Employment Generation Strategies

Contents

PREFACE

Pursuant to a decision taken by the Government, 8 separate Groups were constituted to examine and recommend strategies for selected sectors. For suggesting strategies for employment generation, a Group comprising the following officers was constituted:-

.No.	Name of Member and Ministry
1.	A.K. Mittal, Railways
2.	Amarendra Sinha, Minority Affairs
3.	Anup K. Pujari, MSME
4.	Arunjha, Tribal Affairs
5.	Ashok K. Gupta, Defence Production
6.	Rashmi Verma, Textiles
7.	Rohit Nandan, Skill Dev & Entrepreneurship
8.	Shankar Aggarwal, Labour& Employment
9.	Vinaysheel Oberoi, Higher Education
10.	Vinod Zutshi, Tourism
11.	Anil Swarup, Coal - Rapporteur

The Group has been assisted by two additional groups of Joint Secretaries. Ms. Varsha Joshi, Joint Secretary, MNRE was Rapporteur for the first group and Mr. Devesh Chaturvedi, Joint Secretary, DoP&T was Rapporteur for the second group.

Strategies and recommendations have been outlined in the Report.

Executive Summary of Recommendations

1. Fiscal and Monetary Interventions
    i. The existing Income tax incentive under section 80 JJAa for units undertaking additional employment should be expanded to include emoluments paid to all additional employees (not just 'workmen'), be applicable for a minimum increase of 2% in workforce (instead of existing 10%) and be given to all assessees (not just manufacturers of certain size) who are under the scope of tax audit.

    ii. In order to facilitate easy and affordable credit, scheme of Interest subvention be implemented for units coming up in those sectors which are employment intensive.

2. Policy and Process Interventions
    i. Linking all employment exchanges with an E-Platform - National Career Service Centre by 31.03.2017.
    ii. Implementing a system of "Deemed Registration" of applications submitted electronically.
    iii. Digitize and enable tracking of all processes by both applicants and monitoring agencies.
    iv. Constituting "Laghu Udyog Bandhu" – a Counseling, Mentoring and Hand-holding Agency, at the Central, State and District levels.
    v. Organizing Quarterly "Rozgaar Utsav" in every district to bring together job seekers and employers.

3. Reforms for conducive environment
    i. Notification under Industrial Employment (Standing Orders) Act be issued by 31.03.16 to provide for "Fixed Term Employment" to enable 'flexibility' in hiring.
    ii. Amendment to Rule 25 of Contract Labour (Regulation and Abolition) Central Rules be undertaken by 31.03.16 to ensure rationalization of wages for contract workers. The wages for contract workers may be higher than the Minimum Wage or at a mutually agreed wage (which shall not be less than Rs. 10,000).
    iii. Direction may be issued to States by 31.03.16 under sec. 113 of Factories Act for enabling women to work night shifts.
    iv. Amendment to Provident Fund Act be carried out by 30.6.2016 for enabling waiver of employees' contribution for low-wage workers (less than Rs. 10,000 pm).

4. To leverage Make in India in sectors like Defence, Railways etc.
    i. Preference be given to indigenously designed and manufactured items in procurement.
    ii. Government to fund collaborative research to develop new processes/products and create a platform linking DRDO, CSIR labs and Indian Institute of Science.
    iii. Long term procurement agreements with domestic industry.
    iv. Removing tax disincentive for domestic integration.

5. Textile Sector
    i. Negotiating Free Trade Agreements (FTAs) with major markets like EU, US and Canada.
    ii. Effluent norms for the industry be as per global best practices and not necessarily "Zero Liquid Discharge" (ZLD).
    iii. Incentivize industry through:
        a. Five-year tax holiday for garment companies.
        b. Reducing excise duty on manmade textiles from 12.5% to 6%.
        c. Providing working capital to apparel and textile manufacturers @ 7%.
    iv. Integrated Mega Textile Parks may be developed having common facilities. The possibility of using vacant SEZ land may also be explored.
    v. Simplification of labour laws
    vi. Dedicated e-commerce platform be set up for Indian textiles.

6. Tourism and Hospitality Sector
    i. Infrastructure status be given to hotel industry so that they can avail credit and land at reasonable costs.
    ii. Home Stays to be promoted through a policy of No tax/levy/license.
    iii. Integrated development of 50 thematic tourist circuits/ destinations by 31.03.19.
    iv. Regional air connectivity for tourist destinations in smaller cities/towns.

7. Agro based industry
    i. Promoting Agri-Processing Zones by setting up primary processing facilities and cold chains.
    ii. Identifying and scaling-up operations for products like Honey and Oleo Resins (e.g. Mentha, Lemon Grass).
    iii. Certify, brand and assist marketing of agro products on the lines of "Organic India".
    iv. All Agricultural Universities and Krishi Vigyan Kendras to adopt Panchayats for facilitating and setting up food processing units in the private sector.

8. Creating Employable Skills: Bridging Skill Infrastructure Gaps
    i. Policy intervention to enable use of spare infrastructure for skilling, in public institutions, private engineering colleges/polytechnics, religious and cultural institutions etc.. .
    ii. Establishment of Multi-Skill Iconic training centres in every district by 31.03.17.
    iii. Enhance capacities of ITIs in next three years from 18 lakhs to 25 lakhs.
    iv. Targeted training for overseas employment.

9. Creating Employable Skills: Other Steps
    i. Uniform national standards of training may be established by 31.03.17
    ii. Establishing National Assessment/Certificate Board by31.03.17
    iii. Make Vocational Training aspirational by providing equivalence with formal education – Gujarat Model
    iv. Carry out skill gap studies on regular basis

A. Approach adopted by the Group

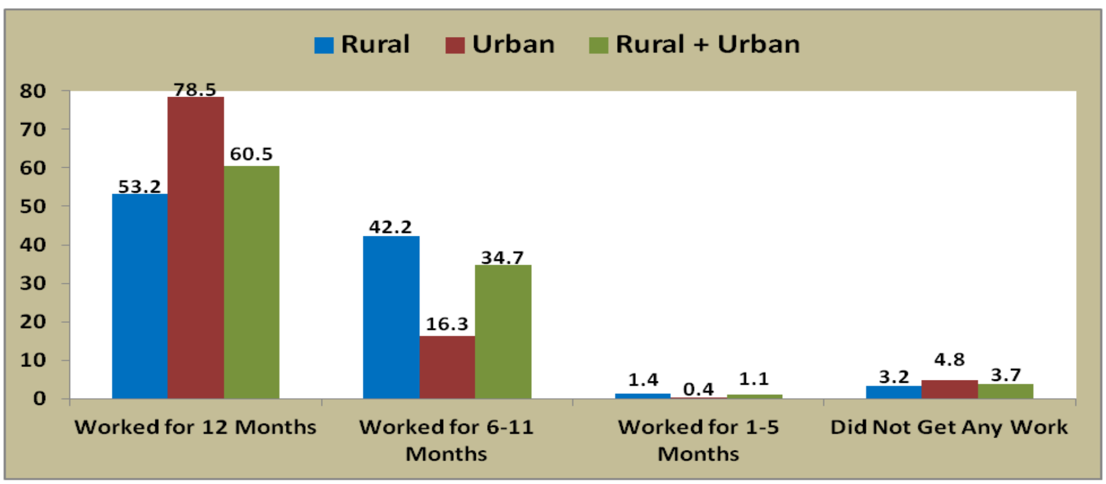
The Group held 10 formal meetings to discuss various aspects relating to Employment Generation Strategies. In this context, interactions were held with stakeholders, including industry associations as well as individuals. There were discussions also with Secretaries of those Departments (like Commerce and Revenue) who would be ultimately involved in taking a decision with regard to some of the recommendations.

The Group adopted the following approach to arrive at recommendations:

1. What is the ground reality in the context of employment in India?
2. What are the bottlenecks in employment generation?
3. What needs to be done?
4. How can it be done?
5. Who will do it?
6. By when it can be done?

1. The Ground Reality

After examining the data with regard to unemployment, the Group concluded that though the prevailing unemployment rate of 2% was not too unsatisfactory, the real problem was in the context of underemployment as is evidenced by the chart below:



Date Source: Labour Bureau, Employment-Unemployment Survey, 2013-2014

It is visible from the chart above that only around 60% of the employed were engaged for the entire duration of the year. This was perhaps on account of seasonality of employment. This was true also in the context of disguised unemployment.

The Group took note of the fact that although manufacturing had grown at the rate of 9% per annum in the period between 2005-2014, employment in the corresponding period grew only by 1.32%. Hence, the Group concluded that it did not necessary follow that growth would automatically lead to commensurate employment generation.

The Group came across some extremely interesting remarks with regard to the business environment in the country. Two of these are quoted below:

"We do not face 1 or 2 odd issues, one can write at least a 1,000-page book on it".

"Manufacturing which is a buzz word now-a-days needs a complete cultural change to make it work".

2. The Bottlenecks

The Group deliberated upon a number of bottlenecks that impact employment generation in the country. These could be clubbed into the following categories:

(a) Institutional
(b) Financial
(c) Legal
(d) Process/Procedural

The recommendations have been based on this analysis.

3. Recommendations

The Group while formulating its recommendations, focused not only on what needs to be done but also on what can be done and what would be done. Hence, the focus was on determining 'practicability' and 'doability' of these suggestions.

