

Gist of Yojana: September 2018

EMPLOYMENT AND SELF EMPLOYMENT

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Preface

Yojana, September 2018: Employment and Self Employment

No one can deny the importance of value addition in the answer writing of CSE mains to get good marks. The magazines like Yojana become essential in this aspect. It is a repository of good points, data, facts, and statements which can be used directly to score good marks. Many times, direct questions are picked up from Yojana in essays or general studies papers. Moreover, it provides you with the good, in-depth and holistic understanding of the specific issue covered with almost all the analytical aspects related to the issue. It helps you in answering questions in mains exam which are becoming more and more analytical. Even in prelims exam, we find statements picked up from Yojana.

All this indicates inevitability of reading magazines like Yojana. Though reading the whole magazine has its advantages, but one also has to keep in mind the time available. For this, one can choose to read the summary of the magazine which also ensures the manageability of information which can be stored in mind and easily reproduced in the exam. Our presented work is an effort in that direction only. It will equip you with all important points and analysis related to the topic which can be used directly in an exam to score well.

The present issue is a summary of Yojana, September 2018 edition which discusses important aspects of India's development. We believe it will prove highly beneficial to aspirants in ensuring the highest return for the time invested.

All the best 😊

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Credible Employment Data: Need of the Hour

- Introduction
- Status of Credible Data on Employment
- Efforts for Employment Data
- Employment Generation Estimates: Payroll and Unorganised Sector
- Status of Self Employment
- Conclusion

Introduction

- India's young and massive population requires massive job creation which emphasises the need to look for employment and unemployment data in India.
- This need however is challenged by 80% employment in the unorganised sector which is difficult to measure and quality of jobs offered not as per aspirations.
- As per India's recent population growth rate, 10-12 million people enter the job market every year. The current data which is available points that economy has generated enough employment which is not the reality exactly given massive backlog of youth from earlier years.

Status of Credible Employment Data

- Employment surveys by various ministries of government are considered the most credible official sources of data.
- The employment-Unemployment Survey conducted by NSSO is the most comprehensive survey in this regard but it was last conducted for the fiscal year 2011-12 which implies to data being more than 6 years old.
- The Annual Labour Survey by Labour Bureau conducted on 2015-16 is also somewhat dated.
- Labour Bureau's most recent Quarterly Survey for third quarter of 2017 also covers only 8 sectors which are less than 15% of the economy.

Efforts for Employment Data

- Given the void in Government Employment Data, CMIE-BSE has tried filling it by producing tri-annual employment reports. But according to Surjit Bhalla and Tirtha Das, CMIE data is quiet undependable.
- Given these huge data gaps, a taskforce headed by former Vice Chairperson NITI Aayog, Professor Arvind Pangariya recommended yearly survey on employment data in July, 2017 which is now underway. The first NSSO household survey on employment which will be released in 2019 will remove all necessary debates in this area.

Employment Generation: Estimates

Organised Sector- Payroll Reporting:

- Payroll Reporting measures the number of formal jobs and its increase on a monthly basis.
- As per EPFO payroll data across India's formal sector, 41 lakh formal jobs were created from September, 2017 to April, 2018.
- For EPFO data, the number of jobs created in 2017-18 were 5.5 million with 4.5 million being added in 2016-17.

Unorganised Sector:

- Unorganised sector comprises more than 80% of the labour force in India.
- The new economy has created membership-based employment like driver partners in ola/uber or delivery professionals or professional home service aggregators. For example, just the cab business has generated more than 2.2 million jobs in the last four years and services like Urban Clap and Quickr individually have more than 2.5 million professionals registered.
- Chartered Accountants (CA), company secretaries, lawyers and other professionals who join the workforce each year also employ additional people as assistants and other service providers. These numbers are also not accounted for anywhere.
- Similarly, Truck Drivers, Auto Rickshaw drivers, road side eateries, tourism related workers, those employed in rural Mandis and Haats etc are not recorded.
- Unless better estimates of employment in these informal 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.

