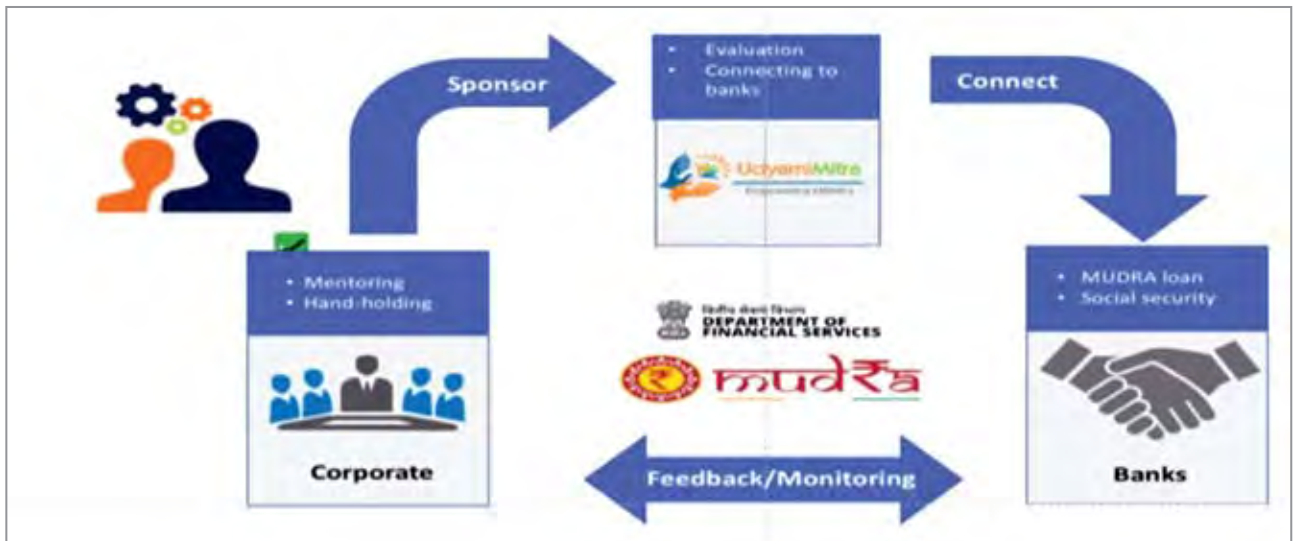
A study conducted by MicroSave (Sept 2016)<sup>6</sup> reported that:

- Borrowers particularly value three attributes of PMMY namely, the lack of requirement for a guarantor or collateral, the simple documentation and quick processing.
- Banks have been proactive in identifying and disbursing loans to first timers and weaning them from moneylenders. 97 per cent of banks customers interviewed had borrowed from a formal institution for the first time under PMMY as compared to 74 per cent of MFI customers.
- Customers who had taken a PMMY loan from a bank have noted that had the bank not approached them, they would have never ever imagined taking a loan from a bank.



**PMMY supporting new enterprise and employment generation:** Shri NSK Subhani, a skilled carpenter from Vijayawada was able to realise his dream of setting up his own enterprise by starting a wood furniture unit with a loan of Rs 5 lakh availed under the scheme. He now provides employment to 3 people.

PMMY has also provided a platform for new entrepreneurs to flourish. Around 28 per cent of PMMY loans have been extended to new entrepreneurs. Such own account enterprises have shown growth from 3.01 per cent (2013-14 6<sup>th</sup> Economic Census)<sup>4</sup> to 5.33 per cent (2015-16 NSS 73<sup>rd</sup> Round)<sup>5</sup>, although they generally do not employ any hired worker on fairly regular basis. Since such enterprises are on the rise, PMMY can facilitate



Source: PMJDY Portal

their growth and expansion in the near future.

### Beyond the Money: Creating a Positive Lending Ecosystem

PMMY has been a game changer not only because it helped increase loans going to the bottom of the

pyramid. Its seminal contribution lies in the changes it has brought about in the formalisation of the eco system for such loans, thus acting as a catalyst for employment generation.

This has happened because of the following elements:

- **Portfolio Credit Guarantee:** For PMMY loans, a Portfolio Credit Guarantee has been introduced, with 50 per cent loss coverage. The first loss upto specified limits will be borne by the lender. Premium rates are linked to the lender’s rating and Non Performing Assets (NPA) performance which ensure discipline and professionalism in the lending process.
- **Refinance:** Refinance from Mudra Ltd for PMMY comes at low rates, with caps on lending rates, in effect reducing interest rates to the borrowers. Like Credit Guarantees, refinancing is available only to lenders meeting ratings benchmarks, thereby providing an incentive for professional lending by the lenders.
- **Mudra Card:** It is a Rupay Debit Card which is an innovative credit product providing the facility of working capital in the form of cash credit/overdraft and can be used for drawing cash from ATMs or BCs or make purchase

#### SUCCESS STORY

##### Driving into Success: Surendra Singh

Surendra, only earning member supported his family by driving his friend’s auto rickshaw. He would pay his friend a rental fee each month and earn just enough to meet his family’s living expenses.

As both his children started growing up, their educational expenses increased along with other household expenses. He realised that about half of his earning is being spend as rentals for rickshaw. Surendra wanted to buy an auto rickshaw of his own. He approached the bank for a loan. He expected it to be a tough battle to get the loan sanctioned as he didn’t have much to offer – no property, no gold, only an honest man’s word. When he reached the bank, he was informed about the Mudra Loan Scheme and he immediately applied for the Kishore Loan. After a few meetings with the bank employees, the loan was sanctioned to him and he was able to buy his own auto rickshaw. Today, he earns enough to live comfortably and meet the growing needs of his family. He too has an ambition of buying one more autorickshaw, so that he can earn from the rentals received from them and also provide employment to some unemployed persons. He is working hard towards this goal and hopes to get support from the Pradhan Mantri Mudra Yojana in future too.

using PoS machine even on holidays and beyond banking hours. No interest rate is charged for amounts borrowed and deposited the same day.

➤ **Credit Histories:** Loans disbursed under PMMY are captured by credit bureaus which helps formalise such entrepreneurs, enhancing employment.

➤ **Catalysing change in MFI space:** PMMY's architecture, through refinance and credit guarantee which is performance linked, in effect rewards and promotes better MFIs.

➤ **Loans, not Grants:** All customers are borrowers and not beneficiaries under PMMY. With recovery being inbuilt in the loan, with no subsidies, disciplined borrowing and lending is ensured, leading to a positive eco system creating "Mudrapreneurs".

### Linking with Value Chains

Going forward, the PMMY loans would focus more on partnerships and funding value chains and supply chains anchored by aggregators and e-commerce platforms. This will help generate "Mudrapreneurs" linked to larger businesses and supported through PMMY loans creating employment across entire value chains.

In India, there is a huge potential, given the size of the market, to develop new enterprises as well as expand existing ones. PMMY is a big step in that direction. The extension of the Financial Inclusion programme through the Jan Dhan



Aadhaar Mobile (JAM) Trinity, has created an enabling infrastructure in extending institutional credit to a substantial number of borrowers through PMMY.

With the emergence of new and innovative solutions like Fintech, the contours of contactless lending have been outlined. The interconnections among various data collection points viz; Trade Receivables Discounting System (TReDS), Government e-Marketplace (GeM), GST, IT Returns etc. can, in turn, formalize and ensure ease of borrowing. As more partners collaborate in this endeavour, it will further strengthen the entrepreneurial spirit and employment generation in the country.

PMMY has played a significant role in formalizing the informal and funding the unfunded. The scheme has helped cater to the demand for financing especially from the underserved sections of the society. It has helped promote the confidence of the first generation entrepreneurs who were reluctant to start a business and that of existing entrepreneurs seeking to expand business as they apprehended lack of access to a favourable eco system facilitating it.

