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India's Exports Performance and Trends in Composition of Exports

RAJANI V. SONTAKKE

I. INTRODUCTION

Indian economy is the seventh largest economy in the world, measured by nominal GDP and the third largest by Purchasing Power Parity (PPP), with average annual growth of 7%. India also topped the World Bank's Growth outlook for 2015-16 for the first time with the economy having growth 7.6% in 2015-16 and expected to grow 8.0% in 2016-17. Indian economy became the world's fastest growing major economy in the world in 2014, replacing the People's Republic of China. The Indian economy has the potential to become the world's 3rd largest economy by the next decade.

In the economic growth foreign trade is one of the significant macro fundamental variable of an economy. In foreign trade exports plays a vital role in the performance of the economy. In the external sector, exports are a means of financing imports, which are essential to sustain desired levels of consumption, investment and production in the economy, while keeping the trade deficit and external borrowing within manageable proportion.

At macro level, exports not only provide an external market that complements domestic demand as a driver of economic growth on the demand side, but also impart efficiency and competitiveness in domestic production by enforcing a cost discipline on the supply side. India cannot aspire to sustainable high growth without a dramatic transformation in its export performance. India was predominantly a primary good exporting country. In 1950s, India's share in the world trade was 1.78%, which was declined to 0.59% in 1990 and continue to remain around 0.60% till now. India's share in world exports was 0.8% in 2006. India's new economic reforms

(1991) have brought some significant results. The results have involved the removal of quantitative restrictions on imports of capital goods and intermediate goods, and the reduction of tariffs on manufactured products. In the case of the European Community, it was expected that export competitiveness of Indian goods will be improved as the contribution of exports to the balance of payments will be increased. Some policy implications have been noted, including the need to reduce the cost of export finance, the need to improve the quality of the goods, and the need to improve the infrastructure. The results of the study are in line with the previous studies, which have also indicated that the removal of quantitative restrictions on imports of capital goods and intermediate goods will improve the export performance of India.

If we take a look at India's export performance by independence, its export was fluctuating. India's export was \$ 1.5 billion in 1951 to 1960 but thereafter it was decreasing and after 1990 deficit was negative. India's merchandise export was \$ 20 billion in 2010-11, \$ 300 billion in 2011-12, \$ 340 billion in 2012-13, \$ 350 billion in 2013-14 and \$ 345 billion in 2014-15. Further, India's merchandise export was increased during the consequent years \$ 370 billion in 2010-11, \$ 400 billion in 2011-12, \$ 410 billion in 2012-13, \$ 430 billion in 2013-14, and \$ 440 billion in 2014-15. Therefore, India's trade deficit as a percentage of GDP stood 7.2%, 10.4%, 7.1%, and 6.7% during the consequent years.

Consequently, the trade deficit reached almost 4% of GDP in 2011-12 and 2012-13. Even in the accounting year 2013-14, its average level at 3% of GDP was among the highest in world in the developing world. During 2011-14, India's export performance was consistent to the average. India's import export stayed in the range of 1.5% while as China's domestic exports remained unchanged at 1.5%.

1. *Journal of Management Studies*, 1997, 34, 1, 1-15.

Over the last 10 years, India's merchandise trade (the sum of exports and imports) has grown from \$100 billion in 1990 to \$200 billion in 2000. India's exports have grown from \$50 billion in 1990 to \$100 billion in 2000, and imports have grown from \$50 billion in 1990 to \$100 billion in 2000. The growth of India's merchandise trade is due to a number of factors, including the liberalization of trade policy, the growth of the Indian economy, and the increasing integration of India into the global economy.

by 1.6% to US\$ 118.4 billion during 2014-15 as against US\$ 116.5 billion in 2013-14 (April-January).

3. INDIA'S MERCHANDISE TRADE

Composition of India's Foreign Trade

Composition of Foreign trade means major commodity or sector in which India is doing export and import. India is a very old participant in world trade. Indian foreign trade registered a number of structural changes during the planning period. The total exports has increased, i.e. export of chemicals and engineering goods have shown a good rise, some other items are gems and jewellery. India is making export of few traditional goods like tea, coffee, rice, pulses, spices, tobacco, jute, iron ore, etc.