Status of Self Employment

- The self-employed numbers have gone up significantly over the last four years. MUDRA loans is one of the major schemes which is helping entrepreneurs towards self-employment and job creation across India.
- Over the last three years, 12.27 crore loans have been disbursed. Of this 74% are women borrowers. Each of these loans has created new jobs.
- 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 an estimate of 6 crores or 60 million jobs having been generated under the MUDRA scheme alone.

Conclusion:

- Thus we can safely conclude, that the past four years have seen employment generation and demand for jobs has not lagged behind the supply of new entrants to the workforce.
- This growth is also reflected in rise in real wages. But here, data is a problem as it is not available for the Urban Sector but Labour Bureau's data on Annual Average Daily Wage Rate in Agriculture and Non-Agriculture occupations for the year 2014-18, shows that real wage has gone up for all categories except plumbers.

Livelihood Development and Diversification

- Introduction
- Expenditure for Rural Development
- Focus on Poorer Households
- Focus on livelihood diversification
- Rural Poverty
- Conclusion

Introduction:

- As the Sustainable Development Goals (SDGs) bring out clearly, poverty is multi-dimensional and therefore requires a range of interventions. As recent data point out, half of manufacturing sector and one third of the services sector is already a part of rural economy. Income and employment through Livelihood development and Diversification is clearly the way forward.
- The last 4 years have 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.

Expenditure for Rural Development:

- Annual expenditure in 2017-18 is more than double of what it was in 2012-13.
- The sharing pattern under programmes like Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), National Social Assistance Programme (NSAP), DAY-NRLM etc. for non-Himalayan States became 60:40 and 90:10 in Himalayan States.
- From 2017-18, under the Housing Programme, additional resources were mobilised through Extra Budgetary Resources (EBRs). A total of Rs.21, 975 crores of Extra Budgetary Funds have been mobilised in 2017 to 2019 for PMAY-Gramin.
- The transfer of funds under the 14th Finance Commission awards has also registered a significant increase compared to the allocations earlier under 13th Finance Commission.
- Another factor is leveraging of Bank Loans by women SHGs. A total of 1.64 lakh crore mobilised as Bank Loans by women SHGs in last 5 years.
- Besides the specific resource provision for Rural Poverty Programmes, the thrust on Swachh Bharat Mission, increase in 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.

Focus on Poorer Households:

- The Socio economic Caste Census (SECC-2011) provided an evidence based criteria for selection of beneficiaries under various programmes.
- SECC has been used for the provision of LPG Gas connection under Ujjwala, free household electricity connection under Saubhagya, beneficiaries under PMAY-G and even recent Ayushman Bharat National Health Protection.
- It is also used in finalisation of Labour Budgets to state under MGNREGS and also in DAY-NRLM.

Focus on Livelihood Diversification:

- All programmes of rural development were aligned to livelihood development and diversification. Some examples are:
 - 143 lakh hectares of and provided water conservation works
 - 1000 Bank Sakhis and 773 Bank Mitras trained from SHG women
 - 126 agri producer companies established
 - 449 vehicles under Aajeevika Grameen Express Yojana
 - 9 lakh solar lamps made by 4000 women SHGs.
 - 10949 masons trained under the Housing Programme.
- 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 increase in production of fruits and vegetables and the significant growth through animal resources over the last four years have been on account of this larger thrust on rural livelihood development and diversification.
- For rural infrastructure, the Pradhan Mantri Gram Sadak Yojana (PMGSY) has been a flagship programme and during the last 4 years 1.69 lakh kms of roads were constructed. This has also generated direct and indirect employment. On an average one fourth of total cost of construction of rural roads contributes to employment.
- 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.
- Evaluation studies by the Institute of Rural Management Anand (IRMA) has confirmed increase in incomes, productive assets and enterprises in villages where women SHGs are active under DAY-NRLM.

Rural Poverty:

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

Poverty of Households:

- Lack of education and skills.
- Under nutrition and ill-health
- Lack of employment opportunities.
- 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, and internet
- Lack of access to markets and jobs. o Lack of non-farm opportunities.

