



## **Credible Employment Data: Need of the Hour**

The much debated topic of employment is constrained by three realities:

- **First**, that around 80 per cent of employment is in the unorganised sector, which is 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.

Fact:

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 the total number of jobseekers per year comes to around 8 million.

### **Credible Employment Data: The challenge.**

- The survey conducted by **National Sample Survey Office (NSSO)** is the most comprehensive survey providing complete labour force scenario of India. However, this was last conducted for the fiscal year 2011-12.
- 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**, which cover less than 15 per cent of the economy and would not ideally reflected the job situation in the country.
- Against this backdrop, 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, 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.

### **Employment Generation: Estimates**

- **Payroll Reporting**
  - For the first time in India, there is an effort towards payroll reporting, 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.
- **Unorganised Sector:**
  - The new economy has created membership-based employment like driver partners in Ola/Uber or delivery professional in companies like Flipkart/Amano/Snapdeal or professional home service aggregators like Urban Clap/Quikr Services etc.
  - 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.
- **Self Employment:**
  - The 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 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 occupations for the years 2014-2018.
- According to this data, 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. except in the case of plumbers where the real wage declined very marginally.

### Employment in India- An Improving Picture

- The NSSO survey is normally conducted every five years.
- Households interviews for the NSSO survey for 2017-18 covering the period July 2017-June 2018 have just been completed and preliminary results is expected to be made available by the end of calendar 2018.

#### ***Job Growth in India: Historical Record***

- **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.
- For the **period 2004-5 to 2011-12**, although GDP growth averaged the highest ever (CAGR of 7.8 per cent a year), however, total new jobs increased by only 11 million during this 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.
  - The next two years the weather was normal, but two major economic reforms were undertaken – demonetisation and GST. Both these reforms introduce uncertainty, and hence, in the short-run, affect economic growth, and employment generation.
- Also, NPAs at a decadal high and close to 8 percent for state owned banks created obstacles for employment generation activities.

#### ***Employment Expansion Policies***

- The government has undertaken some reforms specifically for employment generation. These include – the emphasis on **road construction** (a labour-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).