India's total merchandise trade increased from US\$ 467 billion in FY 2010 to US\$ 757 billion in 2015 (See Table 1). Exports from India have increased at a CAGR of 11.6% from \$ 179 billion in FY 2010, to US\$ 310 million in FY 2015. It is also a good thing that India's export to GDP ratio increased from 13.3% in FY 2010 to 15.6% in FY 2015. It indicates that India's share in world merchandise export was 1.7% in 2014, India could improved its rank from 29th in 2005 to 19th in 2014. This is a good sign in economic development. But this is not enough. India's trade deficit is still high, though the data of trade deficit shows that it declined 25% to \$ 8.12 billion in June 2016 and exports rose 1.27% to \$ 22.5 billion. Similarly, imports slumped 7.3% over a year, earlier to \$ 30.7 billion, however, it is the lowest drop in imports. India's trade deficit gap is widened. (*Indian Express*, 2016) Balance of trade in India averaged US\$ -2126.93 million from 1957 until 2016, reaching an all time high of US\$ 258.90 million in 1977 and a record low of -20210.90 million in October 2012. The biggest trade deficit were recorded with China, Saudi Arab, Iraq, Switzerland and Kuwait in recent year. India records trade surpluses with United States, Singapore, Germany, Netherlands and United Kingdom.

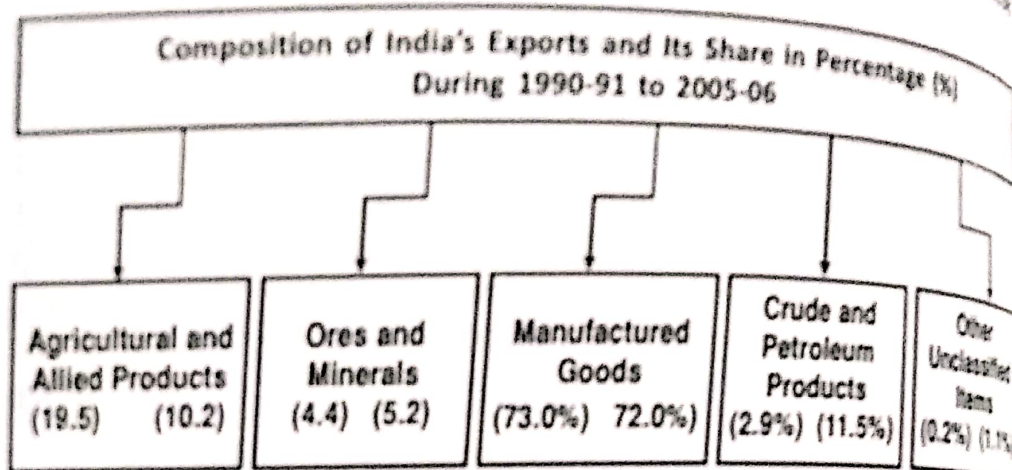
TABLE 1
India's Merchandise Trade
(2009-10 to 2014-15 US\$ Million)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---------------|---------|---------|---------|---------|---------|---------|
| Export | 178.8 | 249.8 | 306.0 | 300.4 | 314.4 | 309.6 |
| Import | 288.4 | 369.8 | 489.3 | 490.7 | 450.2 | 447.5 |
| Total Trade | 467.1 | 619.6 | 795.3 | 791.1 | 764.6 | 757.1 |
| Trade Deficit | -109.6 | -120.0 | -183.3 | -190.3 | -135.8 | -138.8 |

Source : Exim Bank of India (2015), Ministry of Commerce and Industry. GOI.

Composition of India's Exports

India's exports are broadly classified into four categories. These are as follows:



The composition of India's exports is summarized as follows:

1. *Agricultural and Allied products:* The share of agricultural items in the total exports of India has declined between 1990-91 to 2005-6. The share of agri. Exports was 19.5% in 1990-91 it came down to about 10.2% in 2005-6. The top agri. goods exported are – fish products, rice, oil cakes, fruits and vegetables.
2. *Ores and Minerals:* The overall export performance of ore and minerals is not satisfactory. In percentage terms, the export performance of ore and minerals has increased from 4.4% in 1990-91 to 5.2% in 2005-6.
3. *Manufactured Goods:* The share of manufactured goods items in the total export earnings of India is on the increase. In 1990-91, the share of manufactured goods in the total export earnings was about 73% of the total export earnings. In 2005-06, the share of manufactured items in the total export earning goods of India remained stagnant at 72%. The top manufactured export items are engineering goods, Gems and Jewellery, chemicals and Allied products and Readymade garments. The export of engineering goods increased from \$ 2,234 millions in 1991-92 to \$ 21,315 million in 2005-6. In percentage terms the share of engineering goods rose from 12.5% in 1991-92 to 20.7% in 2002-03, engineering goods occupied the second position in India's export earnings after gems and jewellery. However, thereafter engineering goods have occupied the first place. In 2005-06 they categorized 20.7% (one-fifth) of total export earnings. For most of the period since 1991, largest export

earnings came from the exports of gems and jewellery. The share of gems and jewellery in India's export was 15.3% in 1991-92 and 15.1% in 2005-6. However, gems and jewellery industry is a highly import intensive industry requiring large amount of imports of pearls and precious stones. Exports of chemicals and allied products rose significantly from \$ 1583 million in 1991-92 to \$ 11,935 million in 2005-6. The share stood at 11.6% in 2005-6 and occupied a third place in India's export earnings in this year. In percentage terms, readymade garments maintained an almost constant share all through the period since 1991. They contributed 12.3% of export earnings in 1991-92 and 12.5% of export earnings in 2000-01. In 2003-04, their share fell to 9.3% and in 2005-6 to 8.3%.

4. **Minerals Fuel and Lubricants:** There has been an improvement in the export of minerals fuel and lubricants both in terms of value and in terms of percentage. In percentage terms, its share has increased from less than 2.9% in 1990-91 to 11.5% in 2005-6.

Some other facts regarding structural change in India's export since 1991 are as follows:

There are indications that during 1990s, some of Indian exports have moved upwards in value addition chain whereby instead of exporting raw materials, the country has switched over to export of processed goods. There were significant compositional shift within the major manufactured product groups such as engineering goods, chemicals and allied products, etc.

Other Unclassified Items: There has been a slight improvement in the export of unclassified items both in terms of value and in terms of percentage. In percentage terms, its share has increased from 0.2% in 1990-91 to 1.1% in 2005-6.

4. INDIA'S EXPORTS PERFORMANCE

India's merchandise export was fluctuating during the 2009-10 to 2015-16. In 2012-13, it increased by \$ 300.40 billion as compared to \$ 305.96 bn in 2011-12 and \$ 249.82 billion in 2010-11. This has resulted in an annual growth of exports in Indian Rupee of the order of 11.48% in 2012-13, 8.3% in 2011-12 and 34% in 2010-11. On the other hand, in terms of USD, Indian exports witnessed a fall by 1.48% in 2012-13, although in 2011-12 and in 2010-11, export rose by 22.42% and 39.76% respectively.

India's merchandise export reached a level of \$ 185.3 billion during 2008-09, registering a growth of 13.9% as compared to a

growth of 29.1% during the 2007-08. Notwithstanding, the deceleration of the growth in 2008-09, India's export-sector has exhibited remarkable resilience and dynamism in the recent years. Our merchandise exports recorded an Average Annual Growth Rate of 23.9% during the five year period from 2004-05 to 2008-09, as compared to the preceding five years when exports increased by a lower Annual Average Growth Rate of 14.3%. According to latest WTO data (2009), India's share in the world merchandise exports increased from 0.8% in 2004 to 1% in 2008. India also improved its ranking in the leading exports in world merchandise trade from 29th rank in 2005 to 19th rank in 2010. India's trade policy of 2015-20 is made which aims the target of \$ 900 bn export of goods and services by 2020 and India's share in world export to 3.5%.