Conclusion:

So, it is evident from the data and interventions listed that higher financial resources for addressing rural poverty along with a much higher scale of leverage of Bank loans for Women SHGs have been contribution to both rise in incomes and employment through diversification and development of livelihoods.

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Creating Livelihood Opportunities in Urban Areas

- Introduction
- Developing Skills Ecosystem
- Recognizing and Addressing Key Risks
- The Way Forward

Introduction

- As per Census 2011, over 31% of the total population lived in urban areas and estimates suggest that this will rise to over 50% by 2050. As cities become more, larger and denser, the pressure to support livelihoods keeps mounting.
- 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 2 decades, about 70% of the new jobs will be created in urban India.

Developing 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.
- Recognising the need for a consistent policy direction and outlook on skills, the Skill India Mission was launched in 2015. It has revised the target upwards and now aims to train 400 million people by 2022.
- The skilling ecosystem is being complemented by formal financial 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 revealed that the number of account holders have risen from 35% of the adults in 2011 and 53% in 2014 to 80% in 2017.
- The gender gap in account ownership has also decreased with 83% of the men and 77% women now having an account.
- Among MUDRA loan beneficiaries, women account for almost 75% (World Bank, 2018).
- Deendayal Antyodaya Yojana – National Urban Livelihood Mission (DAY-NULM) has been working towards creating livelihood opportunities for the poor and vulnerable population.

Multidimensional Livelihood 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: SHGs, area level federations and city level federations.
- City Livelihood Centres (CLCs) established under the mission help to organize informal hyper-local services sector at the Urban Local Body level.
- The Employment through Skill Training and Placement (ESTP) component provides market relevant skill training and placement under the Skill India Mission.
- The Self Employment Programme (SEP) focusses on financial inclusion of the urban poor and support for their micro enterprises through subsidized micro credit.

- The support for Urban Street Vendors component seeks to protect the livelihoods of street vendors as per Street Vendors Act 2014. Under this their profession has got the legitimacy.
- About 45% SHG bank linkage loans have been used to set up micro enterprises. The mission has supported more than 25 lakh livelihoods so far.

Mission Evaluation and New Initiatives

- Has undertaken a major initiative to set up a web portal for interest subvention under DAY-NULM.
- A mechanism to get direct feedback from training candidates called PARAS introduced. A ranking system called SPARK has been introduced to induce competition among the states based on outcome parameters of the mission.

Recognizing and Addressing Key Risks

- Three key national challenges being addressed by the Mission are:
 - Informal nature of employment.
 - Lower participation of women in labour force.
 - Capacity constraints of the implementing agencies.
- *Formalizing the Urban Informal Workforce:*
 - Trends show that the high rate of urbanisation 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 2 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 formalise those who have acquired skills informally.
 - Second, City Livelihood Centres (CLCs) are being revitalised, with a renewed focus on creating a robust database of freelance service providers, making their services available through mobile apps etc. Many CLCs are collecting and training informal workers and facilitating their formal employment through municipal contracts.
- *Improving Women's Participation in the Urban Workforce*
 - The Female Labour Force Participation Rate in India could rise by 21 percentage points if all women who expressed a desire to work were enabled to do so.
 - DAY-NULM addresses this gap by mobilizing women into SHGs. Nearly 30 lakh women have been mobilized into SHGs and their federations.
 - Over 70% trained, are women.
- *Urban Building Capacity of Local Bodies (ULBs)*
 - Urban Local Bodies 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 vulnerabilities of urban poor.

The Way Forward:

- Various missions of Ministry like AMRUT, PMAY-U, HRIDAY etc making significant investment in urban areas complementing the efforts of DAY-NULM.
- As the standard of living increases, new sectors like e-commerce delivery, on-demand taxi services, fitness and wellness etc are emerging and DAY-NULM is encouraging courses relevant to these sectors.

