



Make in India: Potential for Job Opportunities

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ABSTRACT

Employment generation is an imminent issue in India. The growth rate of Indian population is 1.4% per year (united nation projection). In which 60 % of population was in the working age in 2006 and this percentage is going to increase to 63 per cent by 2020. Thus, in such a stage India have a huge workforce with them. On the other hand, Indian economy is hastening their growth speed by globalization, liberalization and now the Make in India campaign. "Make in India" campaign started by the Mr. Narendra Modi, Prime Minister of India that contributes in the economy by providing production, quality products and ultimately the employment for the Indian population. In this paper an attempt has been made to see the employment potential of the Make in India concepts implementation. Out of the many issues of Indian economy such as export orientation, stock exchange movements, unemployment and under employment are also the important issues.

The greatest role of Indian manufacturing in employment generation is measured by their contribution in the GDP and employment generation for the country. Make in India emphasis on the investment in manufacturing and channelizing the Indian youth strength in the right direction. According to National Manufacturing Policy 2011, every job created in the manufacturing sector creates two-three additional jobs in related activities.

KEYWORDS

Employment, Growth rate, Manufacturing, Small Scale Industries.

INTRODUCTION

India is a country with huge potential for growth. After economical reform many foreign companies setup their business in India. These companies utilize the workforce of country and provide valuable product and services. MNCs create jobs for the people in the country and also contribute towards gross domestic product. Privatization opens up the gate for the small businessman and entrepreneur of the country. By this, people utilize their skill more productively and provide job opportunities to the people. Government of India from time to time boot up the efficiency of the Indian manufacturing sector.

Some current issues in front of the Indian economy are the exchange rate stabilization, inflation, and poverty reduction, equal regional growth of the country and employment generation. Root cause of many economic problems is the low employment rate in the country. Due to unemployment, people's standard of living is low; consumption expenditure is less that hinders the level of production. The growth rate of Indian population is 1.4% per year (united nation projection). In which 60 % of population was in the working age in 2006 and this percentage is going to increase to 63 per cent by 2020. This fact makes the situation more critical. It becomes very necessary for the government to utilize this large workforce of the country.

Government initiative takes a new root of growth in the form of "Make In India". This campaign launched by the president of India to gave the global identification of Indian economy. The "Make in India" initiative focuses on 25 key sectors (Automobile & Automobile Components (merged as NIC code 2 digit level is the same), Aviation, Biotechnology, Chemicals, Construction, Defence Manufacturing/Space (merged as NIC code 2 digit level is the same), Electrical Machinery, Electronic Systems, Food Processing, IT & BPM, Leather, Media & Entertainment, Mining, Oil & Gas (merged as NIC code 2 digit level is the same), Pharmaceuticals, Ports, Railways, Roads and Highways (merged as NIC code 2 digit level is the same), Renewable Energy & Thermal Power (merged as NIC code 2 digit level is the same), Textiles and garments, Tourism & Hospitality, Wellness) and is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The four pillars are:

- New Processes: 'Make in India' recognizes 'ease of doing business' as the single most important factor to promote entrepreneurship. A number of initiatives have already been

undertaken to ease business environment.

New Infrastructure: Government intends to develop industrial corridors and smart cities, create world class infrastructure with state-of-the-art technology and high-speed communication. Innovation and research activities are supported through a fast paced registration system and improved infrastructure for IPR registration. The requirement of skills for industry are to be identified and accordingly development of workforce to be taken up.

- **New Sectors:** FDI has been opened up in Defense Production, Insurance, Medical Devices, Construction and Railway infrastructure in a big way.
- **New Mind set:** In order to partner with industry in economic development of the country Government shall act as a facilitator and not a regulator.

Out of these sectors some sectors are labor intensive and utilizing the workforce of the countries such as textile and garment sector, food processing and tourism & hospitality sector. Present study focuses attention on these sectors only. So, these sectors are identified as the maximum employment generator. The employment trends under the Make in India sectors maybe seen in Table-1.