Share of Commodity Composition of Exports

The share of top 10 principal commodity group in India's total exports during 2010-11 to 2013-14 is given. (See Table 2)

TABLE 2
Share of Commodity Composition of Exports

(In Percentage)

| Commodity Group | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|---------|
| 1. Agriculture and Allied Services | 9.7 | 12.4 | 14.0 | 10.0 |
| 2. Ores and Minerals | 3.4 | 2.8 | 2.0 | — |
| 3. Gems and Jewellery | 16.0 | 14.7 | 15.4 | 13.0 |
| 4. Drugs and Pharmaceuticals | 4.3 | 4.4 | 5.0 | 5.0 |
| 5. Manufactures of Metals | 3.4 | 3.1 | 3.6 | 3.0 |
| 6. Transport Equipment | 6.4 | 6.9 | 6.3 | 7.0 |
| 7. Electronic Goods | 3.3 | 3.4 | 3.0 | 3.0 |
| 8. Readymade Garments | 4.6 | 4.5 | 4.3 | 7.0 |
| 9. Handicrafts | 0.1 | 0.1 | 0.1 | NA |
| 10. Crude and Petroleum (Including Coal) | 16.8 | 18.7 | 18.9 | 20.0 |

Source : Economic Survey, 2013-14, GOI.

India's Major Top 10 Export Destinations

The top 10 destination countries for Indian exports remained more or less same during the last four years except for some minor changes in relative for position here and there. These ten countries together had a share of more than 50% of our total exports. The UAE and the USA have been the top two export destinations for the last year 2014-15 with about 12% share in total Indian export in 2015. In terms of value, India's export to each of these two countries was about to touch ₹ 2 lac crores during 2014-15. Hongkong marginally

conferred of export to bag the third position, though both the countries had a share of 4.5% each in India's total exports. The other major export destinations include Saudi Arabia (\$ 11.2 bn), Singapore (\$ 10.1 bn), UK (\$ 9.3 bn), Germany (\$ 7.5 bn), Sri Lanka (\$ 6.7 bn), Netherlands (\$ 6.3 bn), where the figures in parenthesis indicate the country's share in total Indian export in 2015-16. Some other important export destinations in recent years are Belgium, Indonesia and France, etc.

TABLE 3
Top Ten Export Destinations

| | (FY 2015 US\$ bn) |
|---------------|----------------------------|
| Country | Share in Exports (US\$ bn) |
| USA | 42.4 |
| UAE | 33.3 |
| Hong Kong | 13.5 |
| China | 12.0 |
| Saudi Arabia | 11.2 |
| Singapore | 10.0 |
| UK | 9.3 |
| Germany | 7.5 |
| Sri Lanka | 6.7 |
| Netherlands | 6.3 |
| Total Exports | 309.6 |

Source : www.ministryofcommerce&industry.com

CONCLUSION

Indian economy is growing considerably with annual GDP growth rate of over 7% since last decade. India's export sector is one of the important contributor in its rapid economic growth. During 2010-14, India's export performance was conformed to the average India's share in world exports stayed in the range of 1.5%, while its share in developing countries' exports remained unchanged at 4%. Petroleum products and chemicals are a major contributor to India's industrial GDP, and together they contribute over 34% of its export earnings. India, now, has become a major exporter of IT, services, BPO services and software services with \$167.0 billion worth of service exports in 2013-14. India is also the fourth largest start-up hub in the world with over 3100 technology start-ups in 2014-15. There are some positive signs seen in exports growth. Thirteen of the top 30 export items reported growth in May 2015. Among the major items, export of gems and jewellery 24.34%,

chemicals 10.94% and engineering goods 2% increased while pharmaceuticals 14.2%, readymade garments 5.3% and petroleum products 15.5% declined. The data released by the Reserve Bank of India, shows that there is a growth in services exports flat at \$ 12.91 billion in April, as against \$ 13.01bn in April 2015, while services sector contributes 55% of India's Gross Domestic Product (GDP). The new economic reforms could not bridge the trade deficit gap but some positive signs have been seen during the FY 2016, Indian exports has increased by 1.27% year-on-year to \$ 22.5 million in June 2016, in which non-petroleum product's share with 88.6% in total export increased by 3%. It is also a good thing has been seen that imports falls by 7.33% to \$ 30.68 billion in June 2016. Gold imports also drop over 38% to \$ 1.2 billion in June 2016. According to the apex exporters body FIEO, a positive figure has instilled optimism among exporters, though global scenario remains challenging. The positive exports by engineering, marine, drugs and pharma, plantation commodities, electronic goods, carpets and handicrafts sector is very encouraging as these are high employment generating sectors as well but the exporters need a booster dose to rise confidence.