- In order to tap international demand for such skills, NSDC has launched Pravasi Kaushal Vikas Yojana and India International Skills Centers are established.

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Innovation and Entrepreneurship: Keys to Employment

Challenges for creating opportunities for India Youth

- India has the largest youth population in the world with around 27% of the population in the age group 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.
- They mostly choose low skills jobs and most of the youth in farming, manufacturing and in construction and transportation at later stages.
- The unemployment rates have shown an increasing trend with rise in educational qualification i.e. 18.4 % is highest for those with Graduate and above level education.
- One of the reasons for low employability of youth is the preference by majority of youth for general stream of education with only about 12.6% for technical / professional education and only 2.4% pursuing vocational education
- There is also a need to increase the formal employment, which presently constitutes about 8% of the labour force.
- Schools must evolve as learning institutions where vocational skills are included in the school curriculum from class 6 onwards to develop an interest in learning skills for employment.
- Encouraging youth to choose technical or vocational education and incentivising 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.

New Emerging Avenues for the Workforce:

- Indian workforce to be 600 million by 2022. This demographic potential can facilitate GDP growth if demographics can be converted into productive workforce.
- The growth of technology based sectors is impacting livelihood and creating new job opportunities. Huge investments in infrastructure like Roads, Shipping, Smart Cities, Renewable energy, Transport etc. also leading to the same.
- 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 sectors even with low skills.
- 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.

Re-align India's Education System to emphasize skills rather than degrees

- Labour Markets facing a paradox wherein any job opening has vast number of applicants and yet jobs requiring skills are difficult to fill.
- In today's technology driven world, it is difficult to predict which occupations will grow and which will decline hence key challenge is to train potential workers in skills that are transferable across occupations while simultaneously meeting needs of specific industries.
- This can be addressed through two-pronged approach:

- o Teaching skills that are transferrable across occupations.
- o Imparting specific skills required by particular industry.
- The cognitive skills developed in primary and secondary education are important for developing skills at the workplace as better educated primary and secondary school students are in a better position to learn variety of skills including technical ones.
- Strengthening vocational training in schools provides kids an alternative option in high school stage. In some systems, school-based learning is combined with work based learning found in Austria, the Czech Republic, Denmark, Hungary, the Netherlands, the Slovak Republic and Switzerland.
- The initiatives taken by States such as Haryana, Himachal Pradesh and Kerala to introduce vocational education at the level of secondary schools and colleges need to be encouraged since they allow a student to pursue general education in parallel and become job market ready by the time of graduation.
- There is a need to align the National Education Policy with the National Skill Development Policy and alignment of vocational courses in schools with the National Skills Qualification Framework.
- The Atal Tinkering Labs are encouraging students to develop the habit of innovative thinking and obtain transferable skills.

Sectors having maximum potential of creating employment

- The services sector has adapted digital technology impacting a large pool of young labour force looking for job opportunities.
- Areas of Big Data Analytics, Artificial Intelligence, Internet of Things, Cloud Computing and Virtual Reality, Block Chain and Electric Vehicles will create highly skilled and high paid jobs in the future.
- For the large segment of poorly educated and low skilled labour force, opportunities lie in apparel; textile and leather; tourism and hospitality sector; and construction.
- Government initiatives like Start-up India; Mudra; Stand-up India; Swachh Bharat are creating significant employment opportunities for low skilled workforce.

Fostering the Spirit of Entrepreneurship

- Entrepreneurship is an important driver for creating employment opportunities, boosting innovations and thereby fuelling growth.
- This is important to harness the demographic advantage and ensuring that people have livelihood opportunities despite low skills and education.
- The government initiatives since 2014 are changing the mind-set of people to foster the spirit of entrepreneurship. Earlier challenges in term of access to credit, market linkages, 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, financial services, ITES etc are emerging, making India the third largest start-up ecosystem in the world. Example Byju's App successful in just 3 years.
- Tele Medicine Consultation made practicable in rural areas.