### Endnotes

- 1 Institute for Financial Management and Research Early –stage assessment of Pradhan Mantri Mudra Yojana Research insights on design and implementation.
- 2 6th Economic Census, 2013-14
- 3 NSSO 73rd Round, 2015-16
- 4 6th Economic Census, 2013-14
- 5 NSSO 73rd Round, 2015-16
- 6 MicroSave Policy Brief # 19 titled Pradhan Mantri Mudra Yojana : Behind the Numbers

(E-mail: [secy-fs@nic.in](mailto:secy-fs@nic.in))

MUDRAMITRA is a mobile phone application available in Google Play Store and Apple App Store, providing information regarding 'Micro Units Development and Refinance Agency Ltd. (MUDRA) and its various products/ schemes. It will guide a loan seeker to approach a Banker in availing MUDRA loan under Pradhan Mantri Mudra Yojana (PMMY). Users can also access useful loan related material including sample loan application forms.





**Micro, Small and Medium Enterprises contribute significantly to total industrial activity in our country and play a vital role in boosting employment generation. Currently, there exist over seven crore MSMEs that create around twelve crore jobs in the country across various types of enterprises. This sector offers wide range of opportunities for self-employment as well as jobs after the agricultural sector. In addition, the labour – capital ratio tends to be much higher for MSMEs**

## MSMEs: New Engines of Growth & Employment

*Arun Kumar Panda*

**T**he Micro, Small and Medium Enterprises (MSME) sector continues to contribute significantly towards the overall positive socio-economic development of India. Each enterprise holds substantial value as it provides not only self-employment but also opportunities to exponentially create jobs. Even the smallest enterprise propels the Great Indian Growth story. Therefore, it is not surprising that MSMEs are acknowledged as the backbone of the economy. The Ministry of Micro, Small, and Medium Enterprises (M/o MSME) has taken several path-breaking steps towards further promotion of this sector by fostering the spirit of entrepreneurship and generating major opportunities for self-employment and job-creation. Thus, the Ministry has been contributing to the equitable social and economic development of the country.

### MSME Sector: Employment Generation

Micro, Small and Medium Enterprises contribute significantly to total industrial activity in our country

and play a vital role in boosting employment generation. Currently, there exist over seven crore MSMEs that create around twelve crore jobs in the country across various types of enterprises. This sector offers wide range of opportunities for self-employment as well as jobs after the agricultural sector. In addition, the labour – capital ratio tends to be much higher for MSMEs.

Historically, the development process has witnessed a trend of shifting of people from agricultural to non-farm activities such as *manufacturing and services*. This renders manufacturing and services crucial for the country's growth, development and employment agenda. As the country is expecting to witness significant demographic growth and an unprecedented expansion in the working age population in the coming years, the MSME sector per se would need to play an important role<sup>1</sup>, to absorb this labour force.

To boost employment generation in the sector, it is crucial to lay greater focus on building human capital,

The author is Secretary, Ministry of Micro, Small & Medium Enterprises.

especially in certain manufacturing industries which are highly labour intensive such as transport equipment and electrical machinery, wood, leather and leather products, paper, textiles and handicrafts etc.

### Agenda for Action

MSME sector is critical for the growth of the economy. This is because the sector tends to have a multiplier effect on other sectors in the economy. The manufacturing sector avails raw materials and services from other sectors in the economy and in turn supplies them with finished products, thus stimulating demand for everything from raw materials to intermediate goods. As envisaged in the National Manufacturing Policy (NMP), the manufacturing sector has the potential to provide employment to 100 million people by 2022. However, in order to do so, it is imperative to bring about certain changes. Some of the suggestions through which employment can be boosted are:

- (i) encourage growth in labour-intensive industries
- (ii) improve quality of training imparted in schools, colleges and universities by setting up innovative labs
- (iii) enhance labour productivity by adopting best practices
- (iv) ensure timely credit flow and
- (v) facilitate good market access.

### Government Initiatives

In spite of this sector's inherent potential to grow, there exist certain challenges that affect its productivity and growth, and sooner or later employment or self-employment. For instance, rising capital intensity in the cost of production, technological transformation, demand of skilled labour force etc. are some of the factors that affect the entire ecosystem.

### Focused Approach

The Ministry of MSME has a focused approach towards providing support to entrepreneurship for

realizing the vision of India becoming a nation of job creators rather than job seekers. The Government does realize the existing constraints and acknowledges the urgency to rejuvenate the sector with enhanced level of economic activity, thereby creating more employment opportunities in the country. Therefore, several schemes for upgradation and development of the sector are being successfully implemented by the Government across the country. These include some of the flagship programmes of the Government like Prime Minister's Employment Generation Programme (PMEGP) and MUDRA, and Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Cluster Development Programme amongst many others.

In addition to this, Khadi and Village Industries (KVI) and Coir Industries, which are administered by Khadi and Village Industries Commission (KVIC) and Coir Board respectively, are key contributors to employment generation.



**The Ministry of MSME also conducts a large number of vocational and entrepreneurship development programmes, which are organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up MSEs.**

### Increasing Market Access

In order to increase market access for MSEs and uplift the marginalized sections of the society, Public Procurement Policy (PPP) of Government of India is providing a drive towards entrepreneurship by way of giving preferential market access to MSEs. The mandate states that 20 per cent of total procurement of

goods and services by CPSEs, Central Ministries and other Government departments shall be made from Micro and Small Enterprises (MSEs), including 4 per cent from MSEs owned by SC/ST entrepreneurs. MSME Sambandh portal of the Ministry is helping the MSEs, including the SC/ST entrepreneurs, to participate in the Public Procurement of goods and services, thus giving rise to employment generation.

To efficiently address and achieve the mandate of PPP for the SC/ST entrepreneurs,

**National Scheduled Caste/Scheduled Tribe Hub (NSSH)** was launched by the Prime Minister in October 2016. The Hub has a clear focus on promotion of entrepreneurship among Scheduled Caste and Scheduled Tribe Communities.

The Ministry of MSME also conducts a large number of vocational and entrepreneurship development programmes, which are organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up MSEs. Entrepreneurial Skill Development Programme (ESDP) aims at skill upgradation of prospective entrepreneurs; Management Development Programmes (MDPs) have an objective of imparting training on management practices to improve the decision-making capabilities of potential entrepreneurs etc.

National Small Industries Corporation (NSIC), a PSU under MSME Ministry, has been playing a very important role in facilitating credit flow, supplying raw materials at very competitive rates and providing facilities for training and incubation to MSMEs for their growth, thus facilitating employment generation in the manufacturing sector.

### Timely Access to Credit

Timely access to credit has always been a challenge for entrepreneurs. Recognizing this crying need, Government has taken some pioneering steps to help the MSME eco-system. As far as Ministry of MSME is concerned, there has been almost an 80 per cent increase in the budgetary allocation under PMEGP. 48,398 micro units have been assisted during 2017-18 giving employment opportunities to about three lakh people. It is envisaged to establish around 70,000 micro enterprises during 2018-19 giving employment opportunities to nearly 5 lakh persons. A recent independent evaluation of PMEGP by MDI Gurugram revealed that under this flagship programme, each

unit, on an average, employs 7.62 persons at a per capita investment of only Rs. 96,000.

**MUDRA** has been a flagship programme of the present Government, facilitating unprecedented credit flow into the micro enterprise eco-system. This programme envisages, as announced in the Union Budget, a credit flow target of Rs. 3 lakh crore; nearly 5 crore accounts would be financed. This initiative of the Government has made a huge difference in the MSME eco-system and has contributed tremendously to employment generation and entrepreneurship development.

Another major initiative of the Government in the MSME sector has been the enhancement of the **Credit Guarantee Fund (CGTMSE)** from Rs. 2500 crore to more than Rs. 8000 crore. Under this Scheme, it is envisaged to facilitate unprecedented credit flow

into the micro and small enterprise sector during 2018-19. The credit guarantee in this regard will cross Rs.40,000 crore as against Rs. 19,000 crore-Rs. 20,000 crore in the last few years.