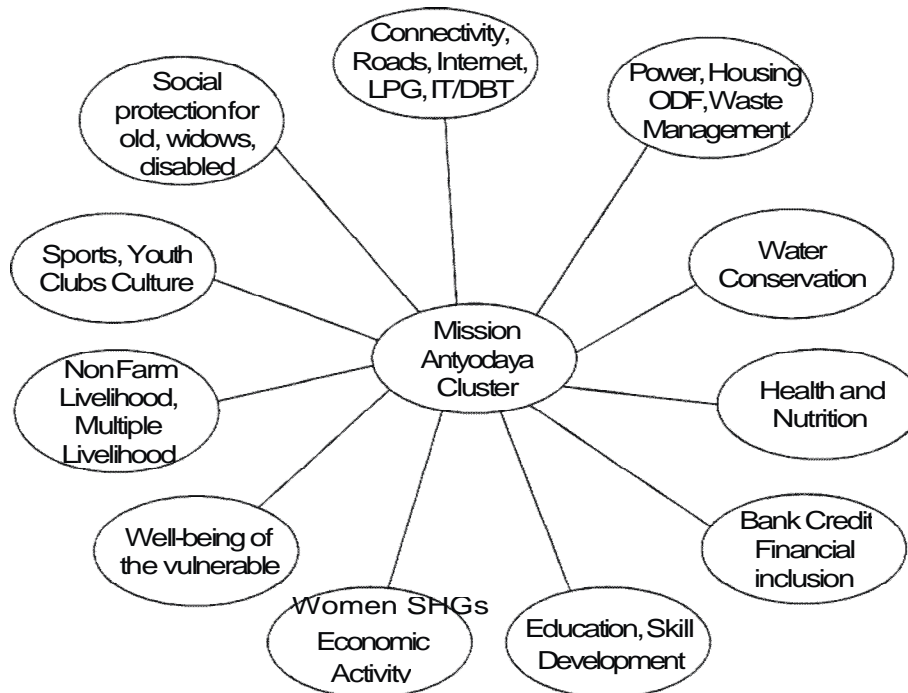
#### ***Demography in India's Favour***

- 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.
- There has been a rather robust expansion of educational enrolment. Between 2004-05 and 2011-12, about 40 million more went to school or college (age => 15 years)
- While labour force participation rates of women in India have declined, the decline is *misunderstood due to two reasons*:
  - **First**, about half of the decline is explained simply by the fact that more women are attending school (and college);
  - **Second**, while labour force participation rates for women have declined, male participation rates have also declined, and at about the same rate.



### Livelihood Development and Diversification

- Poverty is multi-dimensional and therefore requires a range of interventions. Figure illustratively brings out the challenges of creating poverty-free Rural Clusters:



### **Poverty of Households and Poverty of Geographies**

- There are many factors which lead to the poverty of households. On the other hand, there are factors which are geographical in nature and contributes to the widespread poverty in the region.
- **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

### **Multi-pronged Strategies:**



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. These include:

- 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 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 **Ujjawala**, 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.
- All programmes of rural development were aligned to livelihood development and diversification.
- MGNREGS focused on durable assets and water conservation, and also provided for livelihood generating individual benefits like farm ponds, dug wells, goat shed etc. The livelihood linkages in convergence with subsidy programmes for animal resources and for agriculture contribute to improved incomes in the Agriculture and Allied Sectors.
- 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.
- The expansion of the **National Food Security Act (NFSA)** with a provision of rice at Rs. 3 per kg and wheat at Rs. 2kg per kg has facilitated food security in poor households.
- The increase 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.

### **Conclusion:**

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.

### **Creating Livelihood Opportunities in Urban Areas**

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. Hence, it has become necessary to create sufficient livelihood opportunities in urban areas by developing the Skill Ecosystem as well as by recognising and addressing key risks.

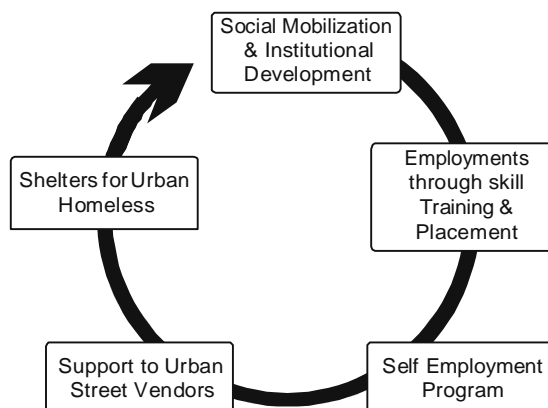


### A. Developing the Skills Ecosystem

- 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.
- 22 Ministries are offering various types of skill training programmes.
- The **Skill India Mission** was launched in 2015. Skill India Mission has revised the target upwards and now aims to train 400 million people by 2022.
- The **JAM+ architecture**, compressing of Jan Dhan, 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 in 2017 to 80% in 2017 .
- The **gender gap in account ownership** has also decreased with 83 per cent of 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).
- **Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM)** has been launched as an integrated approach to support both wage employment and self-employment.

### DAY-NULM

- DAY-NULM was launched as one of the flagship schemes of Ministry of Housing & Urban Affairs
- The other flagship urban missions viz. Swachh Bharat Mission – Urban (SBM-U), Pradhan Mantri Awas Yojana– Under (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.
- DAY-NULM follows **Multi-dimensional Livelihoods Strategies**. The components of NULM can be seen in the figure below:



- **Social Mobilization and Institutional Development** component of the Mission builds social capital through a three-tiered community structure; (a) Self Help Groups (SHGs), (b) area or slum level federations, (c) city level federations such as city livelihoods centres.
- City Livelihoods Centres (CLCs) established under the Mission help to organize the informal hyper-local services sector at the Urban Local Body (ULB) level. 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. It aims to



enhance employability of the urban poor. The emphasis is on wage and self-employment through placement focused, outcome driven skill training programs.