Role of Atal Innovation Mission

- Atal Innovation Mission is a flagship initiative of the Government of India under auspices of NITI Aayog to create an ecosystem of entrepreneurship across the country that will enable creation of job creators.

- AIM is establishing Atal Tinkering Labs to promote student innovations and has launched Atal new Challenges that would stimulate products having national socio economic impact.
- To date 5441 ATL Labs have been selected across 650+ districts in India and 24+ Atal New India challenges in Agriculture, Urban Housing, Drinking water and Sanitation have been launched.

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Harnessing the Demographic Advantage

Introduction

- India is passing through a demographic transition.
- As per Economic Survey 2016-17, for the first time since 1950 the combined working age (WA) population of the advanced countries declined with both China and Russia experiencing fall of 20% in their working age population individually.
- On the other hand, India currently with around 28% population in the youth category is witnessing an increase in its working age population which may saturate by 2040.

Status of Demography

- 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 with rising working age population.
- 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 by Wheebox, indicates that only 46% of youth coming out of higher educational institutes are employable. This raises the issue of skill gap; skill mismatch or skill shortage.
- A Skill Gap Study by NSDC estimates an incremental human resource requirement of 109.73 million skilled manpower by 2022 in the 24 key sectors of the economy.
- There is an emergent need to strengthen the entrepreneurship ecosystem to meet the aspirations of youth.

Major Challenges:

- Large pool of poorly educated youth.
- High demand for skilled manpower vis-à-vis low employability.
- 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.
- Limited and unequal distribution of training capacities vis-à-vis youth demographics.
- Availability of good quality trainers due to lack of focus on development of trainers' training programmes and career progression pathways for them.
- Multiplicity in assessment and certification systems leading to inconsistent outcomes and confusion to the employers.
- Preponderance of informal/ unorganised sector and mapping of existing skills and skills required.
- Achieving convergence and coordination across sectors.

Change in Governance structure:

- A dedicated Ministry of Skill Development and Entrepreneurship was formed in November 2014 as the nodal ministry for all skill development activities in India.
- A new policy with focus on entrepreneurship was launched in 2015- "National Policy for Skill Development and Entrepreneurship 2015".

Systemic Interventions:

- Number of initiatives taken to improve availability of information, synergy in delivery of training and standardization of competencies.
- A labour market information system has been put in place to make available both demand side and supply side information at one place. This is a one stop window to help all the stakeholders.

- To synergise the implementations of skill development schemes across Ministries and States, the Common Norms have been notified.
- A competency-based framework NSQF has allowed non-formal skills' recognition.

Increasing Training capacity:

- The ITIs have increased significantly from 10,750 in May 2014 to 14,276 in May 2018.
- The short term training has also increased from 3.34 lakh in 2013-14 to 16 lakh in 2017-18.
- The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) centres are spread across various states and UTs 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 have been setup in 460 districts and more are being setup.
- 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 centres have been graded.
- A system for concurrent monitoring through SMART portal has been introduced for maintaining quality of training.
- The efforts for improved quality has led to increased placement percentage in both fee based training (26 to 50%) and grant based training (PMKVY) (17 to 60%).

Formalizing the Informal Skills: Recognition of Prior Learning and Apprenticeship

- To facilitate informal 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.
- The apprentice 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, while India has only 0.3 million apprentices.
- To promote apprenticeship as a mode of skill development, the Apprenticeship Act, 1961 was amended in 2014 to enhance the scope of apprentices. A user friendly online portal has also been launched to facilitate the apprenticeship cycle.
- It is believed initiatives like this will transform India into Skill Capital of the World.

Making Skill Acquisition aspirational

- Skill is not very aspiration because of social stigma attached to vocational training.
- The participation in World Skills competition and regional level skill competitions have provided a platform to get recognition and show excellence.
- For the first time graduation ceremonies are held at it ITIs and Skill Centres to award certificates.

Making India Skill Capital of the World

- 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.