MSME Ministry has launched a new scheme - **Mission Solar Charkha**. Under this initiative, it is envisaged to set up 50 clusters in the first phase giving employment opportunities to nearly one lakh people in the rural areas mostly to women.



**It is also important to note that there has been an increased focus towards social inclusion while creating jobs. Under PMEGP, 30 per cent i.e. 4.43 lakhs of beneficiaries were women.**

The aforementioned initiatives and schemes encourage and enable aspiring entrepreneurs to set up greenfield enterprises. These schemes have a huge social context as these are majorly aimed to benefit women and the marginalized sections of the society such as Scheduled Caste and Scheduled Tribe communities.

### Thrust

Owing to the thrust provided by the Government of India through its various Departments and Ministries, especially the Ministry of MSME, there have been massive strides taken by the sector in the last 4 years.



From a fiscal perspective, the impetus provided by the Government can be witnessed in the 41 per cent increase in the budgetary allocation during 2014-18 vis-à-vis 2010-14<sup>2</sup>. During this period, Khadi and Village Industries have been at the forefront with creation of jobs for 141 lakh persons. CGTMSE, PMEGP, SFURTI contributed towards employment generation of 51.11 lakh, 14.78 lakh and 0.60 lakh persons, respectively.

It is also important to note that there has been an increased focus towards social inclusion while creating jobs. Under PMEGP, 30 per cent i.e. 4.43 lakhs of beneficiaries were women. Also, 1.74 lakh and 1.31 lakh persons belonging to Scheduled Caste (SC) and Scheduled Tribe (ST) communities, respectively, got employed during the last 4 years under this programme.

MSME Ministry has 18 Tool Rooms across the country, and 15 more state-of-the-art Technology Centers are being established. This will help in training more number of entrepreneurs and job-seekers. Currently, around 1.5 lakh job-seekers are being trained in these 18 Tool Rooms. Some of them have set up their own enterprises. But, an overwhelmingly high percentage of them have jobs. Recently, Hon'ble President of India launched "MSME Sampark" portal – a digital platform where the recruiters would have access to the increasing talent pool of trained manpower, facilitating their placement.

## Conclusion

As per the last NSSO Survey, there are around 6.34 crore MSMEs in the country. They are steadily migrating to the formal economic system – registering in the GST network. An overwhelmingly large percentage of entities registered in the GSTN are MSMEs. They deserve all support for their growth. With such initiatives, India has embarked on a new wave economy as it has acknowledged the prospect of MSME as the new engine of growth and employment generation. Ministry of MSME is providing the necessary impetus to seize the new opportunities and generate gainful employment in the non-farm sector. This will not only create new vistas for the aspirational MSMEs, but also contribute significantly to the surging economy of India and its equitable growth.

## Endnotes

- 1 As per Labour Bureau's Quarterly Report on employment scenario, manufacturing sector has added an estimated 89,000 jobs in the second quarter of 2017 – 18
- 2 <http://pib.nic.in/newsite/PrintRelease.aspx?relid=176114>



(E-Mail: [secretary-msme@nic.in](mailto:secretary-msme@nic.in))

## SUCCESS STORY

### Venturing into Videography : Kaplana Ben Trivedi

Kaplana Ben Trivedi and her husband Abhishek Trivedi, both have good entrepreneurial skills. Kalpana has good knowledge and expertise in photo editing, mixing, etc. on computers, whereas Abhishek nurtures photography and videography as a hobby. They used these skills to their advantage and have set up their own small unit of taking job work of printing/photo editing by sending the raw data to other labs for processing. But the unit could not give them adequate income as it was a small one with very less equipment. They wanted to have their own studio with all types of editing software, equipment, etc. for which financial assistance was required. After the announcement of PMMY, Kalpana approached the bank. The Branch Manager explained to them about the MUDRA loan and assisted them to get of a Term Loan of 9 lakh to set up their own studio cum video lab with all necessary infrastructure.

Today, their venture has proved to be successful and they are able to get good orders for videography and photography for marriage and other ceremonies in the nearby areas and have been earning handsome income.

Source: Mudra Portal ([www.mudra.org.in](http://www.mudra.org.in))





We see that a number of steps have been initiated by the government, which together, are likely to have a tangible impact on the employment situation in the country

## Employment – The Indian Perspective

*Gopal Krishna Agrawal*

**I**ndia had 51.52 per cent of population in the working age (15-64 years) in the year 2016 according to the World Bank. This high ratio of working to non-working age population, places our country in the position to reap the demographic dividend, if we are able to gainfully employ this population. Keeping this in mind and also the fact that employment is poverty alleviating, employment generation has been one of the biggest focus areas of the current government.

Data collection on employment and job growth in India is not satisfactory. The National Sample Survey Organisation (NSSO) conducts primary survey on various indicators of labour force and is the most important source of data but this survey is conducted after a gap of five years. Thus, it cannot serve as an effective input for policy making in the areas of labour and employment. There are other primary and secondary sources that provide a snapshot of the employment situation during the

The author is Member, Task Force, Financial Architecture of MSME, Ministry of Finance, Government of India.



suffer from disguised employment in the farm sector, therefore providing alternative employment in rural areas is very important, along with time bound target of doubling of farmer's income.

### Addressing Labour Market Rigidities

In order to address the problem of labour market rigidity, the government initiated a series of steps. The most important is the introduction of 'Fixed term contract' employment in certain employment intensive industries like textiles. It allows employers to hire workers for a

interim period but they are not comprehensive in nature.

### Labour Market: Structural Rigidities

Any assessment of the performance of government must be done in the background of the unemployment challenge that our economy faces. According to official statistics, proportion of persons in the labour force declined from 43 per cent in 2004-05 to 39.5 per cent in 2011-12, with a sharp drop in female participation rate from 29 per cent to 21.9 per cent. Unemployment problem is challenging in India because it emerges from structural rigidities of our labour market, scarcity of capital and low skill levels of our labour force. The present government has tried to tackle each one of these problems

### Critical Issues

Indian labour laws are considered complex and restrictive. One of its defining characteristics is job security of workers covered under it. Complexity also implies huge compliance burden for the companies. As a consequence of this, the labour to capital ratio is low despite the fact that India is a labour abundant and capital scarce country. Rigidities in the labour market have also ensured that the employment elasticity of Indian economy has remained low. According to an International Labour Organisation (ILO) report, the employment elasticity of Indian economy is 0.15 per cent. Therefore, GDP growth does not lead to commensurate employment generation without focused approach. Overhang of labour supply also results in lower wage rates, affecting the quality of employment. We also

allows employers to hire workers for a pre-defined fixed term with a proportionate share of all the benefits to which any permanent worker is entitled, boosting employment in industries that experience seasonality in production and the employment generated would be formal in nature. Under the new 'Pradhan Mantri Rojgar Protsahan Yojna' Government of India is paying the full employer's contribution towards EPF and EPS from 1<sup>st</sup> April 2018 onwards thus encouraging new employment.

India has an entrepreneurial culture, which is stultified due to non-availability of capital. According to the NSSO survey of 2013, there are 5.77 crore small businesses, mostly proprietorships, running manufacturing, trading or service activities but only 4 per cent of such units are able to access institutional finance. The government launched its ambitious scheme of MUDRA (Micro Units Development Refinance Agency) to provide collateral free loan of Rs. 50,000 to 10 lakhs for non-agricultural purpose. As on 29<sup>th</sup> June, 2018 the total loan disbursed under the scheme is Rs.5,95,056.15 crore to over 13 crore individuals.

### Employment Generation through Ease of Doing Business

Under the rubric of 'ease of doing business' (EODB) the Labour Ministry has undertaken a number of steps to reduce the compliance burden of the industry. According to the Economic Survey for the year 2017-18, government has numerous technology-enabled transformative initiatives such as Shram Suvidha Portal, Universal Account Number





#### Mudra Fact Box

Since Mudra itself is not a bank, the loans under Mudra scheme can be availed only through banks and other lending institutions which include:

- Banks in public sector
- Banks in private sector
- State operated cooperative banks
- Rural banks from regional sector
- Institutions offering micro finance
- Financial companies other than banks

and National Career Service Portal in order to reduce the complexity burden and better accountability for enforcement. Under Ease of Compliance, the government has pruned the number of registers mandatory for all establishments to maintain under nine central acts to just five from 56, and the relevant data fields to 144 from 933.