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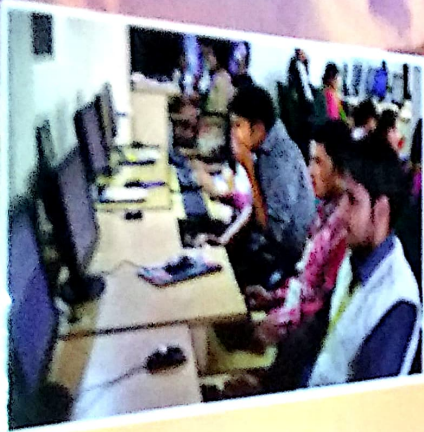
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Skill India

Volume 1

Opportunities and Challenges



Jamil Ahmad

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Features of Skill India in Promoting Self-Employment

RAJANI V. SONTAKKE^{1*}

ABSTRACT

India is one of the youngest nations in the world. Over 62 percent of its population is aged between 15 and 59 years, over 54 percent of the country's total population is below 25 years. It is estimated that the average age of India's population by 2020 will range between one and 29 years in comparison, the average age of population of US will be 40 years, Europe at 46 years and Japan 47 years. In the coming two decades, labour force of industrialized nations is forecast to decline by four percent. In sharp contrast, India will witness a booming some 32 percent during this time span. Skill India aimed to train over 40 crore people in India in different skills by 2022. Under skill India initiative, the 'Indian Leather Development Programme' trained 51,216 youth in today's and planned to train 1,44,000 young persons annually. Four new branches of 'Footwear Design & Development Institute,' in Andhra Pradesh, Bihar, Punjab and Gujarat have been set up to inspire training infrastructures. This paper aims at highlighting the features of skill India for promoting employment, women empowerment, entrepreneurship, gender equality and nation's prosperity.

Key words: Skill development, Labour force, Training, Workforce, Economic growth, Employment, Economic environment, Livelihood, Productivity, Industry, Entrepreneurship, Self-Employment.

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1. INTRODUCTION

Today, India is one of the youngest nations in the world with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. Its population pyramid is expected to have a 'bulge' across the 15-59 age groups over the next decade. It is estimated that the average age of the population in India by 2020 will be 29 years as against 40 years in USA, 46 years in Europe and 47 years in Japan. In fact during the next 20 years the labour force in industrialized world is expected to decline by 4%, while in India it will increase by 32%. This poses a formidable challenge and a huge opportunity. To reap this demographic dividend which is expected to last for next 25 years India needs to equip its workforce with employable skills and knowledge so that they can contribute substantially to the economic growth of the country.

Employment is a very important role to play in enhancing human capabilities. It not only ensures economic security, but also promotes general participation in society and the economy. Employment is necessary for promoting better health and education not only for those who are employed, but also for those who are dependent on them. In addition, it provides a sense of dignity to the individual. One of the biggest challenges facing the country today is to productively and gainfully employ its growing labour force, which is necessary for attaining the objective of inclusive growth. The annual growth rate of employment is very low in India but it was declined by 1.25 percent to 2.6 percent between 1983-84 and 1993-94 but it again grew at 2.6 percent between 1999-2000 and 2004-05.

Our country presently faces a dual challenge of paucity of highly trained workforce, as well as non-employability of large sections of the conventionally educated youth, who possess little or no job skills.

2. GOVERNMENT'S INITIATIVE TOWARDS SKILL DEVELOPMENT

As India moves progressively towards becoming a global knowledge economy, it must meet the rising aspirations of its youth. This can be partially achieved through focus on advancement of skills that are revealed to the emerging economic environment. Skill and knowledge are driving force of economic growth and social development for any country. Countries with higher levels and better standards of skill adjust more effectively to the challenges and opportunities in domestic and international job markets. The first industrial policy in the country was notified in 1956, Science and Technology Policy 1958, Housing Policy in 1988 and national Labour Policy 1966. The first National Policy on Skill Development Agency (NSDA) which was created in June 2013 has been working with state efforts in the states. The country, however, has a big challenge ahead as it is estimated that only 4.69% of the

total workforce in India has undergone formal skill training as compared to 68% in US, 75% in Germany, 52% in USA, 80% in Japan and 96% in South Korea. In order to give concrete shape to the policy structure of skill development, the government of India set up the skill development mission in 2007, with a three tier structure, namely, a) the Prime Minister's National Council on Skill Development, b) the National Skill Development Coordination Board, and c) the National Skill Development Corporation.