- Technical Internship and Training Programme with Japan

Integrating Micro Industries to Market place

- With the advent of technology, creating and integrating more micro enterprises at village level to large market places may limit migration and increase the chances for continued livelihood.
- 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 realise the benefits of a skilled workforce.
- The lack of any wage advantage causes the students to directly seek employment as unskilled labour and learn on-the-job rather than undertaking a skill development programme.

Encouraging Private Sector Funding

- 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 the skill development activities.

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MSMEs: New Engines for Growth and development

Introduction:

- The Micro, Small and Medium Enterprises (MSME) sector continues to contribute significantly towards the overall positive socio-economic development of India.
- It provides not only self-employment but also opportunities to exponentially create jobs. MSMEs are acknowledged as the backbone of the economy.
- Ministry of MSME have taken several steps towards promotion of this sector by fostering the spirit of entrepreneurship and generating major opportunities for self-employment and job-creation.

MSME: Employment Generation:

- Currently, there exist over 7 crore MSMEs that create around 12 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 agriculture sector. The labour-capital ratio tends to be much higher for MSMEs.
- As the country is expecting to witness significant demographic growth and expansion in working age population in the coming years, the MSME sector would need to play an important role to absorb this labour force.
- It is crucial to lay greater focus on building human capital, especially in certain manufacturing industries which are highly labour intensive.

Agenda for Action:

- MSME 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 the finished products, thus stimulating demand for everything from raw materials to intermediate goods.
- According to National Manufacturing Policy (NMP), the manufacturing sector has the potential to provide employment to 100 million people by 2022.
- Some of the suggestions through which employment can be boosted are:
 - o Encourage growth in labour-intensive industries.
 - o Improve quality of training imparted in schools, colleges and universities by setting up innovative labs.
 - o Enhance labour productivity by adopting best practices.
 - o Ensure timely credit flow.
 - o Facilitate good market access.
- The ministry of MSME has a focused approach towards providing support to entrepreneurship for realising the vision of India becoming a nation of job creators rather than job seekers.
- Therefore, several schemes for upgradation and development of the sector are being successfully implemented by the Government across the country. Some examples are: Prime Minister's Employment Generation Programme (PMEGP) and MUDRA, and Scheme of Fund for Regeneration of Traditional Industries (SFURTI) etc.

Increasing Market Access:

- In order to increase market access for MSEs and uplift the marginalised sections of the society, Public Procurement Policy (PPP) of the government is proving a drive towards entrepreneurship.
- The mandate states that 20% of total procurement of the goods and services by CPSEs, central ministries and other government departments shall be made from MSEs, including 4% 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.
- To effectively address the PPP for the SC/ST entrepreneurs, National Scheduled Caste/Scheduled Tribe Hub (NSSH) was launched in 2016.

Timely access to credit:

For Ministry of MSME is concerned, there has been almost an 80% increase in the budgetary allocation under Prime Minister Employment Generation Programme (PMEGP).

- For MUDRA, it was announced in the union budget, a credit flow target of Rs 3 lakh crore; nearly 5 crore accounts would be financed.
- Enhancement of the Credit Guarantee Fund (CGTMSE) from Rs 2500 crore to more than Rs 8000 crore.
- Under Mission Solar Charkha, it is envisaged to set up 50 clusters in the first phase giving employment opportunities to nearly 1 lakh people in the rural areas mostly to women.
- National Small Industries Corporation (NSIC) 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.

Thrust:

- From fiscal perspective, the impetus provided by Government can be witnessed in 41% increase in the budgetary inclusion during 2014-18.
- CGTMSE, PMECP SFURTI contributed towards employment generation of 51.11 lakh, 14.78 Lakh and 0.60 Lakh persons, respectively.
- MSME Ministry has 18 Tool Rooms across the country, and 15 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.
- 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, 1.74lakt 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.