4. The Implementation Plan

For each recommendation, the Group examined how that recommendation would actually be implemented on the ground, whether in the context of setting up an institution, financial assistance, legislative changes or procedural simplifications. This was with a view to ensure that the recommendations given in the report are actually implemented.

5. The agency to deliver

It was felt that for each recommendation the agency responsible for implementation should also be identified. Hence, by and large, the names of the agencies/ departments responsible for implementing the recommendations have been indicated.

6. Timeframe

As far as possible an attempt was made by the Group to define specific timelines within which the recommendations could/would be implemented.

B. The Context

The Directive Principles of State Policy provide that "*The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want"* (Article 41, The Constitution of India).

i. Findings from the CSO and NSSO data reveal that there has been a disconnect between growth and employment generation in the post liberalization era. Between 1993-94 and 2004-05, the average GDP growth was 6% p.a. as against an employment growth of 1.8% p.a. In the next decade, the situation became more polarized with a higher annual GDP growth of 8.5% leading to only 0.4% p.a. growth in employment. Thus, employment strategies need to realign the economic growth with employment generation. Those sectors that are employment intensive have to be brought back to focus.

ii. India has a young population with a larger percentage in the working age as against an ageing population in most of the developed world and China. As per Census 2011, 36.11 % of the population was in the 15-34 age group. On the same lines, the Population Dependency Ratio (no. of children and aged divided by total population) is projected to decline till 2030. However, it has been reported that there has been relatively less addition of youth in the labor force in recent years.

iii. NSSO data reveals, as mentioned in the previous section, that overall unemployment rates are low (2.2% in 2011-12) but the more significant issues are under-employment and poor quality of employment.

iv. One of the key reasons for lesser addition of youthin the work force is the rising levels of youth attaining higher education Therefore, generation of quality jobs commensurate with the rising education levels is critical for meeting the aspirations of educated youth.

v. Another disturbing feature is the very low Female Labor Force Participation Rate (LFPR) in India standing at around 33% vis-à-vis the global average of around 50%. The difference between male and female LFPR is very prominent in the most productive age groups and is much sharper in urban areas as compared to rural areas.

vi. In terms of sectoral share, as per NSSO data for 2011-12, agricultural and allied activities still employ the largest (48.9%) work force followed by manufacturing (12.8%), trade/hotels/ restaurants (11.4%) and construction (10.6 %).

vii. Majority of the jobs created have been in the informal sector. Informal sector employment is characterized by absence of effective social protection, low remuneration and low skill content.

viii. In terms of structural trends, the share of employment in agriculture sector has declined to less than half. However, employment generation in manufacturing sector has stagnated and continues to be a challenge. The shift away from agriculture has primarily been towards low skill, low-end services, including those in the construction industry.

ix. The labor market has a dominant share of self-employed micro-enterprises. But the income level of the majority of the self-employed has been very low. Therefore, there is a need to develop an entrepreneurship eco-system that enhances the income earning capacities of the self-employed and also engages the educated youths in self-employment through startups.

x. It has been argued that labor market regulations are too rigid and are hampering employment generation. The subject of Labor falls in the Concurrent list and therefore there are Central legislations, State legislations, and State amendments to Central legislations that govern labor engagement. While this leads to problems of enforcement and compliance of labor laws, it also has a direct adverse impact on the environment of "ease of doing business". There is a need to undertake labor reforms with the dual objectives of achieving flexibility in engagement and ensuring compliance with laws.

xi. NSSO surveys also reveal that the skill base of our work force is one of the lowest in the world. In 2010, out of a workforce of 431 million, only 10.1 % received any kind of formal/informal vocational training. Similarly, of the 43 million vocationally trained work force, only 25.6% had come in through formal training.

xii. Another disturbing trend is that out of the total persons vocationally trained, only 38% are deemed as being employable. Thus, there is a pressing need for matching the skill training initiatives with the industry demands so that both the numbers and quality needs are met simultaneously.

C. Fiscal and Monetary Interventions

The fiscal and monetary interventions recommended are as follows:

1. Income Tax Incentives

Taxation, in particular Income Tax, being an aspect common to all employers, it was felt that income tax incentives would be an appropriate and effective fiscal instrument for encouraging employment generation. The Income Tax Act already has certain provisions with this aim.

Specifically, Section 80 JJAa of the IT Act provides for allowing deduction, for corporate assessees who are factory owners employing 100 or more regular workmen, of 30% of additional wages of new regular workmen employed in that year, subject to an augmentation of at least 10% of the workforce, for 3 assessment years.

In Budget 2015-16, it has been proposed to extend this benefit to all assessees owning manufacturing units, not just corporate assessees, and to units employing 50 or more workmen, so that smaller units can also avail this benefit. These provisions will come into force from 1st April 2016, i.e. from assessment year 2016-17 onwards.

However, this still restricts the benefit to direct manufacturers only, whereas the service sector in India is a major source of employment and is poised to grow much larger in coming years. Also, smaller units of all kinds tend to be more employment intensive and therefore should not be deprived of this benefit as long as they are tax assessees. Furthermore, the trend towards contracting out of work has been increasing and therefore contract workers should also be included, while making sure that they are not double counted by both the actual employer and the principal employer.

It is therefore proposed that the benefit U/S 88JJAa should be further extended as follows-

- **Incentive should be 30% of additional emoluments (not limited to 'wages' only).**
- **In respect of all additional employees (not just 'workmen', i.e. inclusive of casual employees and contract employees).**
- **Incentive should be given for a minimum increase of 2% in workforce (instead of 10%).**
- **Incentive should be given to all assessees (not just manufacturers of a certain size) who are under the scope of tax audit.**

This would benefit a wide swath of employers in not only manufacturing but also service sectors and definitely make hiring easier and more attractive, especially in the unskilled/ semi-skilled sectors, leading directly to greater employment generation amongst the section of the workforce that needs it the most.

2. Interest Subvention on Employment Generation

Interest subvention on crop loans for farmers has over the years become a well-established monetary support instrument for a crucial sector. On similar lines, in November 2015, The Cabinet Committee on Economic Affairs announced an interest subvention scheme for exporters in MSME and other labour intensive sectors. This scheme is known as the "**Interest Equalization Scheme**" and provided for loans at 3% lower than the prevailing rates.

It is recommended that a **similar scheme could be made applicable not only to exporters but also to all other units in MSME and other labour intensive sectors, conditional to increased employment by the unit**. Details of the scheme could be worked out based on the views of concerned ministries and stakeholders.

D. Policy and Process Interventions

The Group looked at the following aspects in terms of employment generation:

1. Direct interventions.
2. Process related interventions.

1. Direct interventions to facilitate employment

Though there are a number of schemes and projects of the Government that lead to employment generation, the Group felt that a direct focus on employment generation was missing. Hence, the Group recommended that every project/investment proposal brought out for consideration of EFC/PIB or at the Cabinet level should be appraised also in the context of employment generation. This would compel the Ministries/Departments to look at the potential of employment generation in such projects and would thereby provide necessary focus and impetus to this important aspect. (A directive has already been issued by the Cabinet Secretariat in this regard)

The Ministry of Labour has set up an e-Platform namely National Career Service Centre (NCSC). The Group was of the view that all employment exchanges should be made electronic and connected online to the NCSC. This would create a platform enabling the matching of demand and supply of labour. It would also facilitate both job seekers and employers by providing access to a virtual market for long term and short term employment at all skill levels. Such a project can be piloted by Ministry of Labour & Employment and this can be accomplished by 31.03.17.

Setting up employment fairs (Rozgar Utsav) in every District periodically can provide a physical interface between job seekers and job providers. This has been successfully practiced in the States of Gujarat and Rajasthan and can be replicated in the rest of the States as well.

2. Process related interventions to facilitate employment generation

The Group recommended that complex processes and time consuming clearances impact employment generation adversely, making it difficult to do business in India. The micro, small and medium sectors suffer the most in this regard as entrepreneurs have to run from pillar to post to register themselves and get the necessary clearances. In this context, the Group made the following recommendations:

i. To obviate the need for submitting physical forms at designated offices for the purpose of registration, the Group felt that not only should the application be submitted electronically but also such submission should itself be deemed as registration. There should be no formal action required by the concerned office (in the form of issue of approval/registration letter etc.) to convey the approval of registration. This is being practiced in certain spheres but can easily by universalized.

ii. Web-based monitoring of clearances has helped the Project Monitoring Group (PMG) at the central level to fast-track clearances of projects that are above Rs. 1,000 crores. The PMG has a web-based portal which facilitates periodic monitoring of clearances and fast tracks them. Some States have also set up similar portals for projects above Rs. 100 crores. This system needs to be extended to help micro, small and medium sectors as well. These sectors have immense potential for employment generation. By creating such a platform there would be transparency in managing applications relating to a variety of clearances.

iii. There are, in all, around 180 sets of clearances given by various Departments/agencies (at the central, State and local body level). An exercise is already being undertaken to digitize these processes. This exercise can be completed by 30.09.16 by the PMG in the Cabinet Secretariat. Once completed it would obviate the need to visit different offices to submit applications which can be done online. The applicant would also be able to track these applications against pre-defined timelines. This mechanism would also provide necessary data to facilitate the periodic review and rationalization of processes.

iv. Entrepreneurs, primarily in the micro and small sectors, require mentoring and hand-holding. This has been accomplished in States like Gujarat (Index-B), Maharashtra (Udyog Mitra) and some other States, where an officer is assigned to hand-hold the entrepreneur through the entire process of procuring clearances. This needs to be institutionalized across the country at the District, State and Central levels for micro and small sector entrepreneurs.