3. WORKFORCE REQUIREMENT

Let's have a look on demand and supply side of workforce in India

On demand side, a skill gap study has been conducted by NSDC over 2010-14, which indicates that there is an additional net incremental requirement of 109.73 million skilled manpower by 2022 in twenty four key sectors (Table 1).

Table 1: Break-up of incremental requirements across sectors

| Sl. no. | Sector | Employment base in 2013 (million) | Projected employment 2022 (million) | Incremental human resource requirement (2013-22) |
|-------------|--|-----------------------------------|-------------------------------------|--|
| 1 | Auto and auto components | 10.98 | 14.88 | 3.9 |
| 2 | Beauty and wellness | 4.21 | 14.27 | 10.06 |
| 3 | Food processing | 6.98 | 11.38 | 4.4 |
| 4 | Media and entertainment | 0.4 | 1.3 | 0.9 |
| 5 | Handlooms and handicraft | 11.65 | 17.79 | 6.14 |
| 6 | Leather and leather goods | 3.09 | 6.81 | 3.72 |
| 7 | Domestic help | 6 | 10.88 | 4.88 |
| 8 | Gems and jewellery | 4.64 | 8.23 | 3.59 |
| 9 | Telecommunication | 2.08 | 4.16 | 2.08 |
| 10 | Tourism and hospitality and travel | 6.96 | 13.44 | 6.48 |
| 11 | Furniture and Furnishing | 4.11 | 11.29 | 7.18 |
| 12 | Building construction and real estate | 45.42 | 76.55 | 31.13 |
| 13 | IT and ITEs | 2.92 | 5.12 | 2.16 |
| 14 | Constr. material and building hardware | 8.3 | 11 | 2.7 |
| 15 | Textile and clothing | 15.23 | 21.54 | 6.31 |
| 16 | Healthcare | 3.59 | 7.39 | 3.8 |
| 17 | Security | 7 | 11.83 | 4.83 |
| 18 | Agriculture | 240.4 | 215.6 | 24.8 |
| 19 | Education skill development | 13.02 | 17.31 | 4.29 |
| 20 | Transportation and logistics | 16.74 | 28.4 | 11.66 |
| 21 | Electronics and IT hardware | 4.33 | 8.94 | 4.61 |
| 22 | Pharma and life sciences | 1.86 | 3.58 | 1.72 |
| 23 | BFSF | 2.55 | 4.25 | 1.7 |
| 24 | Retail | 38.6 | 55.95 | 17.35 |
| Grand Total | | 461.1 | 581.89 | 120.79 |

Source: National Policy for Skill Development and Entrepreneurship, 2015 p. 53.

The supply side, analysis based on a results of 66th and 68th rounds of NSSO, it is observed that today the workforce in the country estimated at 487 million, of which approximately 57% is in the non-farm sector. If the workforce with higher education without formal skill training are excluded, the balance workforce is estimated to be 450.4 million of these 256.72 million non-farm workers, a maximum of 5.4% would be formally trained and skilled (3.615 is based on 2011-12 NSSO survey and includes both farm and non-farm). Approximately 241.86 million would either be unskilled or skilled through non-formal channels out of these, it is estimated that approximately 170 million would be in the age group of 15-45 years with necessary skilling, reskilling and upskilling to increase productivity and provide a livelihood pathway. Similarly, in farm sector, this figure works out to be 128.25 million (Table 3).