### SHG federations supporting livelihoods, Ambikapur, Chhatisgarh

The “Garbage to Gold” initiative in Ambikapur is aimed at from corporation-driven is community-driven waste management system.

These activities are monitored by the urban local body in a centralized control room and an online portal displays daily data on garbage collection.

- 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. It support individuals and groups to establish micro-enterprises by facilitating bank loans @ 7 per cent ROI.
- Under this component, there are three types of subsidized loans offered – individual loans up to Rs. 2 lakh, group loans up to Rs. 10 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).
- Also, women’s SHGs are provided additional interest subvention of 3 per cent of incentivize timely repayment.
- 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.
- 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.

### Mission Evaluation and New Initiatives

- 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).
- A mechanism, called **PARAS (Personalized Rapid Assessment System)** has been developed to *get direct feedback* from trained candidates.
- A ranking system called **SPARK** has been introduced to induce competition among the states based on outcome parameters of the Mission.

### B. Recognizing and Addressing Key Risks

- Three key national challenges being addressed by the Mission are – a. Informal nature of employment b. Lower participation of women in the labour force and c. Capacity constraints of the implementing agencies.
- **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.
  - 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 as a mechanism to recognize, certify and formalize those who have acquired skills informally.



- The RPL process in vulnerable sectors such as construction and sanitation, is expected to improve safety standards, enable informal workers to take pride in their skills, and move up the qualification levels.
- **Second, City Livelihoods Centres (CLCs)** are being revitalized, with a renewed focus on creating a robust database of freelance service providers, making their services available through mobile apps etc.
- CLC in Nahan, Himachal Pradesh for example, has trained informal sweepers from the Balmiki Basti.
- **Improving Women's Participation in the Urban Workforce**
  - Between 1990 and 2015, India's real GDP 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.
  - The Female Labour Force Participation Rate 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.
  - DAY-NULM directly addresses this gap, by mobilizing women into Self Help Groups.
- **Urban Building Capacity of Local Bodies (ULBs)**
  - 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.

### Way Forward:

- *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 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.

### Accelerating the Pace

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

### National Career Service

- To enhance the availability and accessibility of employment opportunities for the teeming youth, the Public Employment Service in India has been transformed through the National Career Service (NCS) platform.
- This initiative brings 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 related services** like job matching e-linking all employment exchanges and organising job fairs on a regular basis.
- With the help of NCS and about 2200 jobs 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.
- NCS is inter-linked with the major private job portal through signing of MoUs.
- 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.

### Other Initiatives:

- Directorate General of Employment also implements schemes for **Welfare of Scheduled Tribe (SC/ST) job seekers** through coaching, vocational guidance and training.
- It also plans for introducing 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.
- Ministry of Labour and Employment has also been focusing on **reforms in labour laws**.
- The **Shram Suvidha Portal** facilitates inspection of establishment 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 facilities submission of monthly Electric-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 time and cost of compliance.
- 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 Industrial Relations and Code on Occupational Safety, Health & Working Conditions.
- In order to **provide flexibility in hiring workforce** as per seasonal requirement and to enable meeting of targets including export obligations by an enterprises, 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.
- To further incentivise the textile industry, 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 (PMPRPY)**.
- 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 2030.

### Harnessing the Demographic Advantage

- 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.
- However, there is large heterogeneity among the states in their demographic profile and evolution. While the peninsular states are exhibiting a pattern akin to the developed economies, the hinterland states are relatively young and dynamic, characterized by a rising working age population.





- 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 development integral to employment.

### **Major Challenges**

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 careers 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 skill required.
8. Achieving convergence and coordination across sectors.