#### Focus on MSME

The biggest beneficiary of the improved EODB is the Micro, Small and Medium Enterprise (MSME) Sector. This sector produces 40 per cent of India's GDP and employs a higher number of people per unit of capital employed. One of the first steps that the present government took after coming to office was to form a taskforce to recommend steps to facilitate the growth of MSMEs. Number of its suggestions like, easier registration and exchange-traded platform for bill discounting has already been implemented. The problems of delay in payments have been addressed by 'MSME Samadhan', allowing registering complaints online and through Delayed Payment Act. Government e-market portal (GeM) and public

procurement website is providing better access to markets. Credit is being facilitated by Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE), ASPIRE Fund of Funds and Small Industrial Development Bank of India (SIDBI). As a result of these steps, the MSME sector is doing well and generating considerable employment. India's potential for growth in the services sector, catering to such a large population is being encouraged by Atal Innovation Mission hand holding through Start-Up portal.

#### Skilling the Work Force

India faces a paradoxical situation; it has a large labour force, engaged in low productivity jobs and the industrial sector complaining that it is unable to meet its requirement because of the skill gap. Skilling had been on the radar of governments for the last few years but the present government has taken the goal of skilling India's labour force to a completely different level. Ministry of Skill Development and

Entrepreneurship launched its flagship scheme Pradhan Mantri Kaushal Vikas Yojana (PMKVY) in 2015, under which close to 50 lakh candidates (19 lakhs under PMKVY 1 + 27.5 lakhs under PMKVY 2016-2020 so far) have been trained across the country. PMKVY targets to train one crore youth by 2020.

Most of the discussion around the unemployment





This means that the worker has little access to social security and hence these jobs are rightly considered to be poor quality jobs. Due to steps like demonetisation, GST, reduced regulatory burden and financial assistance for PF and ESI, a large part of the informal sector is getting formalised, improving the quality of jobs.

The noise about lack of jobs does not square with facts that have bearing on employment generation. For example: the government has spent massive amount on infrastructure,

situation in India is based on anecdotal evidence, as the data collection about it is not very comprehensive. Government of India is also working on generating high frequency data on employment generation and other mechanisms to plug the information gap. Towards this end Employees' Provident Fund Organisation (EPFO), Employees' State Insurance Corporation (ESIC) and the Pension Fund Regulatory and Development Authority (PFRDA) released monthly payroll data for the first time for the formal sector to facilitate analysis of new and continuing employment.

### Quantity VS Quality of Jobs

A lot of debate has been on the quantity of jobs but much less on the quality of it, which is equally

**India faces a paradoxical situation; it has a large labour force, engaged in low productivity jobs and the industrial sector complaining that it is unable to meet its requirement because of the skill gap.**

important. 93 per cent of India's labour force works informally. About 80 per cent of it works in the informal sector and the remaining is employed informally in the organised sector of the economy.

which generates highest employment per unit of money spent. Government's estimated budgetary and extra budgetary expenditure on infrastructure for 2018-19 has been increased to Rs 5.97 lakh crore against estimated expenditure of Rs 4.94 lakh crore in 2017-18. The Union budget for the year 2018-19, for the first time, had discussed number of job- man days that would be created under various government spending schemes like construction of toilets under Swachh Bharat Mission, rural and urban houses under Pradhan Mantri Awas Yojna, rural roads under Pradhan Mantri Gram Sadak Yojna and National Highways etc. In his budget speech, the Finance Minister said that the total amount to be spent by various ministries would be Rs 14.34 lakh crore (including extra-budgetary and non-budgetary resources of 11.98 lakh crore) and this expenditure would create employment of 321 crore-person days.

We see that a number of steps have been initiated by the government, which together, are likely to have a tangible impact on the employment situation in the country. □

*(E-mail: gopalagarwal@hotmail.com)*



# YOJANA

**Forthcoming Issue**

**WOMEN EMPOWERMENT**





# ROAD DEVELOPMENT: INDIRECT EMPLOYMENT OPPORTUNITIES

*Yudhvir Singh Malik*

**W**ith over 1,26,000 kms of length, the National Highways in India serve as the lifeline of Indian economy. Though they comprise only about 2 per cent of the total road network in the country, the NHs carry almost 70 per cent of the country's passenger traffic and more than 60 per cent of its freight.

The National Highway Development Program (NHDP), which started with the Golden Quadrilateral in 1998, followed by the North-South and East-West Corridors in the year 2000, has been the mainstay of the Indian Highway success story over the past decade and a half. The NHDP progressed through a total of eight phases during, 1998 to 2017, when the Government decided to come up with another major ambitious umbrella Road Development Programme known as the Bharatmala Pariyojana. Phase-I of the Bharatmala Pariyojana was approved by the Cabinet Committee

on Economic Affairs (CCEA) in its meeting held on 24th October 2017. It focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps. A total of 24,800 kms of new highway stretches have been identified in Phase-I, that is upto 2021-22. In addition, 10,000 kms of balanceroad works under the National Highways Development Project (NHDP), are planned to be taken up during this period, thus adding a length of 34,800



kms of National Highways to the existing network. The total

The author is Secretary, Ministry of Road Transport & Highway, Government of India.



envisaged investment for 34,800 kms of National Highways (24,800 km under Bharatmala Phase-1 and 10,000 km of balance NHDP) is Rs 5,35,00 crores. In addition, 48,877 kms of roads under other existing schemes (e.g. NH(O), SARDP-NE, EAP and LWE) at an estimated cost of Rs. 1,57,324 crore are also proposed to be completed. The overall outlay for Bharatmala and all existing schemes, put together, has been approved at an estimated cost of Rs. 6, 92,324 crore over a period of 5 years.

The Road Development Programme of MoRTH, as mentioned above, is expected to significantly boost investment in the sector and create large scale employment opportunities across the entire value chain of highway construction. The increase in investment in the sector is expected to spur tremendous employment opportunities in terms of direct employment for skilled manpower in design and supervision, ranging from civil engineers, structural engineers to design consultants, quality control and lab personnel as well as construction manpower which includes mechanics, equipment operators, fabrication workers, lab technicians, surveyors and also semi-skilled construction workers. The increased emphasis on use of technology such as LiDAR (Light Detection and Range) in preparation of DPRs for more accurate project designing has also led to a spurt in demand for manpower trained in remote sensing applications. In effect, approximately 14.2 crore Man-days of jobs are expected to be created during the above period of National Highway construction.

Road construction has a multiplier effect in terms of indirect employment opportunities in supporting industries such as material and equipment suppliers and other induced employment generation. Simultaneously, the National Highways are expected to boost local economies due to

better access to the urban markets, and better employment opportunities as a result of the enhanced connectivity.

The Ministry is also implementing schemes for training and upgradation of skills in the highways and transport sector. One of the initiatives is Recognition of Prior Learning (RPL) as per the National Skill Qualification Framework of the Ministry of Skill & Entrepreneurship Development.

RPL is part of PMKVY, a flagship scheme implemented by the Ministry of Skill Development and Entrepreneurship to train 10 million youth by 2020. The Ministry organises training for workmen at the construction sites by registered training providers of Director General Training (DGT) in six different trades, namely, scaffolding, shuttering, masonry, bar-bending, painting and plumbing. The scheme components include training cost, tool kits, assessment fee and transportation cost to pick up and drop the trainees from the construction site. The successful candidates are issued certificates by National Council of Vocational Training (NCVT) which is the duly recognized certification body. Through this scheme the Ministry is targeting to skill 1 lakh workers and so far over 63,000 workers have registered for the trainings, out of which training has been completed for 33,023 workers, while 11,011 workers are currently undergoing training.