Table 2: Incremental human resource requirement across states (2013-22)

| <i>State</i> | <i>Incremental HR requirement total 2012-22</i> |
|-------------------|---|
| Andhra Pradesh | 10871315 |
| Arunachal Pradesh | 147046 |
| Assam | 1234357 |
| Chhattisgarh | 3043724 |
| Delhi | 6341921 |
| Goa | 227261 |
| Gujarat | 5756711 |
| Haryana | 3709921 |
| Himachal Pradesh | 1240335 |
| Jammu & Kashmir | 1122787 |
| Jharkhand | 4452801 |
| Karnataka | 8476134 |
| Kerala | 3153000 |
| Madhya Pradesh | 7816045 |
| Maharashtra | 15522185 |
| Manipur | 233446 |
| Meghalaya | 248954 |
| Mizoram | 140188 |
| Nagaland | 97382 |
| Odisha | 2114869 |
| Punjab | 1612786 |
| Rajasthan | 4242438 |
| Sikkim | 147821 |
| Tamil Nadu | 13552000 |
| Tripura | 259330 |
| Uttar Pradesh | 10510789 |
| Uttarakhand | 2061143 |
| West Bengal | 9342561 |
| Grand Total | 126629160 |

Source: National Policy for Skill Development and Entrepreneurship 2015, p. 53.

In addition, the number of people who enter the workforce age group ever year is estimated to be 26.14 million. Assuming an average labour participation rate of 90 percent (males) and 30 percent (females), at least 16.16 million persons will enter workforce and the all, except those opting for higher education, need to acquire skills. This will add another 104.62 million persons to be skilled in the next 7 years (by 2022) will need to be skilled, reskilled and upskilled. Thus, appropriate infrastructure needs to be created keeping in view sheer numbers, sectoral division and spatial disbursed not only across the country but possible requirement in other parts of the world (Table 3).

The skilled human resource requirement across the states is also different. Let's have a look into it (Table 2)

Table 3: Estimated requirement for skilling by 2022

| <i>Workforce</i> | <i>Time period</i> | <i>For all age groups and for all education categories</i> | <i>For all age groups and except higher education without VET category</i> | <i>Properties of workforce with higher education without VET</i> |
|---------------------------------|--------------------|--|--|--|
| 66 th Round | 1 January, 2010 | 463.2 | 433.96 | 6.33 |
| 68 th Round | 1 January, 2012 | 472.9 | 440.5 | 6.85 |
| Estimated based on linear trend | 1 January, 2015 | 487 | 450.4 | 7.52 |

Source: National Policy for Skill Development and Entrepreneurship 2015, p. 53.

Note:

- This part is an estimation of total existing workforce to be trained by 2022 in India. Estimation is based on NSSO and Census data 66th and 68th round and workforce with it. People with higher education are always not interested in formal VET.
- Proportion of manpower within the workforce who has formal VET training-observations are as follows-
Total formal VET trained manpower from the workforce (after excluding the higher education without VET category) it is observed that 68th round the proportion of workforce who have found VET is 3.61%, similarly under 66th round the proportion of workforce who have VET is 2.42%. In 2 year time, the percentage growth of VET trained manpower in the workforce is (3.61-2.42% = 1.91%) Assuming a linear growth, it could be expected that in 2015, the percentage of labour force that will have VET training is $3.61 + .6 \times .3 = 5.4\%$.
- It could include the declining trend in the participation in agriculture sector.
 - In 61st round-the participation was 56.14% (2004-05)
 - In 66th round the Participation rate was 51.6% (2009-10)
 - In 68th round the participation rate was 47.04% (2011-12)

The whole period of 2005-12 for participation in agriculture sector, the annual decline figure will be =1.3%. So in 2015, the figure for agricultural participation is estimated at (47-45 = 43%).

Table 4: Fresh entrants in the labour force: 2015-22

| | (In Millions) | | |
|--|---------------|--------|--------|
| | Male | Female | Total |
| Population in 0-14 years age group as per 2011 census | 194 | 172 | 366 |
| Assuming even distribution and zero mortality, average entry in workforce age group per year | 13.86 | 12.29 | 26.15 |
| Estimated LFR | 90 | 80 | 170 |
| Estimated annual entry in workforce | 12.47 | 3.69 | 16.16 |
| Proportion going to higher educ. route, at 2015 levels (7.5%) | 0.94 | 0.26 | 12.10 |
| Estimated annual entry in workforce net of higher education | 11.54 | 3.41 | 14.95 |
| Total fresh entrants between 2015-22 requiring skilling/VET | 80.75 | 23.87 | 104.62 |