Table 1: Employment Trends in Make in India Sectors

Make in India Sectors	2004-05 (in million)	2011-12 (in million)	CAGR
Automobile & Automobile Components	0.64	.96	5.97
Aviation	0.02	.04	8.85
Biotechnology	0.03	0.08	16.81
Chemicals	1.4	1.18	-2.46
Construction	1.09	50.25	72.75
Defense Manufacturing/Space	0.03	0.05	10.69
Electrical Machinery	0.57	0.99	8.1
Electronic Systems	0.17	0.43	14.24
Food Processing	5.68	6.03	0.86
IT & BPM	1.51	3.11	10.81

Leather	1.63	1.31	-3.02
Media & Entertainment	0.61	0.53	-1.97
Mining, Oil & Gas	0.36	0.89	13.75
Pharmaceuticals	0.49	0.78	7.07
Ports, Railways, Roads and Highways	0.21	9.1	174.12
Renewable Energy & Thermal Power	1.04	1.16	1.64
Textiles & Garments	17.47	18.86	1.64
Tourism & Hospitality	6.23	8.22	1.64
Wellness	0.48	0.92	9.89
Total	39.66	104.89	

Source: Calculated from NSSO Employment Unemployment Survey Unit Level data 2004-05 & 2011-12

TEXTILE AND GARMENT SECTOR

The second largest producer of textile in the world is the Indian textile sector. Indian textile sector is also known for their great contributor in India's export. It contributes 11% in the total export of the country. During financial year 2013-14 the export earning of the textile sector is US \$ 41.57 billion. It is not only the greater contributor in the industrial production and GDP but also the biggest employment generator in India. Textile and garment sector directly employed 45 million in country. That's mean the only sector provide direct employment to the large number of population of India. Government of India focuses the attention to technological up gradation and public private partnership in the sector. India enjoys a comparative advantage in terms of skilled manpower and cost of production over major textile producers.

The textile industry encompasses a range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics. Textile industry is classified into two categories, the organized mill sector and the unorganized mill sector. Textile industries contribute great part in national economy, which gives a due reason to take adequate effort for investing in textile industry. Following chart show the structure of textile in India.

Growth in textile and garment sector

The growth in Indian textile and garment industry is assessed by the contribution in the GDP, domestic consumption of the textile along with its export share. but the biggest millstone of Indian textile sector as the maximum employment generator in the economy. From the 1987 to 2014 the members of spinning mills are increase. Through that thousands of people are getting employment. People engaged get directly and indirectly jobs. Textile industry got boost from liberalization also. After liberalization the more export oriented unit of textile was setup.

Government Initiatives

To encourage the sector of export promotion government allowed the 100% FDI investment in this sector. Three are some other initiative taken by the government.

- Customer clearance facilities are extended to 24/7 at 13 airport and 14 sea ports. Due to this the import and export cargo are get fast clearance.
- Ministry of finance in North Eastern Region (NER) has approved a scheme for promoting the usage of geotechnical textiles to capture the more benefit from geotechnical textile.
- Export import duty on branded textile product is removed.
- The foundation stone of the Trade Facilitation Centre and Craft Museum was laid by Mr Narendra Modi, Prime Minister of India at Varanasi.

MAKE IN INDIA CONTRIBUTION IN TEXTILE INDUSTRIES

- Financial assistance

Indian government allowed 100% FDI from direct roots. That encourages many small entrepreneurs to set up textile business setup. Government also allocate INR 500 million to setup mega textile unit in some selected area such as Lucknow, Surat, Kuttch, Bhagalpur and Mysore and one in Tamil Nadu.

• Training centre

Government initiates to open many training centre for the labour workforce to build their skills and make them more productive. As per the plan for 2012-17, the Integrated Skill Development Scheme aims to train over 2,675,000 people up to 2017, covering all sub-sectors of the textile sector – textiles and apparel, handicrafts, handlooms, jute and sericulture

• Export promotion

To encourage the export of textile sector government start many export promotion scheme. The duty-free entitlement for import of trimmings and embellishments used by the readymade textile garment sector for manufacture of garments for exports is being increased from 3% to 5%. Government starts various promotional plans in form of Export Promotion Capital Goods Scheme (PCGS), Duty Remission Scheme, Focus Product Scheme, Special Focus Product Scheme, Focus Market Scheme.