The Ministry has also formulated a scheme to set up model Institutes of Driving Training and Research (IDTR) in States/UTs. IDTRs are established with the aim of improving



The increased emphasis on use of technology such as LiDAR (Light Detection and Range) in preparation of DPRs for more accurate project designing has also led to a spurt in demand for manpower trained in remote sensing applications. In effect, approximately 14.2 crore Man-days of jobs are expected to be created during the above period of National Highway construction.

the road safety scenario in the country by attempting positively impact driver behaviour through scientific techniques. In addition, the Ministry has sanctioned Rs 150 crores till date to the State Governments for setting up skilling centres where training to unemployed youth for driving heavy commercial vehicles can be given. This would boost their employment prospects since there is a huge shortage of truck drivers in the country.

In the past, there has been no systematic effort to estimate the number of persons engaged in the road sector and job potential that this sector has to offer. Hence, the Ministry has now commissioned a study to assess the job potential arising out of investments in the National Highways sector and skill development needs in the road construction sector. The findings and recommendations of the study would help the Ministry to further design a strategic framework and action plan for implementation of strategies for skill development and up-gradation of human resource in the road construction and transportation sector. □

(E-mail: [secy-road@nic.in](mailto:secy-road@nic.in))



...the Government of India lays great emphasis on improving the labour market conditions by various multi-pronged interventions like encouraging investment for job-rich growth, enhancing scope of social security measures, labour reforms

## Dimensions of the Indian Labour Market

*Pravin Srivastava*

**E**ach country has its own story to share about the social-political-economic strategies adopted by them while moving on the path of economic recovery from the slowdown during 2008-09, especially in addressing the crisis and its impact on the labour. ILO's World Employment and Social Outlook for 2015 had projected that the global employment outlook would deteriorate in the coming five years where employment growth may not match economic growth. Global unemployment levels were projected to be around 201 million, which is 31 million more than the pre-crisis level. Global unemployment was also projected to increase by 3 million in 2015 and by a further 8 million in the following four years. Creation of an additional 280 million jobs had been the projected requirement to

close the global employment gap needed to be created by 2019.

In the face of globalisation and exposure to international markets, immunity shields have vanished. International cooperation is the *sine qua non* for coordinating efforts in addressing the impacts on the domestic labour market. Economic cooperation through fora like G-20, BRICS etc need to be leveraged for a concerted effort to address labour and employment issues. For instance, BRICS countries represent nearly 42 per cent of world population and contribute to 20 per cent of global GDP giving it a unique position to leverage its varied potential for meeting the global requirements, especially in technical resources. India too has followed the textbook path of economic development witnessing

---

The author is Additional Director General, Ministry of Statistics & Programme Implementation, Government of India





a sharp decline in the contribution of the primary sector (agriculture & allied) in the GDP from 52 per cent during 1950-51 and has declined to 17 per cent in 2017-18. The corresponding contribution of the services sector to the GDP has gradually risen from 35 per cent (1950-51) to 54 per cent (2017-18).

As per the estimates from the National Sample Survey (NSS) Employment and Unemployment Survey, 2011-12, the workforce comprising 484.7 million workers, has, however, followed a different trajectory where 49 per cent are still engaged in the primary (agriculture) sector, followed by 27 per cent in the services sector and 24 per cent in industry (NSSO EUS Survey 2011-12). The workforce is primarily rural (74 per cent), informal (93 per cent), self-employed (52 per cent) and the female labour force participation is at 22 per cent. The decline in workforce in agriculture sector was offset by a growth in the construction sector. Industrial growth in terms of contribution to GDP, number of establishments and workforce has been impressive, almost doubling in this period. However, around 98 per cent of the establishments employ less than 10 workers. The volatility of the smaller establishments and migration makes the employment market more complex in its measurement. These parameters define the broad contours of the Indian labour market.

During the period 2004-05 to 2011-12, around 1.8 million persons joined the labour force each year and about an equal number gained employment whereby the unemployment rate stayed nearly constant at 2.2 per cent. India, thus, showed resilience to the global economic slowdown in terms of the employment market. However, India has a huge demographic dividend and needs to leverage its teeming youth population in productive areas as youth unemployment hovered around 6 per cent as per NSS estimates.

In the above backdrop, the Government of India lays great emphasis on improving the labour market

conditions by various multi-pronged interventions like encouraging investment for job-rich growth, enhancing scope of social security measures, labour reforms, etc. some of which are described below.

### Encouraging Private Investment in Industry

In recent years a policy ecosystem has been evolved around (i) Make in India (ii) Skill India (iii) Digital India (iv) National Manufacturing Policy 2015 (v) Ease of Doing Business (vi) Atal Innovation Mission (vii) 100 Smart Cities and 500 Amrut Cities project (viii) Start-up India (ix) Stand-up India. These initiatives are building the base to stimulate job creation momentum. The policy ecosystem for generating employment has two sides—supply side and demand side. The demand side impetus would mainly come from Make in India and National Manufacturing Policy initiatives and would be supported by initiatives like Smart City Project, Digital India, Start-Up and Stand-Up India. Demand side can be further reinforced by providing incentives to agro-based industries, labour-intensive industries like textile and leather, increasing public investment in education and health etc.

### Enhancing Skill Base of Workforce

The government has launched the National Skill Development Mission and established a Ministry of Skills Development & Entrepreneurship to focus on enhancing the skill base of workforce in a coordinated manner. Professional training (TVET) in 126 trades are imparted through 12,000 Industrial Training Institutes (ITIs) having a total seating capacity of over 1.71 million. Continuous efforts are being made to improve the quality of technical and vocational training. Apprenticeship training has been significantly expanded. The National Skill Development Agency (NSDA) under Ministry of Skills Development & Entrepreneurship coordinates and harmonises the skill development efforts of the Government. Focus is being laid on demand aligned skill development so as to address the mismatch between demand and supply of skilled labour.

### Enhancing Non-Farm Employment Opportunities

For skilling of rural workforce, programmes like the National Food Security Mission, Rashtriya Krishi Vikas Yojana (RKVY), Custom Hiring Centres, Establishment of Agri-Clinics and Agri-Business Centres (ACABC), Small Farmers' Agribusiness Consortium (SFAC), National Cooperative Development Corporation (NCDC), Development of Women cooperatives have been initiated.

### Modernising Public Employment Service (PES)

The National Career Service initiative aims at transforming the employment services using technology



to improve delivery and quality of employment services. A national portal has been developed at [www.ncs.gov.in](http://www.ncs.gov.in) which brings jobseekers, employers and training providers on a common platform. This facilitates online matching of jobs, information on job fairs and provides information about opportunities for training and re-skilling.

### Labour Law Reforms

The broad objectives of the labour reforms include reducing uncertainty and complexity in labour legislation; creating a robust and comprehensive floor of rights; modernising dispute resolution and enforcement systems for good governance. The existing Labour Laws are being grouped into Labour Codes on functional basis. Four Labour Codes on Wages, Industrial Relations, Social Security and Welfare and Safety and Working Conditions are being drafted by simplifying, amalgamating and rationalizing the relevant provisions of the Central Labour Laws.

### Increasing Female Labour Force Participation

One of the areas of concern in the employment market is the low level and declining female labour force participation for which strategies need to be evolved to address this issue. The proportion of persons in the labour force declined from 43 per cent in 2004-05 to 39.5 per cent during 2011-12. The decline in female participation from 29 per cent to 22.5 per cent during the same period was a matter of concern. Government has taken several steps to increase the participation of women in the labour force like, MGNREGA, vocational training for skill enhancement etc. Government has amended the rules to facilitate women government employees for upbringing of their children by providing for 2 years child care leave. The private sector has also taken steps to encourage women who left the workforce for family considerations to rejoin through various programmes which have a great potential for scaling up.

More than 52 per cent of the people employed are engaged in self-employment wherein the female workers are primarily home based, highlighting the need for targeted policies to increase the participation of female labour force.