E. Conducive Environment

The Group considered various measures which can be taken in respect of Labour Laws to build an ecosystem for promoting employment generation. It recommended the following actionable measures to introduce more flexibility in Labour Market Regulation.

1. "Fixed Term Employment" for 'flexibility' in hiring

Though the Industrial Disputes Act, 1947 does not specifically prohibit "fixed term employment", its inclusion in the Classification of Workmen under the Industrial Employment (Standing Orders) Act, 1946 would further enable flexibility in hiring workers for a short period only rather than permanent workers. This can be done through a notification by the Ministry of Labour and Employment and can be accomplished by 31st March 2016.

This is a progressive move as it gives the "fixed term employment" worker the same statutory benefits as a permanent worker in a proportionate manner. Considering the ground realities in the labour market wherein certain kinds of industrial activities are seasonal or fluctuating, permanent employment for many workers is not feasible all the time. With the introduction of a provision for 'fixed term employment', industries such as garment etc. will be benefitted and achieve their full growth and employment potential, as it gives employers flexibility in employment. At the same time, during the period of employment, these 'fixed term' workers will get proportionate benefits as that of permanent workmen, improving work culture and productivity. Thus, it is a win-win situation for both industry and labour.

2. Rationalization of wages for Contract Workers

Rule 25 of The Contract Labour (Regulation and Abolition) Central Rules stipulates that contract workers should be paid the same wages as that of regular workers doing the same or similar nature of work. This Rule has been the cause of a lot of rigidity amidst the Regulations governing contract labour. Considering the reality of industrial practices as well as the wage security for the contract workers, rationalization of the wages for contract workers was recommended. The wages for contract workers can be the higher between the Minimum Wage or the mutually agreed wage which shall not be less than Rs. 10,000. This can be done by an Amendment to Rule 25 by the Ministry of Labour and Employment and can be accomplished by 31st March 2016.

3. Enable women to work night shifts

The Factories Act, 1948 prohibits the working of any woman in any factory between 7.00 P.M. to 6.00 A.M. This provision of the Act has been felt as a discrimination against women in the matters of their employment in factories. Considering the need to encourage employment of women, the Group recommended to bring necessary changes in the Regulation to enable women to work in night shifts also in the factories. As the Factories Act is mainly enforced by State Governments, this can be done by issuing suitable advisory to the States by the Ministry of

Labour and Employment for permitting women workers in the night shift with adequate provisions for safety, security and transportation and this can be accomplished by 31st March 2016.

4. Relief to low-wage workers (less than Rs. 10.000)

As per the Employees Provident Fund and Miscellaneous Provisions (EPF&MP) Act, both the employer and the employee have to make a contribution towards the pension, provident fund etc. As per the prevailing practice in the industry, it was noted that both the contributions actually come from the employer, whereas the worker is more concerned about the wage received in hand. If a waiver is given to the employee's contribution which is 12% of the wage, this would result in higher wages in hands of the workers and also ease the total cost to the company. A higher consumable amount in the hands of workers will also increase the expenditure and boost the Aggregate Demand. This will have a positive effect on the economic growth of the country. Therefore, the Group recommended to give a relief to low wage workers (less than Rs. 10,000 per month) by enabling waiver of employee's contribution in such cases. This can be done by an Amendment to EPF&MP Act by the Ministry of Labour and Employment and can be accomplished by 30th June 2016.

F. Sector Specific Intervention

a. Defence and Railways

1. Preference to Indigenously designed and manufactured items in public procurement

In sectors where significant import is taking place and domestic industry is at nascent stage and not able to compete with imported products due to high initial costs, there is a need to provide a categorical preference to indigenously designed, developed and manufactured items in Government procurements, wherever feasible. This would encourage Indian as well as foreign industry to set up design and manufacturing facilities within the country. In sectors such as defence, railways etc., where large quantities of capital goods are imported from other countries, such preference could play a catalytic role for domestic manufacturing. Even though, in some cases, the cost of domestically manufactured items may be significantly higher than the imported items in the beginning but in the long run, the cost will reduce once the economy of scale is established and the cost of setting up of plants gets amortized. To begin with, such preference can be provided for a specific duration and can be reviewed later after assessment of its impact and cost differentials between imported and indigenously designed/manufactured items.

2. Public-Private Collaborative R&D for development of new products

One of the major handicaps in domestic manufacturing is the lack of investment in R&D, particularly from the private sector. The private sector does not invest in R&D due to the inherent risk involved. Therefore, it would be appropriate if suitable mechanisms are developed for collaborative research and development with the joint participation of the Government and the industry, so that the burden of risk is shared. Though presently, the Government provides tax incentives to the companies on their investment in R&D, it has not been able to create the required R&D culture in the industry because the present scheme is process-oriented without concrete outcomes. Specific project-based funding for R&D may be a better mechanism to involve private industry in research and development or technology acquisitions. The outcome-based R&D projects should be largely funded by the Government and the process should be flexible enough to encourage industry to acquire technologies from foreign sources, if required. This should also be backed by an upfront commitment to procure, so that once a product is developed successfully through such R&D, the Government can procure such products from the same company for a sufficiently long time in future, so that industry has enough incentive to participate in R&D projects.

3. Long Term Procurement Agreements with domestic industry

For certain complex and high technology items, manufacturing of which requires huge investment and buyers are limited, the procurement agency should be allowed to enter into long-term procurement agreements for such items with the manufacturer so that the cost of setting up the facilities can be amortized. In sectors where the demand is sporadic and uncertain, this is all the more important. Under the present set up, going through the competitive bidding process at each cycle of procurement gives rise to a lot of uncertainties in the minds of investors. Once a company has been short-listed or selected through an open bidding process based on their technical and financial strength, they should be assured of reasonably large orders over a long period, so that the required return on investment is assured to them right in the beginning. This way we can encourage investment in certain sectors, which either require huge capital investment or where the gestation period is long and demand is relatively uncertain.

4. Removing tax disincentives for domestic integration

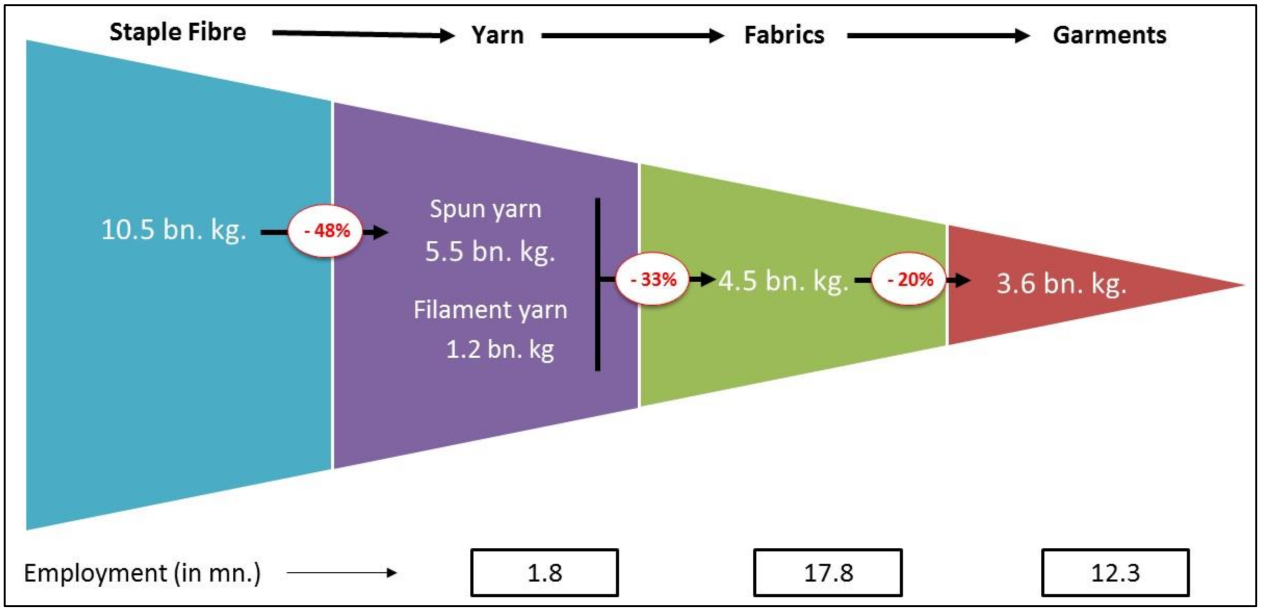
There are instances where the importer of an item would like to get a subsystem/system integrated in India involving domestic sourcing also. However, the tax structure discourages domestic manufacturing, particularly in final systems integration. Such tax anomalies should be looked at specifically for each sector. To promote manufacturing, tax/duty structures should be such that parts and components are free from import duty and the final system has higher or prohibitive import duty, so that the assembly or manufacturing takes place within the country. Additional tax measures can be taken by which, imported items become costlier in the domestic market as compared to indigenously designed and manufactured items. For cases where Government is the only buyer, all domestic taxes/duties should be reimbursed to the foreign seller, if the foreign seller is getting the items manufactured within the country.

b. Textile Sector

Potential:

The textile and apparel sector is one of the most important employment intensive sectors. **A garment factory provides 11 times more employment and generates 1.5 times more revenue with the same capital than the industry average**. Since the majority of the workforce employed in the garment sector is women, hence development of this sector has the potential to change the social fabric of the country. Indian textile and apparel manufacturing value chain capacities are tapered in nature. We have larger capacities at the fibre and yarn stage which successively reduce towards the end of value chain. As a result, the full employment potential is untapped.