• Private participation

Government encourages the private players to participate directly and indirectly in the growth of the Textile and Garment industry. Such as R&D Incentives: Industry/private-sponsored research programmed: A weighted tax deduction is given under Section 35 (2AA) of the Income Tax Act. A weighted deduction of 200% is granted to assess for any sums paid to a national laboratory, university or institute of technology, or specified persons with a specific direction that the said sum would be used for scientific research within a program approved by the prescribed authority. Incentives are in areas like subsidised land cost, relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rates of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

FOOD PROCESSING INDUSTRY

A rich agriculture resource base – India was ranked No. 1 in the world in 2012 in the production of bananas, mangoes, papayas, chickpea, ginger, okra, whole buffalo, goat milk and buffalo meat. India is a agricultural base country. Approximate 90% population get his livelihood from the agriculture. A total of 127 agro-climatic zones have been identified in India. That clarifies that the country has a broad scope for the growth of food processing. Food processing sector contribute in GDP of the country. And also a great share in the total export of the country. India's food processing industry has grown annually at 8.4% for the last 5 years, up to 2012-13. Food processing is also known as the great source of employment generation in India. Large number of workforce are getting job in food processing sector directly or indirectly. The cost of skilled manpower is relatively low as compared to other countries. Due to such Indian food processing industry get competitive advantage. The industry is also one of the largest employment creators, with growth in direct employment in the organized food processing sector standing at 6.05% between 2010-11 and 2011-12

MAKE IN INDIA CONTRIBUTION IN FOOD PROCESSING INDUSTRY

• Infrastructural development

121 cold chain projects are being set up to develop supply chain infrastructure. India is a global outsourcing hub, with large retailers sourcing from India owing to abundant raw materials, supply and cost advantages

• Financial assistance

Investment in registered food processing sector had grown by 20.1% at the end of 2012. All refrigeration machinery and parts used for the installation of cold storage, cold room or refrigerated vehicles for the preservation, storage, transport or processing of agricultural, apian, horticultural and marine produce as well as dairy and poultry, are exempt from excise duty. Government aggregate amount of investment in new plant and machinery during that period exceeds INR 1 Billion.

• Export promotion

Attractive fiscal incentives have been instated by central and state governments and these include capital subsidies, tax rebates, depreciation benefits, as well as reduced custom and excise duties for processed food and machinery. Strategic geographic location and proximity to food-importing nations makes India favourable for the export of processed foods. India's food processing sector ranks fifth in the world in exports, production and consumption.

• Public private participation

42 mega food parks are being set up in public-private partnership at an investment of INR 98 Billion rupees. The parks have around 1200 developed plots with basic infrastructure enabled that entrepreneurs can lease for the setting up of food processing and ancillary units.

TOURISM AND HOSPITALITY

Tourism and hospitality sector of India is the stand at 3rd number in the foreign exchange earner for the country. It totally contributes 6.8% in the Indian GDP. The wide business of tourism and hospitality is assessed by the Number of tourist arrival to India. India account over 6.97 million foreign tourist arrival in 2013 registering an annual growth of 5.9% over the previous year. This sector is also a big source of job creation in the country. People getting 78 jobs with every USD 1 Million invested. This information provides evidence to the government that the investment opportunities are available in the tourism and hospitality sector.

GROWTH AND EMPLOYMENT OPPORTUNITIES IN TOURISM AND HOSPITALITY

Growth in the tourism and hospitality sector is clearly assessed by their contribution in the GDP, earning rate of foreign exchange and the number of tourist arrival in the country. Travel and tourism contributed INR 2,178.1 Billion to the country's GDP in 2013. The growth in GDP contribution is recorded 7.5% in 2014. Large number of domestic and foreign tourist visits the beautiful places in India. In 2013, foreign exchange earnings from tourism were USD 18.13 Billion. The growth in the foreign exchange earning was 2.2%. Quality of manpower is important in the hospitality industry. The industry provides employment to skilled, semi-skilled, and unskilled labour directly and indirectly. In India, the average employee-to-room ratio at 1.6 (2008-09), is much higher than that for hotels across the world. The ratio stands at 1.7 for five-star hotels and at 1.9 and 1.6 for the four-star and three-star categories respectively. Hotel owners in India tend to "over-spec" their hotels, leading to higher manpower requirement. With the entry of branded international hotels in the Indian industry across different categories, Indian hotel companies need to become more manpower efficient and reconsider their staffing requirements.

MAKE IN INDIA CONTRIBUTION IN TOURISM AND HOSPITALITY

• Public private partnership

Now for the faster growth government invite the private sector also to come forward and participate in the development of the tourism and hospitality sector. Due to such effort more business could be earned from the sector. In other hand many people got jobs. Participation of private sector in the infrastructure development is a great example of public private partnership.