Total need of skilling in the country is as below-

| | |
|---|--------|
| a) RPL, reskilling, upskilling and skilling for existing workforce especially below 45 years of age | 288.23 |
| b) Skilling for new entrants over 2015-22 | 104.62 |
| Total | 402.85 |

According to 68th round of NSSO, it is estimated that, apart from skilling the existing workforce without formal VET, India need to skill manpower who would be fresh candidates in the workforce. The calculation of the fresh entrants in the labour force is given in Table 4. The workforce who will move for the higher education is excluded from the estimation of workforce. It is a big challenge for the country to provide skilled manpower to all sectors of the Indian economy to build up a nation and sustained economic development because number of unemployed unskilled labour force is increasing day by day and the Vocational training institutions are less than it's proportion. According to the 68th NSSO round total 104.62 million fresh entrants male 80.75 million and 23.87 million female requiring skilling/ VET between 2015-22 (Table 4).

4. CHALLENGES BEFORE SKILL DEVELOPMENT PROGRAMME

1. One of the biggest challenges of skill development in our country is that 93 percent of the workforce is in informal/unorganized sector. Consequently it is difficult to map existing skills in the unorganized sector and gauge the skilling requirement in the sector on the other hand, the rate of a job growth in formal sector is estimated to be twice that in informal sector.
2. Women constitute almost half of the demographic dividend. The key challenge here is to increase their participation in the country's labour force, which is directly linked to economic growth of the country. Census data has revealed that, there has been a continuing fall in

labour force 26.5 percent in rural areas and from 33.3 percent to 15.5 percent in urban areas between 2004 and 2011. Mainstreaming gender roles by skilling women in non-traditional roles and increasing gender sensitivity in the work place will have a catalytic effect on productivity and be a smart economic decision.

3. Job creation for skilled youth is a major challenge before the nation. Entrepreneurship based on innovation has immense growth potential. However, the number of total entrepreneurs emerging every year in India is very low. The Global Innovation Index 2014 ranks India 76 out of 143 countries. Accelerating entrepreneurship especially that based on innovation is crucial for large-scale employment generation in India.
4. The growth and prosperity of all economies remains highly dependent on entrepreneurial activity. Entrepreneurs are the essence of economic growth, they provide a sources of income and employment for themselves, create employment for others, produce new and innovative products or services and drive greater upstream and downstream value-chain activities.
5. The face of entrepreneurship is also changing across the world, entrepreneurs are increasingly young and/or female due to increasing unemployment. The ILO reports that globally, almost 13 percent of young people (close to 75 million people) are unemployed. This phenomenon is particularly evident in regions where wage employment is difficult to obtain. Access to funding remains the primary obstacle for entrepreneurs from all market. The public and private sector each have an important role to play in creating entrepreneurial ecosystems that, in addition to funding, are essential to promoting entrepreneurial success.

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Skill India

Volume 1

Opportunities and Challenges

About the Book

Skill India campaign was launched on 15 July 2015 by Prime Minister Narendra Damodardas Modi. The campaign aim to impart training to 400 million (40 crores) people in India in different skills by 2022 so that they can achieve employment. Under this campaign various initiative are taken by government like National Skill Development Mission, National Policy for Skill Development and Entrepreneurship in 2015, Pradhan Mantri Kaushal Vikas Yojna (PMKVY) and Skill Loan Scheme.

The program aims to skill the youths in such a way so that they get employment and also improve entrepreneurship qualities. The main idea behind skill India is to raise confidence, improve productivity and give direction through proper skill development. Skill India will provide blue-collar jobs to the youths.

Another remarkable features of the Skill India Programme would be to create a hallmark called "Rural India Skill", so as to standardize and certify the training process. Tailor-made, need based programmes would be initiated for specific age groups which can be like language and communication skills, life and positive thinking skills, personality development skills, management skills, behavioural skills, including job and employability skill.

All jobs should be given equal importance so that there will be balanced of skill at a young age right at school level is very imperative to channelize them for proper job growth in all the sectors. Under the programme every job aspirant will be given training in soft skills to lead a proper and decent life. To get the best results in the shortest possible time corporate educational institutions, non-government organization, Government, academic institutions, and society would help in the development of the skills.

This edited book examines, "Skill India: Opportunities and Challenges". It contains twenty four chapters contributed by the different scholars.

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