Present capacities and employment in textile manufacturing value chain and the total potential



Values in Millions	Yarn	Fabrics	Garments	Total
Current employment level	1.8	17.8	12.3	**31.9**
Total employment potential	2.3	31.6	22.6	**56.9**
Additional employment generation possibility	**0.5**	**13.8**	**10.3**	**25.0**

A significant opportunity for value addition and employment generation is currently being lost due to large scale exports of unfinished goods. On realizing the full value chain, the current employment level of 31.9 million (excl. Jute, handicrafts and sericulture) can be increased to 56.9 million, thereby adding 25 million new jobs.

Key barriers for growth of Indian textile and apparel industry:

- Lack of economies of scale
- High cost of working capital
- High growth of wages
- Absence of FTA (Free Trade Agreements) with major markets of EU and USA
- Lack of Ease of Doing Business
- Lack of flexibility in labour laws
- Lack of Branding and Quality Control
- Mandatory ZLD (Zero Liquid Discharge)
- Poor access to credit for SMEs

Proposed interventions:

1. **FTAs with USA and EU**

Indian exporters are at a disadvantage vis-à-vis exporters in competing countries like Bangladesh, Cambodia, etc. which have duty free access to major markets of USA and EU. The duty disadvantage to Indian exporters ranges from 18% to 32% in the US market and around 10% in EU. This is also resulting in reverse FDI with leading Indian textile companies like Arvind Ltd. setting up units in Ethiopia, Bangladesh, Vietnam, etc. **For providing level playing field FTAs with major markets of USA and EU accounting for approximately 40% of Indian exports need to be finalized soon.**

2. **Revisiting introduction of ZLD norms**

Establishing and running ZLD is both capital intensive and high on O&M cost making it commercially unviable. **None of the competing countries (in textile sector) mandates ZLD** and reusing water is an accepted environmental norm. Even in USA, EU and Japan when textiles Industry was flourishing they used treated effluent for alternate usage of irrigation and agro-forestry and never insisted on 'Zero Discharge'. Even today, textile mills in US & Europe practice sea discharge/ discharge into river/ Land irrigation and the Zero Discharge concept does not prevail. **ZLD is not the only solution**. The effluent can be treated and reused for Irrigation, Agro-Forestry and Marine Discharge. **Before making it mandatory, a detailed analysis is required; to take into account the negative impacts of the proposed Zero Discharge Policy, and enable a fair comparison with equivalent norms using alternate technologies**.

3. **Steps to incentivize the industry**
    a. **5-year Tax holiday for garment companies generating high employment**

A new garment company employing more than 1,000 persons each year with at least 70% women employees and reinvesting profits into the business should be made eligible for tax holiday. Such tax holiday would be for 5 years and would provide for exemption from Corporate Income Tax and Minimum Alternate Tax (MAT). Based on period of tax holiday and industry norms for investment, employment and revenue, following will be the expected revenue foregone:

in Rs. crores	FY17	FY18	FY19	FY20	FY21	Total
Value	183	321	505	745	1,053	2,807

Expected benefits:

- Investment in garment sector: **Rs. 50,000 crores**
- Additional employment generation in garment sector: **40 lakhs**
- Employment for women workers: **30 lakhs**

b. Reduction of Excise duty on Manmade Textiles from 12.5% to 6%

Globally, fibre consumption is predominated by manmade fibres (MMF) with 70% share in total fibre consumption while in India their consumption is only 25%. The key reason behind this is that MMF fibres in India are more expensive than in the other competing nations. In exports, India is not able to cater to several multibillion dollar trade categories because of price incompetency. **All major competing countries adopt a fibre neutral policy**. Historically, lower excise duty on MMF has triggered higher growth levels. It is therefore proposed **that excise duty on MMF be reduced from 12.5% to 6%.**

The excise duty collection on MMF textiles during 2013-14 was Rs. 6,972 crores @ 12.5% out of which nearly Rs 6,500 crores is being paid through CENVAT and only Rs 500 crores is being paid through PLA. Therefore, duty reduction from 12.5% to 6% will have an impact to an extent of Rs. 250 crores only which will be sufficiently compensated by the projected higher trajectory of growth of the MMF sector in medium term.

Expected benefits:

- Higher investments, enhanced export competitiveness and availability of affordable clothing to the common man.
- An additional employment generation of **1.5 lakhs**
- Global competitiveness of domestic industry will increase thus limiting imports of MMF based products in India and enhancing exports from India.

c. Providing working capital to textile and apparel manufacturers at a reduced interest rate of 7%

In recent times, the Indian textile and apparel sector has witnessed flight of capital to other nations like Bangladesh, Vietnam and Ethiopia. One of the major reasons behind it is the availability of low cost finance in these countries, among others. In order to bring Indian manufacturers at par with global competitors it is important to bring down the effective rate of finance in the country. This is also important since India does not have duty free access to US and EU which its competing countries enjoy. **Availability of cheaper funds to textile and apparel manufacturers will improve their cost competitiveness**. Hence, it is recommended that **working capital finance in textiles be included in priority sector lending with specific allocation and interest rate at 7%.**

4. Set up Mega Textile Parks

The present Textile Park Scheme provides support to an extent of Rs. 40 Crores for a park with investment of Rs. 100 crores. The technical and regulatory requirements (such as ZLD) to compete globally requires a much larger infrastructure to be created at one place than the 20-40 acre parks which have come up at present.

For creating economies of scale, there is a requirement to support parks near coastal areas/ ports for integrated units of size of 800-1,000 acres with fully developed infrastructure – roads, power, express connectivity, marketing centres, residential areas, etc.

5. Simplification of labour laws

As already described in section E above, the introduction of flexibility in labour market regulation is essential across sectors and specifically is very significant for the hghly labour intensive textile/ garment sector. Therefore, liberalizing various provisions such as women employee working in night shifts, fixed term employment, given the industry's seasonal nature, enhancement of working hours and relaxation in overtime and quarterly cap and liberalizing procedures for lay-offs would greatly ease the employment situation in this sector.

6. Dedicated e-commerce platform for Indian textiles

For enhancing the marketability of handloom and handicrafts which are produced by SMEs, a dedicated e-commerce platform needs to be set up.

c. Tourism

1. Infrastructure Status of the Hotel Industry

It has been estimated that there is huge gap between the number of hotel rooms required and that presently available in the country. As per the report of the 'Working Group on Tourism' for the 12th Five Year Plan (2012-2017) set up by the Planning Commission, for a projected annual growth of 12% in the tourism sector, the requirement of additional hotel rooms under classified category is estimated to be 1,90,108 in 2016 over 2010. The Group felt that there is an urgent need to incentivize the hotel industry by providing infrastructure status.

The existing provisions pertaining to Harmonized Master List of Infrastructure Sub – Sectors for the hotel industry, as per the Ministry of Finance, Department of Economic Affairs, Infrastructure Section, Notification bearing file No. F. No. 13/6/2009-INF dated 07.10.2013 are as under:

- Three star or higher category classified hotels located outside cities with population of more than 1 million
- Hotels with project cost of more than Rs. 200 crores each in any place in India and of any star rating;
- Convention Centers with project cost of more than Rs. 300 crores each.

The above provisions are applicable with prospective effect from the date of notification and are available for eligible prospects for three years from the date of notification.

In order to give a boost to investment in the hotel industry the following is recommended:

(a) The threshold limit of Rs. 200 crores for a hotel project to qualify for the infrastructure status in Harmonized List may be reduced to Rs. 25 crores.

(b) The benefits under the Harmonized List may be extended with retrospective effect, as permitted under Reserve Bank of India's 5:25 Scheme applicable to infrastructure sectors, as hotels have a long gestation period before they become financially viable. This will give a lifeline to the old hotels, which are in debt and on verge of closure.

(c) The clause relating to applicability of the Harmonized Master List (HML) from prospective date and validity of three years as mentioned in the foot note no. 8 of the Ministry of Finance Notification No. 13/6/2009 – INF dated 7th October, 2013 be deleted.

2. No tax/levy/license on "Home Stay"

Hotels and other supplementary accommodation form an integral part of any tourist's visit to a place and the services offered by them can make his/her visit memorable. With the aim to provide comfortable Home Stay Facilities with Standardized World Class Services to the tourists, and to supplement the availability of accommodation in the Metros and other tourist destinations, the Ministry of Tourism classifies fully operational Bed & Breakfast/ Home Stay Facilities as "Incredible India Bed & Breakfast/ Home Stay Establishments".

The Group recommends that in order to bridge the gap between room requirements and supply in the country, the following measures (tax incentives) need to be taken:

- Bed & Breakfast/Home Stay Establishments should not be considered as a commercial activity.
- Property Tax, water and electricity should be charged at non-commercial rates.
- Exemption from service tax.