### Mainstreaming Informality

Transformation from informality to formality is a process that needs to be understood given the large size



of this sector. Targeted strategies are being framed for first identifying the sector (not as a residuary) and encouraging skilling of workforce employed therein. Enhancing the scope of apprenticeship scheme to cover small and medium enterprises is a step in this direction. Enhancing coverage of social security benefits is another step.

Government announced three Social Security Schemes pertaining to the Insurance and Pension Sectors, namely Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and the Atal Pension Yojana (APY) to move towards creating a universal social security system, focused especially at the poor and the under privileged. The schemes provide essential and affordable social protection to all citizens in a convenient manner linked to auto-debit facility from bank accounts. These schemes are expected to address the issue of low coverage of life and accident insurance and old age income security in the country. The scope of the existing schemes for medical insurance (ESIC) and provident fund/pension (EPFO) are being enhanced to cover unorganised sectors including construction workers, contractual employees etc.

As per information available from EPFO, on an average, over 8,600 establishments were newly registered on a monthly basis from September, 2017 to June, 2018 and over 85,000 new employees joined in these establishments each month during the same period. At an overall level, over 10,00,000 new Universal Account Number (UAN) linked employees joined the EPFO ecosystem each month during September, 2017 to March, 2018. Even with the limitations in the interpretation of these numbers, it signifies a great step in the movement of the workforce towards formality.

### Active Labour Market Policies (ALMPS)

One area that deserves considerable attention is

**Table -1: Active Labour Market Policies (ALMPS) - Typology**

Barrier to Employment	Type of ALMP	Programme Objective
Skills mismatches	Training (on the job, in class)	Enhance employability
Information asymmetries	Intermediation services, job search assistance, counselling	Enhance employability, promote job creation
Insufficient labour demand	Wage subsidies, public works programmes/ employment guarantee schemes, self-employment, work-sharing	Promote job creation

Source: adapted from Angel-Urdinola, D.F and Leon Solano, R.E (2013) 'A reform agenda for improving the delivery of ALMPs in the MENA region', *IZA Journal of Labor Policy*, 2:13

the financing and implementation of Active Labour Market Policies (ALMPs) ranging across support to public employment services, funding to support self-employment, training programmes, public works and/or employment guarantee schemes, wage subsidies and so forth. They are theoretically designed to respond to specific employment challenges, such as skills mismatches, insufficient labour demand and so forth. (Table 1)

Allocating adequate budgetary resources to Active Labour Market Policies (ALMPS) are reported to be desirable as studies have shown that this can improve employment outcomes.<sup>1</sup> Estimates from the 2000s suggest that the BRICS, in common with other emerging economies, generally allocate a modest amount to ALMPs. Adequate care needs to be taken not to indiscriminately fund ALMPs, as multiple evaluations show that the effectiveness of ALMPs depend on the type of intervention and the particular economic circumstances that a country faces. For example, one study that covers 152 impact evaluations across developed, developing and transition economies, arrives at the following conclusion for the latter.<sup>2</sup>

- Employment services and skills training had the most positive impacts, both on employment probability and earnings
- Results from public employment programmes are mixed across countries
- Wage and employment subsidies are generally negative
- There is insufficient evidence to arrive at credible conclusions pertaining to self-employment/small business assistance programmes.

Thus, undertaking impact evaluations are important in developing an evidence-based approach to policy design.

## Conclusion

In a vast country like India with a strong demographic dividend, it is important to improve measures

of employment through administrative statistics complemented by periodic surveys. A beginning has been made by capturing coverage information from administrative sources like the Employees' Provident Fund Organisation (EPFO), Employees' State Insurance Corporation (ESIC) and the National Pension Scheme (NPS) to get a sense of the quantum of beneficiaries of these schemes who can be considered as formal employees. The Periodic Labour Force Survey being conducted by NSSO will give a good idea about changes in the employment structure on an annual basis.

Evolving policies so that economic growth translates into increased and decent employment for the working force population would be important. Enhancing the coverage of EPFO and ESIC to other areas and schemes like the Pradhan Mantri Rojgar Protsahan Yojana encourages the transition to formalisation of the economy and the labour market. Increasing access to employment opportunities for women and their engagement in paid work outside or at home would also contribute to enhancing female labour force participation, facilitating an enabling environment to promote industrial growth while securing wage security, employment security and social security. Identifying and formalising changing context and forms of work (fixed term employment) would also assist in strengthening the employment market. Another step would be to encourage innovative solutions to address employment challenges. It is, thus, important to strengthen systems for data collection on labour market and promote evidence based analysis and research.

## End Note

- <sup>1</sup> Hengge, Matsumoto, M and Islam,(2012) 'Tackling the youth employment crisis: a macroeconomic perspective', ILO Working Paper No.124
- <sup>2</sup> Betcherman, G (2008) 'Active Labor Market Programs: Overview and International Evidence on What Works', World Bank, April

(E-mail: [pravin.srivastava@nic.in](mailto:pravin.srivastava@nic.in))

## Employment Avenues for Differently Abled

The new Act (Rights of Person with Disability Act 2016) has increased the job reservation from 3 to 4 per cent for people with disabilities. The government has identified positions in various departments and sections that are to be reserved for persons with disabilities based on their ability to perform the work of the position.

- The government as per circular dated June 2015, made provision of 10 year upper age limit for the post of C and D for PwDs with low vision, visual impairment, hearing impairment, locomotor disability and cerebral palsy in case of direct recruitment in all civil post under Central government. They are also exempted from payment of application fees and examination fees.
- The government provides that persons with disabilities recruited to Group C and Group D employment on regional basis may be given postings, as far as possible under administrative constraints, nearest to their native places within the region. Requests from disabled employees for transfers to offices in or nearest to their native places may also be given priority.
- The government provides that persons with disabilities should not be denied promotion in their employment on account of the disability / medical fitness if they are otherwise medically fit and can discharge their duties satisfactorily.
- Transport allowance at double the normal rate for employee with Hearing Impairment is effective since 2017 and travelling allowance to escorts of government employee with disabilities is provided while on tour or training as per circular dated 17.2.2015.
- The government has established special employment exchanges for persons with disabilities in all state capitals and special employment cells have been set up in all district headquarters for recruitment to government posts reserved for persons with disabilities. In places where special employment exchanges have not been established, special employment cells have been set up within regular employment exchanges. Persons with disabilities are required to register themselves with the special employment exchanges / cells to be eligible for government employment under reservation. Special employment registrations can also be done at the 17 vocational rehabilitation centres for persons with disabilities.
- The government provides for employment of persons with disabilities in the private sector through incentives to employers. The government pays the employer's contribution of the disabled employee's provident fund and employee state insurance up to three years for employment of persons with disabilities with a minimum salary of Rs. 25,000 per month.
- Scheme of National Awards for the Empowerment of Persons with Disabilities: In order to recognise their effort and encourage others to strive to achieve excellence in this field, separate awards are being presented to the most efficient/outstanding employees with disabilities, best employers, best placement agency/officer, outstanding individuals, outstanding institutions, role models, outstanding creative disabled individuals and for outstanding technological innovation and adaptation of innovation to provide cost effective technology. Awards are also given to Government Sector, Public Sector Undertakings and private enterprises for creating barrier free environment for the persons with disabilities, the best district in the field of disability rehabilitation, best Local Level Committee of the National Trust and to the best State Channelising Agency (SCA) of the National Handicapped Finance and Development Corporation (NHFDC). Preference is given to the placement of women with disabilities, particularly, from the rural areas and self-employed women.
- The Ministry of Petroleum and Natural Gas has reserved 7.5 per cent of all types of dealership agencies of public sector oil companies for persons with physical disabilities. This does not include defence personnel injured while on service. Applicants should be Indian citizens, aged between 21 years to 30 years, should have a minimum educational qualification of matriculation or equivalent, should produce disability certificate with minimum 40 per cent disability of either upper limb or lower limb or both limbs considered together. Persons with partial hearing impairment are also eligible to apply. Persons with total visual impairment are eligible to apply for retail



outlets, kerosene / LDO dealerships but are not eligible to apply for LPG dealership. Total family income of applicant should not exceed Rs. 50,000 per annum.