Conclusion:

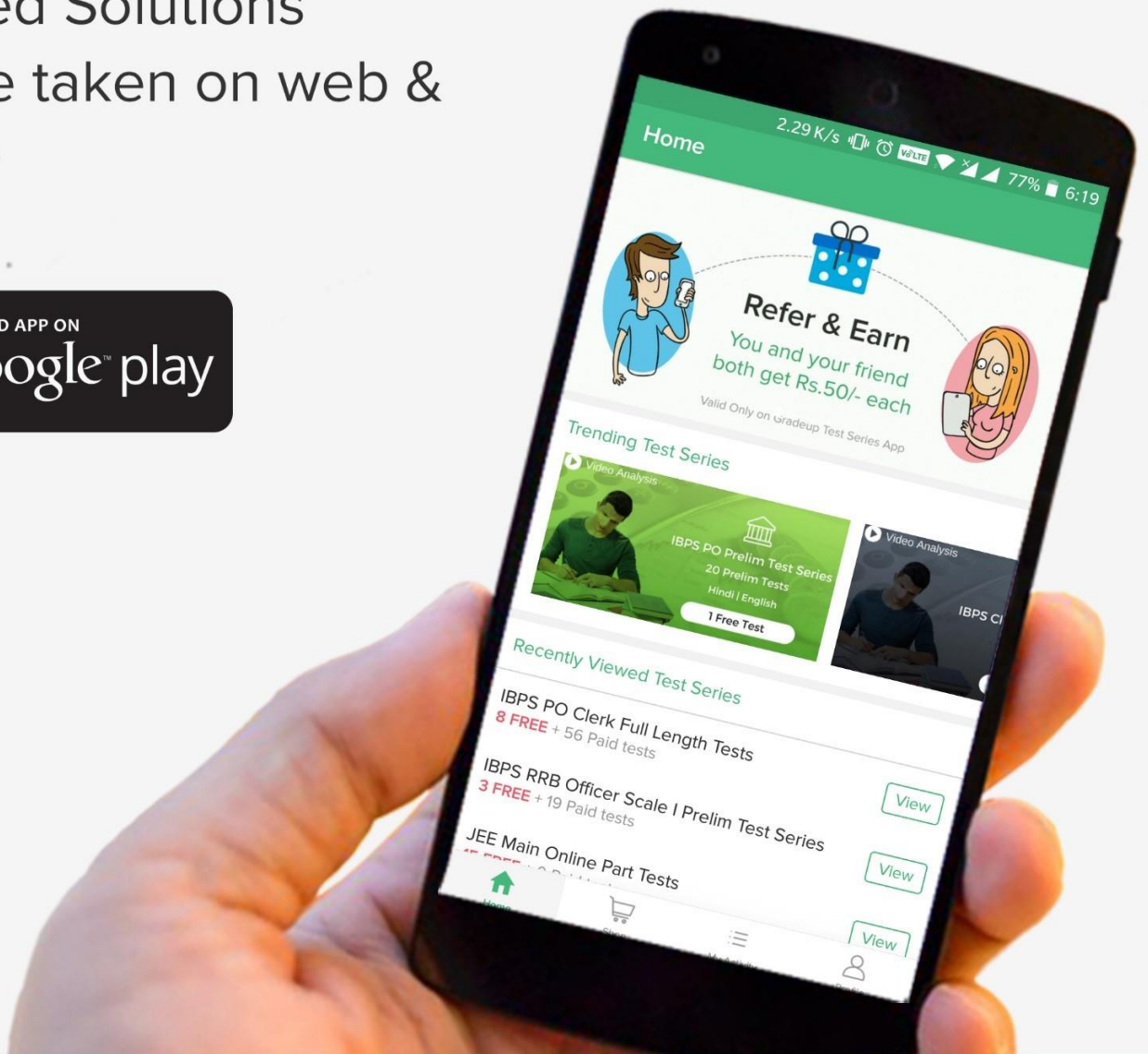
- As per the last NSSO Survey, there is around 6.34 crore MSMES in the country.
- An overwhelming large percentage of entities registered in the GSTN are MSMEs
- With such initiatives, India has embarked on a new wave economy as it has acknowledged the prospect of MSME as the new engine of growth and employment generation.



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