3. Development of tourist circuits/destination

During the next three years the Ministry should develop 50 tourist circuits/destinations on specific themes all across the country focusing on:

a. Spirituality and yoga
b. Medical wellness
c. Cruises – coastal/inland

4. Regional air connectivity

Regional air connectivity is imperative to promote tourism in areas that are presently inaccessible yet important in the context of tourism. Hence, intensive efforts need to be made to connect such centres with aviation gateways.

d. Agro based Industry

1. Promote Agri-Processing Zones by setting up primary processing facilities and cold chains

Agricultural is still the main employer in India. The sector however, suffers from gross under employment, poor economic returns, vagaries of weather, poor soil productivity, farm distress and gross neglect over years.

This has also led to mass migration of farmers and farm labourers. It is felt very strongly by the group that proactive State intervention is needed to create sustainable and gainful employment in rural India. The present intervention by Food Processing Ministry is based on mega food parks.

We need to go further to enhance the ecosystem available in identified agro processing zones by encouraging farmers to set up primary processing facilities within the village, encourage setting up of cold chains through private capital and tying up with private sector majors for secondary processing, marketing and exports. This would enable farmers to engage in gainful and higher returns from farming. This will also reduce the pressure of unskilled labour on the job market.

2. Identify and scale up operations for products like Honey and Oleo Resins (e.g. Mentha, Lemon Grass)

Oleo Resins are plants which have a high oil content. These crops have low time cycle of growth and give very high returns. Plants such as Mentha (mentha oil and mentha crystals), lemon peels (lemon oil), citrus oil (from the peels of oranges and keenu), Lemon grass oil (from lemon grass), Vetiver (in Hindi “Khuskhus”) grow abundantly in various climatic zones of the country. The Flavour and Fragrance Development Centre located at Kannauj (U.P.) popularised the plantation of Mentha in areas around Kanpur and Badaun. It has been scaled up substantially in last three years and today the entire belt has become one of the largest producers of the oil, which when processed through fractional distillation becomes an internationally tradable commodity which has recently been introduced in the commodity exchange market (MCX-SX). As a consequence of this, India today account of more than 50% exports of Mentha Oil (source-ITC World trade statistics). This model can be extended to other similar products across the country especially in U.P. Bihar and the North-East

3. Certify, brand and assist marketing of agro products on the lines of "Organic India"

With increase in lifestyle diseases, organic food is coming more to the fore. 20 years back, organic food was considered to be a fad. Today, consumers in India and abroad are prepared to pay extra for having organic food. The success of "Organic India” which was a private intervention in last 10 years has been phenomenal and has seen several fold jump in its sales within the country and exports.

Sikkim is the only certified organic State in India. Going the organic way not only ensures higher return to the farmers but also less stress on chemical fertilizers imports. This should be made a mission made project and constant monitoring to scale it up, to begin with in North Eastern States and then throughout the country.

4. All Agricultural Universities and Krishi Vigyan Kendras to adopt Panchayats for facilitating and setting up food processing units in the private sector

The Ministry of Food Processing and Agriculture should launch schemes for creation of organic clusters of villages and encouraging region specific private players to assist in marketing and acting as aggregators. Further, the certifying capacity of the State Organic Boards should be enhanced and the FSSAI should ensure sanctity of organic certification. All Agricultural Universities and Krishi Vigyan Kendras to adopt Panchayats for facilitating and setting up food processing units in private sector.

There are 75 Agricultural Universities (3 Central and 72 State Agricultural Universities) and a Krishi Vigyan Kendras in every District. The Agricultural Universities as well as KVKs have the necessary expertise for food and fruit processing. Those KVKs which are lacking in this can easily be tied up with nearby agricultural University to have the necessary expertise. These Centers should then adopt 10 Panchayats nearby them to begin with, for setting up Primary Food Processing Units in Private Sector and tie them up with existing industry majors for secondary processing. These interventions could lead to a plethora of agricultural and horticulture products which will give a value addition to the farmers as well as make agricultural gainful. This can then be scaled up to 10 more Panchayats every year till saturation levels are reached.

It can immediately be started by Department of Agricultural Research (DARE) and Department of Horticulture, Ministry of Agriculture. It can be rolled out in a short span of just three months and can cover more than 25 thousand Panchayats in next five years.

e. Creating Employable Skills

1. Bridging Skill Infrastructure Gaps

On analysis of current labor market situation in India, it becomes evident that the number of people who enter the work force age group every year is estimated to be 26.14 million. Assuming an average labor participation rate of 90% (male) and 30% (female), at least 16.16 million persons will enter workforce and they 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. Thus, it can be seen that 104.62 million fresh entrants to the workforce over next seven years (by 2022) will need to be skilled. In addition, 298.25 million of existing farm and non-farm sector workforce will need to be skilled, reskilled and upskilled.

The Confederation of Indian Industries in its recent 2016 report on employability has come out with a startling revelation that only about 38% of the Indian youth is employable in terms of hard and soft skills.

To address this daunting requirement of skill development in India, a massive infrastructure needs to be created with appropriate sectoral and spatial dispersal across the country. This can be executed in two ways:

A. Creation of Brownfield Institutions: Using already existing public and private infrastructure for skill development and enhancing it.

B. Creation of Greenfield Institutions: Creating fresh infrastructure.

In an effort to create Brownfield Institutions, the Government must permit already existing spare or idle premises of Central Ministries and PSUs to be utilized for skilling purposes wherever possible. It is necessary that all Ministries and PSUs must create an inventory of such available infrastructure which should be then unlocked for skilling purposes by Government training agencies or private vocational training providers registered with National Council of Vocational Training, National Skills Development Corporation or National Skills Development Agency. This infrastructure may be used only for Government sponsored training programs to avoid any misuse. A suitable centralized policy instruction may be issued by the Government to enable this. Some progress has been made in this regard by the Ministry of Skills Development and Entrepreneurship which has signed MoUs with 14 Central Ministries/Departments for sharing of infrastructure for skilling. For example, MSDE has already started using premises of Ministry of Railways to impart quality skill development training at several places. Similar strategy is being planned to utilize Krishi Vigyan Kendras (KVKs), Agriculture universities etc. which fall under the purview of Ministry of Agriculture.

Efforts are also being made to utilize private engineering colleges. The AICTE has recently issued instructions to allow use of Engineering Colleges after working hours for purposes of skilling. However, in view of the fact that more than half of the seats in Engineering Colleges remain unfilled, a huge infrastructure with superior facilities and teaching staff has been rendered surplus. There is an urgent need to allow this spare capacity for skilling even during class hours. In this regard, AICTE has also constituted a committee to assess feasibility of such utilization.

Also, a plan to use religious and cultural institutions for purposes of skilling is being formulated. Ministry of Minority Affairs has already embarked on skilling in Madarsas. In regions where accessibility still remains a challenge, innovative ideas such as mobile vans and container schools are being experimented with.

2. Multi-Skill Iconic training centres in every district

It is necessary that iconic Training Centres be established all over the country, preferably in every district, to inspire the youth in the quality of education imparted in these institutions. MSDE has already initiated action on this and the NSDC's lending norms are being reformulated to enable financial assistance for setting up such iconic institutions on simple and easy terms. It is planned to set up nearly 500 Model Centres all over the country in 2016-17.

3. Enhancing capacities of Industrial Training Institutes (ITIs)

The Make in India initiative is likely to unleash fresh employment opportunities in the manufacturing sector which would necessitate creation of sufficient manpower with hard skills. This requires a vast and rapid expansion in the current capacity of ITIs. A project to establish 7000 new ITIs in the next couple of years is already underway. Besides this, the existing capacity of 18 lakh seats can be increased to 25 lakhs in the year 2016-17 itself. Affiliation guidelines for new ITIs have been revised and simplified and procedure has been notified which will enable active participation from stakeholders. The States have also been asked to upgrade 1500 State Council of Vocational Training (SCVT) ITIs and get affiliated to National Council of Vocational Training (NCVT). Possibilities are also being explored to upgrade existing Vocational Training Centres to ITIs.

Currently, large parts of the country of the country do not have either a Government or a Private ITI. The Government may immediately adopt a policy of having at least one ITI in every block of the country. A project of setting up of 1,500 Multi Skill Technical Institutes (MSTIs) in either Public or Private Sector in the PPP is under active consideration of MSDE and Finance Ministry. It may be executed in a phased manner over the next three years.

4. Targeted Training for Overseas Employment

In order to fulfill the Prime Minister's vision of making India the Skill Capital of the world, it is necessary to proactively plan in advance and train Indians to capitalize on overseas employment opportunities. The Ministries of External Affairs, MSDE, Ministry of Labour and Employment and MHRD have to immediately commission expert studies to map out emerging opportunities and create the right ecosystem to realize that potential. The preparation must focus both on low as well as high end jobs so that India may not be viewed as only a manpower supplier for low paid jobs.

The studies must clearly identify countries where job opportunities are likely to arise. They must also identify job roles and skill requirements of those countries so that Indian youth can be trained accordingly. Concerted efforts are already being made by countries like Bangladesh and Philippines in this regard. It is necessary that Indian training must align itself with the requirements of the target country and for this it might be necessary to rope in the services of international assessment and certifying agencies. Indian Government may also consider entering into MOUs with target countries to enable mutual recognition of National Skill Quality Frameworks to allow smooth migrations.