- The National Handicapped Finance and Development Corporation (NHFDC): The NHFDC functions as an apex institution for channelising the funds to persons with disabilities through the State Channelising Agencies (SCAs) nominated by the State Government(s). The schemes include loans for setting up small business in service/trading/industrial units, for higher studies/professional training, for manufacturing /production of assistive devices for disabled persons, for agricultural activities, for self employment amongst persons with mental retardation, Cerebral Palsy and Autism. The details of the schemes are given as under:
- For setting up small business in service / trading sector – loan of Rs. 3,00,000 (Three lakh)
- For setting up small business in sales / trading sector – Rs. 5,00,000 (five lakh)
- For agriculture / allied activities – Loan of up to Rs. 10,00,000 (ten lakh)
- Purchase of vehicle for commercial hiring – Loan of Rs. 10,00,000 (ten lakh)
- For setting up small industries unit – Loan of Rs. 25,00,000 (25 lakh)
- For professionally educated / trained persons with disabilities for self-employment–Rs. 25,00,000 (25 lakh)
- For building business premises on own land for employment – Rs. 3,00,000 (three lakh)

The business for which financial assistance is sought should be directly operated by the applicant. In case of persons with autism, cerebral palsy or mental retardation, the parent / spouse / legal guardian of the applicant is authorised to enter into contract with NHFDC on behalf of the applicant. Applicant should fulfill the eligibility criteria of having minimum 40 per cent disability, should be Indian citizen and should have required professional / technical qualification for the business undertaken. Loans should be repaid by a maximum of 10 years.

- RBI has circulated the information in March 2015, on priority loan sector to PwDs will be eligible under the classification of weaker section.
- Based on the recommendations made by the Seventh Central Pay Commission for providing extra benefits to women employees with disabilities especially when they have young children and children with disability, Government has decided to give Rs.3000/-per month as Special Allowance for Child care to Women with disabilities. The allowance shall be payable from the time of the child's birth till the child is two years old and it shall be payable for a maximum of two eldest surviving children. This provision is effective from July 2017.
- Persons with disabilities are eligible for income tax deduction under Section 80U. Legal guardians of dependent persons with disabilities are eligible for income tax deduction under section 80DD for expenditures incurred on medical care, training and rehabilitation expenses or annuity paid. Persons with disabilities are exempted from payment of professional tax.
- The Skill Council for Persons with Disabilities (SCPwD) is promoted by Confederation of Indian Industry (CII) under the Ministry of Skill Development and Entrepreneurship and Ministry of Social Justice and Empowerment. It targets skill development of People with Disabilities as per industry needs which can help them to be gainfully employed and contribute to India's growing economy. Towards this beginning, there are several projects which have been undertaken by the council since its inception. One among the recent is the collaboration with Glasgow Kelvin College, Scotland under UK-India Education and Research Institute (UKIERI) to benchmark standards between India and Scotland in the area of Disability.
- Prerna is the marketing assistance scheme of National Trust with an objective to create viable and widespread channels for sale of products and services produced by Person with disability (PwD) covered under National Trust Act. This scheme aims at providing funds to participate in events such as exhibitions, melas, fairs, etc. to sell the products made by PwDs. However, at least 51 per cent of employees of these work centres should be PwDs with disabilities covered under National Trust Act. □

*Sandhya Limaye is Associate Professor, Center For Disability Studies and Action,  
School of Social Work, Tata Institute of Social Sciences  
(E-mail:limaye.sandhya@gmail.com)*

## Realizing India's Full Potential Through Women Led Development



*Desh Ka Badhta Jaata Vishwaas...*

**Saaf Niyat**

**Sahi Vikas**

Prime Minister Narendra Modi will interact with beneficiaries of Ujjwala Yojana across the country through video-conferencing.

Date: 28<sup>th</sup> May, 2018 | Time: 9:30 am | Watch live: On DD Network

For more details visit [48months.mygov.in](http://48months.mygov.in)

### Ensuring good health of Mother & Child

- More than 1.16 crore antenatal check-ups conducted
- Over 80 lakh pregnant women immunized
- More than 50 lakh pregnant women to benefit annually with cash incentives
- 6 lakh high risk pregnancies identified



Rapid Strides with Beti Bachao, Beti Padhao as Sex ratio at Birth improves in 104 districts.



Over 7.25 crore toilets built, over 3.6 lakh villages and over 17 States/UTs declared Open Defecation Free. Sanitation coverage goes up from 38% in 2014 to 83%.



3.8 crore women have got LPG Connections. Target raised to provide LPG connections to 8 crore women.



Around 9 crore women entrepreneurs have benefitted from Mudra Yojana and Stand-Up India.

More than 1.26 crore accounts for the girl child opened and around Rs 20,000 crore deposited under Sukanya Samrudhhi Yojana.



Provision of Death Penalty for rape of girl child aged less than 12 years. Minimum punishment for rape of a girl aged less than 16 years increased from 10 years to 20 years.



Bill that empowers Muslim Women against Triple Talaq passed in Lok Sabha. Muslim Women can now perform Haj without a male guardian.



## Create a New Job Ecosystem

*Shobha Mishra*



*The overall push for entrepreneurship through schemes such as Stand-Up India, Start-Up India and Mudra Yojna is also beginning to positively impact jobs and opportunities for livelihood. All such changes are going to impact the current and future job landscape in India and simultaneously would affect skill sets requirements*

**I**ndia, in this globalised era, reflects the universal scenario and is in middle of transformation.

Increased digitalisation and automation is expected to significantly affect both the quality and quantity of jobs. New types of jobs and employment are changing the nature and conditions of work by altering skills requirements and replacing traditional patterns of work and sources of income. They open opportunities, especially for developing countries like India, to enter new, fast-growing sectors and catch up with more advanced economies. At the same time, technologies are affecting the functioning of labour markets and challenging the effectiveness of existing labour market institutions, with far-reaching consequences for the number of jobs, their quality and the diversity of opportunities they offer.

On the economic front, according to World Bank's "Global Economic Prospects – A Fragile Recovery" report, India has achieved the fastest growth rate among major economies in 2017. It is expected to achieve growth rates of 7.5 per cent
















and 7.7 per cent in 2018 and 2019 respectively. Demographically, around 64 per cent of India's population is expected to be in the age bracket of 15–59 years by 2026, with only 13 per cent of the total aged above 60 years. Today, two-thirds of India's population is under the national average of 26 and only "gainful employment" for this future workforce can reap a dividend for India's economy. In addition, there are other factors too. Over 100 million urban migrants have left their homes, families and support networks in search of better opportunities seasonally. They, like much of India's next generation, are finding it difficult to connect with meaningful employment opportunities due to lack of marketable skills.<sup>1</sup>

The overall job landscape in the country is evolving rapidly. Growth of e-commerce and technology-based start ups are leading to the creation of new job ecosystems, which are becoming a large source of employment. India is the third largest startup ecosystem in the world today with 26000+ new startups with USD 90bn worth of value creation. Informal employment in sectors such as infrastructure and retail

The author is Asst. Secretary General, FICCI.