### **Steps Taken to address the challenges**

#### **A. Change in Governance Structure**

- The earlier governance structure and the skill ecosystem remained fragmented with 21 Ministries implementing 40 schemes with different standards, inputs and norms.
- 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*.

#### **B. Broad basing National Policy**

- "National Policy for Skill Development and Entrepreneurship 2015" has redefined the vision for Skill India. It has created 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.
- The Apprenticeship Act, 1961 as amended in 2014 after taking inputs of the industry to encourage industry participation.

#### **C. Systemic Intervention**

- 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.

#### **D. Increasing Training Capacity**

- There has been significant effort in increasing the capacity of the skill development ecosystem.
- 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.
- 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.

#### **D. Improving Quality and Relevance**

- ITIs and training centres have been graded on parameters including infrastructure, equipment, trainers and past performance/industry linkages to help identify the quality differential among training centres.
- Further, a system of concurrent monitoring through SMART portal has been introduced for maintaining quality of training.
- The private sector is partnering in the administration of ITIs for better industry connects and organizing local industry specific training.



**E. Formalizing the Informal Skills: Recognition of Prior Learning (RPL) and Apprenticeship**

- The apprenticeship model leads 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.
- Further, through Schematic intervention under the **National Apprenticeship Promotion Scheme**, financial assistance in the form of stipend (Rs 1500 per month) and basic (Rs 7500) training cost is provided to the employer.
- A user-friendly **online portal** has been launched in order to facilitate the easy processing of the entire apprenticeship cycle and for effective administration and monitoring of the scheme.

**F. Making Skill Acquisition Aspirational**

- 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.
- 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 alternate career option.
- To complete the loop **Rojgar melas** are organized for ensuring access to better employment opportunities.

**G. Making India Skill Capital of the World**

- Indian workers have been migrating out of India for employment especially to 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.
- In order to *facilitate mobility of Indian workers* globally, **India International Skill Centre** has been set up by MSDE with MEA. It will also provide skill training along with Pre departure orientation and basic language skills.
- 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 where in technical interns are sent from India to the Japanese company for three years.

**Way Forward:**

- **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 large marketplaces may limit migration and increase the chances for continued livelihood.
- **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 cause the students to directly seek employment as unskilled labour and learn on-the-job rather than undertaking a skill development programme.
- **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 districts level skill studies.
- **Encouraging Private Sector Funding** - While industries are 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.

### **MUDRA- Fuelling Growth in Micro Entrepreneurship and Employment**

- Pradhan Mantri Mudra Yojana (PMMY) was launched 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** is. *Shishu* (upto Rs. 50,000), *Kishore* (upto 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.

#### ***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 existing micro and small enterprises and have also provided a fillip to new enterprises, thus generating employment.
- The fact that around 55 percent of the borrowers are from SC/ST/OBC category indicates the fulfilment of social objectives, putting the underserved first.
- PMMY loans have been instrumental in extending loans to women and expanding their participation in the labour market.
- PMMY has also provided a platform for new entrepreneurship platform for new entrepreneurs to flourish. Around 28 per cent of PMMY loans have been extended to new entrepreneurs.

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

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.
- **Refinance:** Refinance from Mudra Ltd for PMMY comes at low rates, with caps on lending rates, in effect reducing interest rates to the borrowers.
- **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 using PoS machine even on holidays and beyond banking hours. No interest rate is charged for amounts borrowed and deposited the same day.
- **Catalysing change in MFI space:** PMMY' architecture, through refinance and credit guarantee which is performance linked, in effect reward and promotes better MFIs.
- 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***

- 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.

MUDRAMITRA is a mobile phone application providing information regarding 'Micro Units Development and Refinance Agency Ltd. (MUDRA) and its various products/schemes.

### **MSMEs- New Engines of Growth & Employment**

- The Micro, Small and Medium Enterprises (MSME) sector continues to contribute significantly towards the overall positive socio-economic development of India.



- It plays a vital 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.