MSDE has already completed a study in this respect and identified 8 states in India from which migration is taking place in substantial numbers. A targeted overseas training module is being devised for the whole of the Middle East and South East Asia. Measures are underway to establish training centres in all the districts from where migration is likely to occur. The process of setting up such centres of training for Overseas Employment is planned to start from 1.4.2016.

f. Creating Employable Skills – Other Steps

1. Creating Uniform Standards of Training

Presently, the ecosystem faces a big challenge in terms of lack of standardization in various processes being followed to impart training. Standardization is being achieved through Common norms for skill development which impart standards to operational issues of executing skill development projects for the nation. These Norms seek to streamline the whole spectrum of skill development processes and systems such as inputs/output, funding/cost norms, third party certification and assessment, cost committee etc.

Also, a standard curriculum for different job roles in the market is being prepared and will be soon launched by MSDE. This will achieve standardization in terms of content for training so that uniformity is maintained through the country. This curriculum will industry relevant and will be dynamic, reflecting the actual need of Industry. This will also ensure, standardized assessment parameters which are measurable and acceptable by the Industry.

2. Establishment of National Assessment/Certification Board

Process has been initiated to establish a central body which validates the assessments being conducted after successful completion of vocational training programs. This body will be known as National Skill Certification Board. Its prime objectives would be to establish standards for assessment and vet the assessment results similar to what an existing central education board does for formal education. This would also be necessary to facilitate overseas employment as a single National Certification would be far more acceptable to the international community.

3. Making Skills Aspirational

Vocational education in India has traditionally been looked down upon and treated as inferior to formal education. This makes it a less attractive option for youth. They find it more respectable to do an on the job training as helper rather than formally joining a training institution. This can be corrected by treating vocational education at par with formal education and providing it equivalence as has been done successfully in progressive States like Gujarat and replicated in some others. Thus a trainee who joins ITI after 8th standard can be provided equivalence to 10th standard with some bridge course like English or local language. Similarly, a trainee who joins

ITI after 10th standard could be provided equivalence to 12th standard with a bridge course. A trainee who does any vocational course after 12th should be provided equivalence to Bachelor's degree. Trainees who have done professional courses like Hotel Management, Aircraft Maintenance Engineering, Pilot's courses etc. should be treated at par with Bachelor's Degree. This would not only provide possibilities of further mobility within the system but would also make the trainees eligible for alternative employment.

This change would provide pathways to students to move with flexibility in the educational system and also create skills necessary for meaningful and productive employment. At the same time, it would remove the stigma attached to vocational training by making it socially acceptable and consequentially aspirational.

4. Skill gap studies on regular basis

Given the extreme volatility of Indian economy it is necessary to carry out regular exercises of identifying skill gaps. The Ministry of Skill Development and Entrepreneurship is embarking upon the journey of producing environmental scans every year though which new and upcoming job roles will be identified and accordingly plans to train manpower in those job roles will be prepared and executed.

The Ministry of Skill Development and Entrepreneurship requires an allocation of Rs. 750 crores in the year 2016-17 for setting up of 1500 Multi Skill Training Institutes (MSTI) in unserved blocks/areas with active participation of industry/private sector partners. The total project cost for the scheme is Rs. 5266 crores, out of which Rs.3540 crore has to be provided for in the Budget over next three years by the Central Government. Further, it is expected that setting up of National Board for Skill Certification (NBSC) to conduct examinations, assessments and award National level certificates aligned to NSQF for skill development courses will cost approximately Rs.250 crores, out of which Rs.50 crores is required in the year 2016-17.

Enclosures

A. Observations

Suggestions that came subsequent to the presentation:

1. Shri N.K. Sinha, Secretary (Culture)
    i. Skill training should also be done based on the needs of overseas market and emerging technologies.

    ii. Haptic devices have been developed, which have embedded processes that can be programmed for imparting skill training with simulated practices on various machine tools. Such devices can be utilized for ensuring skill training. This will reduce burden on machine infrastructure.

2. Dr. Girish Sahani, Secretary, CSIR
   Agriculture sector needs a major thrust in skilling wherein complete value chain starting from the input to marketing of products may be covered. This will ensure that youth can be attracted towards this sector as it will offer exciting opportunities and is remunerative.

3. Ms. Anjuly Chib Duggal, Secretary (Financial Services)
   Skill training effort should necessarily include imparting training in entrepreneurship. In addition, financial literacy module may also be incorporated.

4. Shri Vinod Agarwal, Secretary, National Commission for Scheduled Castes
   The Group may also undertake a deeper analysis on how notification related to contractual labour was withdrawn, before giving its final recommendations in the matter.

5. Shri Shyam Sundar Aggarwal, Secretary, (National Commission for Scheduled Tribes)
    i. An E-portal may be developed for candidates in which all the information related to training and education institutions are available. This will enable them take informed decisions while choosing the institutions. To make it more transparent, the information related to inspection / certification of various agencies and the results of their placement / examinations may also be disseminated.

    ii. There should be exit laws that facilitate closing down such institutions, which are not performing as per the desired standards.

6. Shri Neeraj Gupta, Secretary (Disinvestment)
   Considering the fact that only 38% of skilled workforce in India is employable, skilling has to be undertaken in partnership with industry.

7. Ms. Aradhana Johri, Secretary, Cabinet Secretariat
   In tourism sector, there is growing tendency of high income group individuals preferring foreign destinations. We need strategies to arrest this tendency so that such high value tourist visit Indian destination helping the domestic employment..

8. Shri Ramesh Abhishek, Secretary, Performance Management
   The monetary policy of the country should also to be linked to employment generation strategies.

9. Prof. T.C.A. Anant, Secretary, Statistics & Programme Implementation
   The employment data has not been utilized for policy planning because of delay in obtaining such data. However, efforts have been made for timely availability of data for better use.

10. Shri Mukesh Jain, Joint Secretary, Disability Welfare
    There are about 10 lakhs Govt. schools in the country which function in the morning shift. The infrastructure available in these schools can be used for skill development in the evenings/ afternoons.

11. Shri Rakesh Garg, Secretary, Telecom
    Skill training should be based on the domestic requirement and the demand and supply mis-match needs to be addressed.

12. Shri Rajiv Gupta, Secretary, Youth Affairs and Sports
    There is a need to develop cohesive self-help groups and banking institutions may work together on viable projects for employment generation.

13. Ms. Nandita Chatterjee, Secretary, Ministry of Housing and Urban Poverty Alleviation (HUPA)
    Two biggest sectors for employment generation are agriculture and construction industry. Problems of these sectors are related to migrant labour and productivity. The group may also address these issues while finalizing their report.

The Group deliberated on all the comments given by the participants. The final report has been prepared after considering each of the suggestions.

B. Presentations

Presentation
on
Employment Generation Strategies

21st January, 2016

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Members of the Group

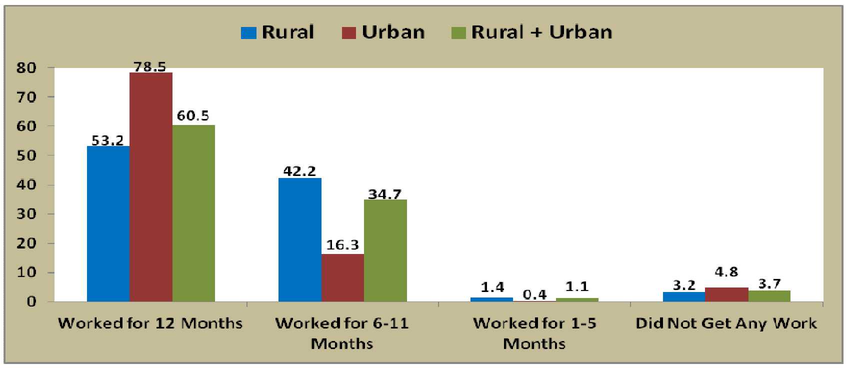
S.No.	Name of Member and Ministry
1.	A.K. Mittal, Railways
2.	Amarendra Sinha, Minority Affairs
3.	Anup K. Pujari, MSME
4.	Arun Jha, Tribal Affairs
5.	Ashok K. Gupta, Defence Production
6.	Rashmi Verma, Textiles
7.	Rohit Nandan, Skill Dev & Entrepreneurship
8.	Shankar Aggarwal, Labour & Employment
9.	Vinay Sheel Oberoi, Higher Education
10.	Vinod Zutshi, Tourism
11.	Anil Swarup, Coal - Rapporteur

	Joint Secretary level Rapporteurs:
1.	Devesh Chaturvedi, DoPT
2.	Varsha Joshi, MNRE

2

Endemic Underemployment

Availability of Work, 2013-14 (ages 15+) (in %)



Source: Labour Bureau, Employment-Unemployment Survey, 2013-2014.