## A Snapshot of the “Future of Jobs” in organized sector in 2022

	would be deployed in new jobs that do not exist today (projected for 2022)	would be deployed in jobs that have radically changed skill sets (projected for 2022)	will face an existential threat to their jobs (for 2017)	New Job Roles
<b>IT/BPM</b>	10%-20% 	60%-65% 	20%-35% 	<ul style="list-style-type: none"> <li>▶ VFX Artist</li> <li>▶ Computer Vision Engineer</li> <li>▶ Wireless Network Specialist</li> <li>▶ Embedded System Programmer</li> <li>▶ Data Scientist</li> <li>▶ Data Architect</li> <li>▶ AI Research Scientist</li> <li>▶ RPA Developer</li> <li>▶ Language Processing Specialist</li> <li>▶ Deployment Engineer</li> <li>▶ 3D Modeling Engineer</li> <li>▶ 3D Designer</li> <li>▶ Cloud Architect</li> <li>▶ Migration Engineer</li> <li>▶ Android/iOS App developer</li> <li>▶ Digital Marketing</li> </ul>
<b>AUTOMOTIVE</b>	5%-10% 	50%-55% 	10%-15% 	<ul style="list-style-type: none"> <li>▶ Automobile Analytics Engineer</li> <li>▶ 3D Printing Technician</li> <li>▶ Machine Learning Based Vehicle Cybersecurity Expert</li> <li>▶ Sustainability Integration Expert</li> </ul>
<b>TEXTILE &amp; APPAREL</b>	5%-10% 	35%-40% 	15%-20% 	<ul style="list-style-type: none"> <li>▶ Apparel Data Analyst / Scientist</li> <li>▶ IT Process Engineer</li> <li>▶ E-Textile Specialist</li> <li>▶ Environment Specialist</li> <li>▶ PLC Maintenance Specialist</li> </ul>
<b>BFSI</b>	15%-20% 	55%-60% 	20%-25% 	<ul style="list-style-type: none"> <li>▶ Cyber Security Specialist</li> <li>▶ Credit Analyst</li> <li>▶ Robot Programmer</li> <li>▶ Blockchain Architect</li> <li>▶ Process Modeler Expert</li> </ul>
<b>RETAIL</b>	5%-10% 	20%-25% 	15%-20% 	<ul style="list-style-type: none"> <li>▶ Customer Experience Leader</li> <li>▶ Digital Imaging Leader</li> <li>▶ IT Process Modeler</li> <li>▶ Digital Marketing specialist</li> <li>▶ Retail Data Analyst</li> </ul>

Source: FICCI, NASSCOM & EY Report on Future of Jobs

is extremely large and continues to rise. Given the government’s large investments in highways, renewable energy, urban transport, shipping, affordable housing, smart cities, swachh bharat, rural roads program, national waterways,

airports and industrial corridors, etc., infrastructure has become one of the largest creators of jobs in the country. The overall push for entrepreneurship through schemes such as Stand-Up India, Start-Up India and MUDRA Yojna

is also beginning to positively impact jobs and opportunities for livelihood. All such changes are going to impact the current and future job landscape in India and simultaneously would affect skill sets requirements.

Viewed in the light of new age industrial revolution (*Industry 4.0*) it is extremely important to understand how the future of jobs would look like and therefore how can we reskill and upskill existing and future workforce. We all have got a glimpse of the future with examples such as advanced humanoid robot ‘Sophia’ that recently was given citizenship by Saudi Arabia, Hadrian X- an Australian based robot that completes tasks meant for three-four human bricklayers, Tally-world’s first fully autonomous self-auditing and analytics-based robot that ensures goods are adequately stocked, placed and priced and Tesla’s new \$5 billion Giga-100 per cent automated factory with limited human intervention. India, too has its own robot Lakshmi in Union Bank, Chennai, who greets and welcomes the customers making the front desk officers redundant.

FICCI, NAASCOM & EY report on “Future of Jobs-2022” highlights following workforce matrix for 2022:

The report further states that future of jobs in 2022 in India will be determined by the country’s response to the inevitable impact created by the interplay of three primary forces - globalisation, demographic changes and the adoption of Industry 4.0 exponential technologies by Indian industries. The impact of these three primary forces is expected to

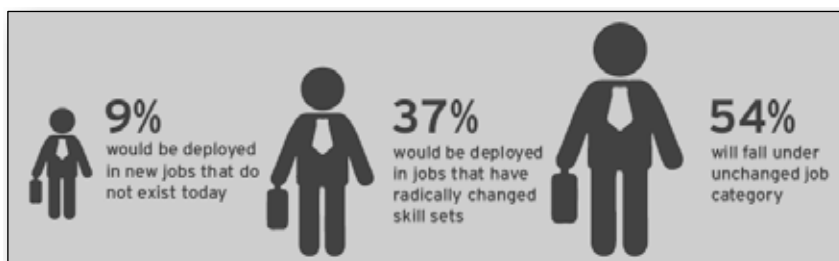


be disruptive in sectors such as IT-BPM and BFSI and relatively lower in core manufacturing sectors such as apparel and leather. The report also adds that new age advanced technologies would require people who understand how they work and can innovate, develop, and adapt them—and service them in the workplace. Occupations requiring technological skills include big data scientists, IT professionals and programmers, technology designers, advanced technology maintenance workers and scientific researchers who would also need upskilling. The research further suggests that the time spent on these skills will grow rapidly as companies deploy automation, robotics, AI, advanced analytics, and other new technologies.

In the changed ecosystem, the current workforce would need to embrace the modern technologies to

keep up with the pace of changing job roles. At the same time, new job roles might emerge to support further integration of connected technology into products/services. It is evident from various researches that cognitive skills, process skills along IT/knowledge skills would be the skill sets in demand in 2022. Here, it is important to highlight that over 400 million millennials are creating a market space for digital products and services that demand newer skill sets. IT-BPM firms have already started rapid reskilling initiatives and are beginning to derive “return on investments” for these efforts. An analysis of the skilling/reskilling programme of IT-BPM firms in 2017 indicates that more than 50 per cent of the workforce of large-sized firms (revenue more than US\$1 billion) has already been trained in digital technologies; for medium firms, it is 33 per cent-35 per cent and for small firms, 38 per cent of workforce has been reskilled.<sup>2</sup>

Some key manufacturing industries like automotive industry are also likely to witness an increased demand for skilled labor in the coming years, as the economic environment improves,





and investments are made as part of the “Make in India” initiative. With the introduction of connected cars, big data, and cloud computing, new skill sets will be required in design, operation as well as other elements of the auto value chain in the next five years. The impact of the growth of e-tailing is already visible on the job market. E-commerce companies are creating new job profiles in after sales logistics, warehousing, system integration, big data and machine learning.

Viewed in this light and creation of better employment opportunities, the Government’s “Make in India” initiative is a move in the right direction to increase manufacturing. As a labor-abundant country, India can reap greater employment gains by specialising in labor-intensive sectors, such as apparel and leather, where it holds a comparative advantage. India could more proactively seek to negotiate bilateral Free Trade Agreements (FTAs) with the UK and Europe to support the exports of these sectors. Based on Economic Survey 2017, calculations for increased GDP due to FTAs, an additional US\$3 billion in GDP



is possible in the apparel and leather and footwear sectors with an additional employment of 1.5 lakh people.<sup>3</sup>

In order to augment credit flow to the micro enterprises sector, the government of India has taken a number of policy initiatives to promote the micro enterprises. Government had launched Stand-up India (SUI) scheme for loans of more than ₹10 lakh and up to ₹100 lakh to be given by each bank branch to one SC/ST and one Woman. Start-up India is initiated to foster entrepreneurship and promote innovation by creating an eco-system that is conducive for the growth of start-ups, operationalisation of Credit Guarantee Fund for Micro Units (CGFMU) with the objective

of guaranteeing payment against default in micro loans extended by banks/NBFCs/ MFIs / other FI intermediaries, etc., During the last two years, the MUDRA and PMMY programme has helped about 7.50 crore loan accounts to avail of credit exceeding ₹3.17 lakh crore.<sup>4</sup>

In conclusion it can be said that the need for a partnership between industry and government has never been more important than today, when disruptive forces are expected to have large-scale impact. Industry associations and leading companies are willing to support the government by providing inputs on how the Indian society, workforce and education systems should adopt to the changing global needs, enthusiastically participate in all engagement platforms and support the implementation efforts through resources, know how and well-designed PPP models.

### Endnotes

- 1 Annual Reports- ILO, World Bank and MEA- 2016-17
- 2 FICCI, NASSCOM & EY report
- 3 Annual Report- DIPP and FICCI, NASSCOM & EY 2017
- 4 Annual Report, MUDRA, 2016-17 □

(E-mail: [shobha.mishra@ficci.com](mailto:shobha.mishra@ficci.com))