### **Agenda for Action**

- 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**

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. To address these challenges Government has taken following steps:

#### **A. Focused Approach**

- 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 programme 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)**s and **Coir Industries**, which are administrated by Khadi and Village Industries Commission (KVIC) and Coir Board respectively, are key contributors to employment generation.

#### **B. Increasing Market Access**

- **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 in October 2016.
- **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.

#### **C. Timely Access to Credit**

- **MUDRA** has been a flagship programme facilitating unprecedented credit flow into the micro enterprise eco-system.
- Another major initiative of the Government in the MSME sector has been enhancement of the **Credit Guarantee Fund (CGTMSE)** from Rs. 2500 crore to more than Rs. 8000 crore.



- 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.
- MSME Ministry has 18 Tools Rooms across the country and 15 more state-of-the-art Technology Centres are being established. This will help in training more number of entrepreneurs and job-seekers.
- 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.

### Employment - The Indian Perspective

India had 51.52 per cent of population in the working age (15 – 64 years) in 2016 according to the World Bank.

#### Labour Market: Structural Rigidities

- Unemployment problem is challenges in India because it emerges from *structural rigidities* of our labour market, *scarcity of capital and low skill levels* of our labour force.
- 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**.
- Overhang of labour supply also results in *lower wage rates*, affecting the quality of employment. We also 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 farmers' income.

#### Addressing Labour Market Rigidities

- 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 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.

#### Steps taken to improve Ease of Doing Business

- 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 and National 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 be maintained **under nine central acts** to just give from 56, and relevant to 144 from 933.
- The problem of delay in payments have been addressed by '**MSME Samadhan**', allowing registering complaints online and through Delayed Payment Act.
- 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).



## Conclusion:

- 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 country.
- 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.

## Road Development: Indirect Employment Opportunities

- The **National Highways 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 **Bharatmala Pariyojana**.
- It focuses on *optimizing efficiency of freight and passenger movement* across the country by bridging critical infrastructure gaps.
- The **Road Development Programme** of MoRTH is expected to significantly boost investment in the sector and create large scale employment opportunities across the entire value chain of highway construction.
- 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.
- 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.

## 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 established **special employment exchanges** for persons with disabilities in all state capitals and **special employment cells** have been set up in all districts 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.
- 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 person 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 present to them.
- *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 (NHFDCC).
- 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.
- The **National Handicapped Finance and Development Corporation (NHFDCC)** functions as an apex institutions for channelizing the funds to persons with disabilities through the State Channelising Agencies (SCAs) nominated by the State Government(s).



- RBI has circulated the information in March 2015 that, on priority loan sector to PwDs will be **eligible under the classification of weaker sections**.
- 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.
- Persons with disabilities are eligible for income tax deduction under Section 80U.
- 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.
- **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 centre should be PwDs with disabilities covered under National Trust Act.

### Creating a New Job Ecosystem

- 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.
- 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 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** is first fully autonomous self-auditing and analytics-based robot that ensures good are adequately stocked, placed and priced and Tesla's new **Giga** is 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, MAASCOM & EY report on "**Future of Jobs-2022**" highlights that future 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 relatively lower in core manufacturing sectors such as apparel and leather.
- Occupations requiring technological skills include big data scientists, technology designers, advanced technology maintenance workers and scientific researchers who would also need upskilling.
- 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.
- Some key manufacturing industries like automotive industry are also likely to witness an increased demand for skilled labour in the coming years.
- 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.



- E-commerce companies are creating new job profiles in after sales logistics, warehousing, system integration, big data and machine learning.

### **Few Initiatives:**

- Government had launched **Stand-up India (SUI)** scheme for loans of more than Rs.10 lakh and up to Rs. 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 guaranting payment against default in micro loans extended by banks/NBFCs/MFIs etc.
- During the last two years, **MUDRA** programme has helped many entrepreneurs to avail credit facility.

### **Conclusion:**

- 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.