Strategy for Employment Generation

- Incentivizing employment
- Ecosystem to promote self employment/ micro enterprises, manufacturing
- Sector specific policy interventions
- Bridging skill gaps

Fiscal and Monetary Interventions

Income tax incentive for employment

- A tax deduction of 30%:
  - of additional emoluments (not limited to 'wages' only)
  - paid to all additional employees (not just 'workmen')
  - for a minimum increase of 2% in workforce (instead of 10%)
  - be given to all assessees (not just manufacturers of certain size) who are under the scope of tax audit

Easy and affordable credit:

- Interest subvention for employment generation

5

Policy and Process Interventions

- Every Project/Investment proposal to be appraised also in the context of employment generation both at EFC/PIB and Cabinet levels
- Quarterly "Rozgaar Utsav" in every district
- Linking all employment exchanges with an E.Platform - National Career Service Centre (31.03.17)

6

Process Interventions

- Deemed registration of applications submitted electronically
- Digitize and enable tracking of all processes
- "Laghu Udyog Bandhu" – Counseling, Mentoring and Hand-holding Agency at the Central, State and District levels

Conducive Environment

- **"Fixed Term Employment" to enable 'flexibility' in hiring**
  - Notification under Industrial Employment (Standing Orders) Act by 31.03.16
- **Rationalization of wages for Contract Workers**
  - Higher of the Min. Wage or the mutually agreed wage which shall not be less than Rs. 10,000.
  - Amendment to Rule 25 of Contract Labour (Regulation and Abolition) Central Rules by 31.03.16
- **Enable women to work night shifts**
  - Direction to States under sec. 113 of Factories Act by 31.03.16
- **Relief to low-wage workers (less than Rs. 10,000)**
  - Amendment to Provident Fund Act for enabling waiver of employees' contribution by 30.06.16

Leveraging 'Make in India'

(Defence, Railways …)

- Preference to indigenously designed and manufactured items in procurement
- Government-funded collaborative research to develop new processes/products
- Long term procurement agreement with domestic industry
- Remove tax disincentive for domestic integration

9

Sector Specific Interventions: Textiles

- Negotiate FTAs with major markets like EU, US and Canada
- Effluent norms as per global best practices
  - Not necessarily "Zero Liquid Discharge" (ZLD)
- Dedicated e-Commerce Platform for Indian textiles
- Set up Integrated Mega Textile Parks
  - Common facilities
  - Explore feasibility of using SEZ land

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Sector Specific Interventions: Tourism

- Infrastructure status to hotel industry
- No tax/levy/license on “home stay”
- Integrated development of 50 thematic tourist circuits/ destinations (31.03.19)
- Develop and promote new tourism avenues
  - spiritual and yoga
  - medical and wellness
  - cruise tourism
- Regional air connectivity

11

Sector Specific Interventions: Agro based Industry

- Promote Agri-Processing Zones by setting up primary processing facilities and cold chains
- Identify and scale-up operations for products like Honey and Oleo Resins (e.g. Mentha, Lemon Grass)
- Certify, brand and assist marketing of agro products on the lines of “Organic India”.
- All Agricultural Universities and Krishi Vigyan Kendra to adopt Panchayats for facilitating and setting up food processing units in private sector.

12

Creating Employable Skills
Bridging Skill Infrastructure Gaps

- Use spare infrastructure for skilling in:
  - Public Institutions
  - Private Engineering Colleges/Polytechnics
  - Religious and cultural institutions
- Multi-skill Iconic training centres in every district (31.03.17)
- Enhance capacities of ITIs
- Targeted training for overseas employment

13

Creating Employable Skills
Other Steps

- Uniform national standards of training (31.03.17)
- Establish National Assessment/Certificate Board (31.03.17)
- Make Vocational Training aspirational by providing equivalence with formal education – Gujarat Model
- Carry out skill gap studies on regular basis

14

Employment Generation Strategies

Employment Intensive Sectors

- Manufacturing
- Textiles
- Agro-Based Industries
- Tourism
- Rural non-farm sector

Manufacturing

Short Term Measures

i. Weighted tax deduction for training and skill development-200% deduction on expenses for training and skill development
ii. Measures for enterprises with large job creation who may not be liable to pay income tax.
iii. Examine the possibility of reducing employer's contribution to social security benefits of new employees for a limited period. Employer contribution to rise from 0 to 100% in phased manner.
iv. Some States have already carried out labour reforms recently (Maharashtra, Gujarat etc). Identify labor reforms which can be carried out by state/ central governments or through executive action.
v. There is no fix Interest rate in MUDRA loan. Banks are charging around Base Rate + 1% to 7% minimum nearly at 12% for upto Rs 50000 and 14-17% for loan upto Rs5 lakh. A ceiling rate may be specified so as to ensure loans at remunerative rates to small industries.
vi. Developing a common database, of credit seeking applicants, which can be used by various finance corporation/agencies that cater to SME credit demand.

Short Term Measures- contd

Entrepreneurs create jobs

vii. Embracing Digital Platforms to Encourage Entrepreneurship.
viii. Providing Funding Support through Fund of Funds through participation in the capital of SEBI registered Venture Funds
ix. Start-up Incubation Centers in NITs
x. Through Atal Innovation Mission-innovation hubs across the country to provide means to people with innovative ideas to experiment and develop their product.
xi. Helping Start-ups Exit Faster: The Insolvency and Bankruptcy Code 2015 ("IBC"), tabled in the Lok Sabha in December 2015 has provisions for the fast track and / or voluntary closure of Start-ups

Tax incentives to promote Startups/Entrepreneurship

xii. For IPR developed and owned in India, income from IPR licensing to be taxed at 10% on the total net income.
xiii. Capitalisation of expenditure to create IPR and be treated at par with capex in manufacturing for tax purposes
xiv. Disparity in tax rates applicable for capital gains on sale of listed vis-à-vis unlisted securities.
xv. Exemption from provisions of Section. 56(2) of Income Tax Act [Angel tax] for investment by individuals up to Rs. 5 crores in startups
xvi. Rationalisation of TDS regulations. For rupee funds, TDS of 10% required to withheld upon exit, this makes exit unattractive for rupee funds

Medium Term Measures

i. A single online platform may be developed which covers end-to-end procedural requirements in respect of registrations, tax payments etc for each sector wise activity
ii. Simplification of taxation procedures at state/central levels:
- Providing small businesses with assistance in respect of tax filings etc
- Providing businesses with assistance (from identified law firms/consultants etc) at a government defined fixed costs to complete regulatory compliances.

iii. Reducing taxes on raw materials; addressing concerns of inverted duty structure.
iv. Increase incentives to invest in R&D and innovative technologies. Roping in the Corporate Sector to Fund R&D:-
- 1% of corporate profit could be directed towards research labs in universities and/ or industry-university collaborative research. Tax benefits against this can be provided.
- A percentage of corporate profit could be directed towards corporate venture capital funds, for the purposes of investment in start-ups and/or incubators. Tax credits against this can be provided.

v. Linking industry and academia so as to develop better synergies.

Long Term Measures

Cluster Development Approach

i. Developing new greenfield industrial clusters/locations around the existing brownfield facilities to enhance competitiveness and take advantage of spillover effects

ii. Establishment of industrial clusters which can be sector specific or multisector. For e.g. Automobile Clusters, Plastic Park, Electronics Park etc.

iii. Integrating the high employment potential industries into the global value chains

iv. Support from MSME Cluster Development Program scheme can be explored.

Vendor Development Program

v. Linking MSMEs with Anchor Units (Similar project has been undertaken by Madhya Pradesh Laghu Udyog Nigam)

vi. Identification of sector specific Anchor Units and existing MSMEs which can be inter-linked.

vii. Understanding the requirements of Anchor Units and building capacities of related MSMEs to meet these through technology enablement/transfer and capacity enhancements /skilled manpower availability for MSMEs and Anchor Units.

Long Term Measures-contd

Multi Skill Institutes in Industrial Corridors

viii. Establishment of Multi Skill Development cum Production Centres within the periphery of various industrial corridors

ix. It will not only provide the skills training on various technical trades but also facilitate the trainees to gain hands-on experience on the actual job requirements through a self-sustained production centre.

x. Trainees shall get stipend for the job work they complete.

xi. After completion of training with ample practical exposure, trainees can be employed with the respective industries or they can opt for self-employment.

Textiles

Short-Term Measures

i. **Training & Skill development**: to ensure better quality of products. Incentives may be given for In-house skill training.
ii. **Tax incentives**: reduction in excise duty on man-made fibre from 12 to 6 or 4 %; will boost growth of synthetic sector & create employment.
iii. Weighted Tax Reduction Incentives based on wage bill to employment generation.(section 80JJAA of income tax)
iv. Exemptions from provisions of section 56(2) of income tax for investment by individual upto Rs 5 Crore in Start-ups
v. MUDRA Loans: ceiling on interest rates be specified to ensure loans @ remunerative rates. MUDRA to cover powerloom sector also.
vi. Informal textile sector needs credit facilitation through credit guarantee trust for micro enterprises.
vii. **Labour reforms**: some states (GJ,MH)have carried out reforms, will help in attracting labour force.

Short term Measures contd.

viii. Use of Digital platforms to encourage Entrepreneurship.

ix. Providing support through Venture Funds. (Tex-Venture Fund Started)

x. Start-up incubation centres in Textile Research Associations (already planned in textile sector)

Medium term Measures

i. **Establishment of CFCs** (common facility centres): to ensure comprehensive development of textile clusters to support unorganised sectors – powerloom, handloom and handicrafts.

ii. **Provision of Processing parks** in the clusters will make product more competitive.

iii. **Linking of textile research associations (TRAs)** & other academia with textile industry.

Long Term Measures

i. **Development of megaclusters**: to ensure comprehensive development and proliferation of technology in the clusters.

ii. **Development of Textile Parks**: for creation of world class textile facilities & generating additional employments.

iii. **Finalization of FTAs**: with higher potential markets countries will improve cost competitiveness.