• Infrastructure development

Infrastructure is a strong element of the competitive advantage in hospitality sector. For that INR 2 Billion has been allocated towards National Heritage City Development and Augmentation Yojana (HRIDAY) to be launched for conserving and preserving the heritage character

• Project financing

Government of India boosts the sector growth with the project financing. Government invests to capture the large market share in tourism of the world. There are various financial assistance provided by the government like INR 5 Billion has been allocated to creation of 5 tourist circuits around specific themes in India. 100% FDI is allowed under the automatic route in tourism and hospitality, subject to applicable regulations and laws. 100% FDI allowed in

tourism construction projects, including the development of hotels, resorts and recreational facilities

• Preserving natural environment.

A vast, beautiful coastline, virgin forests, and undisturbed idyllic islands make this a choice destination for cruise tourists. India got competitive advantage as its geographical location and natural environment. For the growth in the tourism and hospitality sector it becomes very necessary that these environments remain secure. Due to more industrialisation, cutting of forest hinders the objective of green and natural environment. Government also take care of it because Eco-tourism is at a nascent stage, effort are made save the fragile Himalayan eco-system and the culture and heritage of indigenous people.

• Skill enhancement

There is a renewed focus on skill development in the travel and tourism sector – 21 government-run hotel management and catering technology institutes and 14 food craft institutes have been established to impart specialized training in hotel and catering

SUGGESTIONS AND FINDINGS

Here are five key areas that need immediate attention:

1. **Turned from conservation to the creation of the job-** India has a large number of workforces available. Those are in the young age. It means this is the right time to take action regarding the economy reform. This reform aims to provide maximum employment to the people. There is a need of social security for the employees. The only form of social security and national security our country can afford for its 1.2 billion populations are jobs. Government need to invest on those priority sectors which not only contribute in the GDP but also provide maximum employment generation

2. **Infrastructural support** – developing good infrastructural facility for the business is a critical issue. Government need to identify this factor into their five year plan. Participation is required from the private sector also to come forward and take initiative together with the government on development of infrastructure. Good infrastructure opens the gate for the growth for the manufacturing, hospitality and tourism etc. That ultimately contributes in Indian economy.

3. **Go for local-** a keen competitive strategy of developing country of the world is that they focus the local talent available in their country. Even the privatization plays a big role in the economy development. Private sector Company utilizes the available resource such as natural resource, easy available raw material manpower etc. Various incentive and financial assistance provided by the government encourage the entrepreneur to take initiative to setup business and availed many government benefit scheme. Need arise for the skill development institute where the people get the technical and managerial knowledge.

4. **Financial assistance** – one important factor for business is the capital. The capital usually known the blood for the business required at the every stage of the life. Government initiated by allowing 100% FDI by direct route.

5. **Regional growth-** Indian country has different geographical location and with various natural resource. Regional development is the keen idea for the overall development of the country. Government need to take initiative for special infrastructural development for that place. Country wise business is distributed in various sector like textile, manufacturing, IT, pharmaceutical industry etc. If these region having that having the core place for one type of business is provided with the all especial facilities related with that particular business then, not only the type of business is grow but the geographical development could also be possible.

CONCLUSION

The overall conclusion is that government takes many economic reforms action from time to time. Once again the government find a new way to through boost in Indian economy. The way of Make In India is become more effective if the investment is done in the right direction and the product, foreign exchange GDP and the employment of country will increase. Need is there for attention in the labor intensive industry of the country. Financial and infrastructural support improves the unemployment situation. Only a collaborative and convergent approach can make the Make in India initiative successful. Hence while the Make in India initiative would boost the manufacturing activity and thereby create jobs, the skill India would make available job ready skilled workforce to the industry for enhancing their productivity and facilitate faster manufacturing sector and overall economic growth. The other flagship programmes would also promote demand for various products of the manufacturing sectors. This calls for close integration between the Make in India and Skill India initiative. To conclude to facilitate the creation of quality jobs with decent wages skilling of the workforce is an urgent need and all efforts should be made to speed up skill development. The initiatives like RPL and Skill Card will go a long way to achieve the objectives of skill India of providing skilled manpower for the manufacturing and non-manufacturing sectors. Hope "Make in India" will provide as a great deal for employment generation in India.

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