Weighted deduction in respect of wage bill

- Weighted deduction in respect of wage bill can be considered for tax deductible expense.
- It shall be more appropriate if this scheme is made applicable to new manufacturing unit because old units usually do not have capacity for expansion and they resort to unfair means to avail incentives.
- Wage bill eligible for deduction should comprise workers and not the management personnel.
- Eligible worker should be one who remained unemployed for last one year before being employed by the eligible unit, otherwise there shall be poaching of already employed workers.
- Weighted deduction can be allowed for a period of 3 years and can be continued for another period of 3 years if numbers of eligible workers increase by say 10% during 4th year as compared to the number in 1st year and so on.
- Identification of all the eligible workers should be available online and there should be matching with EPF.

Agro-Based Industries

Background

- Over 70% of the population depends upon agriculture activity for livelihood.
- The agriculture and allied sector contribution to GDP has been declining.
- Has come down from 14.6% in 2010-11 to 13.9% in 2013-14 (At 2004-05 prices).
- Focus thus needs to be on value addition, minimizing post harvest wastage, commercialisation of agriculture produce.

Food and agro products sector

- The sector is largely un-organized, but whatever small organized sector is there it is growing rapidly.
- Food processing: Processing of raw product of agriculture, animal husbandry, fisheries transforming it in such a way that its physical properties undergo a change and the transformed product is edible / have commercial value.
- Other value added process for increased shelf life.

Potential of FPI Sector

5 year Average Annual Growth Rate (2008-09 to 2012-13	
GDP	7.1%
Agriculture	3.3%
Manufacturing	6.6%
FPI	8.4%

Growth in FPI linked to Agriculture output?

Growth in GDP %	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Overall GDP	6.7	8.6	8.9	6.7	4.5	
Agriculture	0.1	0.6	9.3	5.4	1.3	4.7
FPI	5.3	-2.7	14.9	21.6	3	
Manufacturing	4.3	11.3	8.9	7.4	1.1	

Advantage available for growth of agro based sector in India (abundance of raw material)

- Globally India is 2nd largest producer of vegetables. Production of horticulture crops during 2013-14 was 277.4 million MT.(India is leader in production of Peas, okra, Second largest producer of Cabbage, Cauliflower, Brinjal & Third largest producer of Tomato, Cucurbits, Potato)
- At 137.7 million tonnes in 2013-14 India is largest producer of the milk in the world.
- In fisheries sector India is second largest producer with 95.79 lakh tonnes in 2013-14 (with 34.43 lakh tonnes of marine and 61.36 lakh tonnes of inland fisheries)
- Significant production of egg -74.75 billion and 2.69 million MT of poultry meat in 2013-14.

Segments of agro based industry

Dairy	**WMP, SMP, Condensed milk, Ice cream, Butter, Ghee, Cheese,**
Fruits & Vegetables	Juices, Concentrates, Pulps, Slices, Frozen & dehydrated products, Wafers & Chips,
Grains & Cereals	Flour, Bakeries, Starch, Cornflakes, Vermicelli, Malted food
Fisheries	Frozen and canned product
Meat & poultry	Frozen & packed, Egg powder
Consumer foods	Snack foods, Biscuits, Namkeens

Employment in FPI Sector (organised)

	Segment	No. of Factories	No. of persons
1	Grain mill & starch production	18,885	3,22,504
2	Vegetable & Animal Oil/fats	3,312	1,11,218
3	Beverages	2,079	1,41,952
4	Dairy products	1,695	1,35,108
5	Fruits & vegetable products	1,110	55,090
6	Prepared animal foods	873	38,730
7	Fish /crustaceans	462	36,773
8	Meat processing	140	22,130
		37,175	16,88,830

Growth rate of Employment and Fixed Capital in FPI Sector

	FPI	Overall Industry	% share of FPI
Registered 2012-13	16.89 lakh	129.47 lakh	13.02%
Unregistered 2010-11	47.90 lakh	348.88 lakh	13.72%
AAGR in employment in FPI for 5 years (2008-09 to 2012-13)= 2.41%			
AAGR in fixed capital has also increased in last 5 years(2008-09-2012-13)=18.47%			

Demand Drivers

- Changing profile and tastes of consumer
- Product innovation
- Increased spending on healthy and nutritional food
- Advent of organised retail
- Better preservation and packaging techniques
- Rising export opportunities

Existing Policy initiatives of Government

- Under the Income Tax Act, a deduction of 100 percent of profit for five years and 25 percent of profit in the next 5 years in case of new agro processing industries set up to **package fruits and vegetables**
- Excise duty of 16 percent on dairy machinery has been fully waived off and excise duty on meat, poultry, fish products reduced from 16 percent to 8 percent.
- Most of the processed food items have been exempted from the purview of licensing under the Industries (Development & Regulation) Act, 1951 except items reserved for small scale sector and alcoholic beverages.
- Automatic approval for foreign equity upto 100 percent is available for most of the food items except those reserved for small scale sector.
- Government grants for setting up common facilities agro Food parks
- Formulation of integrated food law –Food Safety & Standard Act, 2006
- Corpus fund for lending at lower interest rates to Food Processing Units

Challenges

- Inadequate infrastructure- due to inability of SMEs to invest heavily in infrastructure
- Lack of adequate trained manpower-no. of institutes in imparting training are inadequate
- Seasonality of raw material- large proportion of inventory to be held by the unit at the same time which is difficult for SMEs
- Untapped potential of livestock sector-promotion of rural backyard poultry, dairy entrepreneurship, aquaculture etc.
- Lack of Provision for insurance package to avoid distress
- Untapped potential of wood from agroforestry for plywood/veneer industry-(not recognized as agro-based industry and no excise duty exemption).

Short term measures

i. Funding of 'Farmers Producers Organizations' through a "corpus" created under NABARD or Small Industries Development Bank under a suitable scheme of M/of FPI that allow small farmers easy access to credit & technology so that they can use their collective strength and increase their competitiveness in terms of diversification, aggregation and storage to cater to the agro industry demand.

ii. Assistance under RKVY scheme of DAC to set-up community / cooperative farming amongst farmers with very small land holdings to enhance the scale of their economic activities including ability to go for 'contract farming' as companies tend to prefer medium to large acreage farmers.

iii. Framing of scheme by DAC to allow "Corporate farming" in select high value agriculture crops having potential for exports for short spells on the same area to avoid monoculture of same species over long periods.

Short term measures

iv. Extending extension services by MFPI to entrepreneurs for establishment of FP Units in adjoining raw material producing area on the pattern of "Fruit and Vegetable Map of India" launched by M/o FPI recently.

v. Full Operationalization of underutilized food parks set up in the past through assistance by M/o FPI.

vi. Given the potential of inland fisheries and aquaculture both from food processing industry and direct employment generation points of view opening up of FDI in Pisciculture.

vii. Allowing FDI in Animal Husbandry, Pisci-culture, Aquaculture under 100% automatic route **without the condition of "under controlled conditions**

Medium Term Measures

i. Cap on subsidies given under National Horticulture Mission of DAC on investments for green houses which enable a modernization/diversification of agriculture produce for agro-based industry, should be reviewed in favour of farmers with small land holdings as high value products can be raised in green houses providing better remuneration per unit area.

ii. Agriculture Produce Marketing Committee Act especially in respect perishable products needs review so that these can be directly sold outside Mandis directly to processors to avoid transportation/storage losses.

iii. Review of taxation structures especially the excise duty on products emanating from "agroforestry" practices such as making up of veneers, ply and particle boards from Poplar and Eucalyptus species grown by farmers agricultural lands for supplementary income in addition to agriculture, to bring the duty at par with those of other agricultural products.

iv. Promotion of livestock sector especially backyard poultry and dairy entrepreneurship, aquaculture through suitable schemes of DAHD&F.

Long Term Measures

i. Lack of inadequate infrastructure is a major issue in agro based industry. Creation of an independent body (similar to NHAI) that will have the authority and mandate for development of pan India infrastructure of cold chain, storage, sorting, packaging facilities to cater from the farm gate to processing industry doorstep. This could be under M/O FPI.

ii. Skill development to nurture next generation of agri-business /entrepreneurs in livestock/agriculture/food processing sectors or in the areas of development of innovative by products through creation of network of world class food processing and agriculture universities/institutes or even by revision of existing curriculum of the existing universities/institutes.

iii. Weak adherence to quality and safety standards has led to losing on exports or even creation of a strong "Indian" brands. Thus strengthening of infrastructure of laboratories for meeting with quality and traceability standards as per "Codex norms" under aegis of MPEDA, APEDA & FSSAI.

Tourism

- Short Term Strategy

i. **Implementing scheme of Local Tourist Guides at lesser known destinations across the country**

ii. **Facilitating Home Stays (B&B) by rationalizing the policy and simplifying the registration/certification process**

iii. **facilitating credit for startups by reducing the credit threshold limit of TFCI to Rs 1 crore**

iv. **Utilizing the Infrastructure of Hotel Industry for skill development**

Medium Term Strategy

i. **Developing 50 circuits under Swadesh Darshan Scheme with convergence and stakeholder association**

Short Term Strategy-1: Tourist Guides at destinations

- Presently, large number of tourist centers including those in remote/ lesser known destinations not serviced by Tourist Guides.
- 'visitor experiences' in places not serviced by "tourist guides" is poor- full potential remains unexploited.
- Proposed Strategy:
  - Identification of such products/lesser known centres in consultation with States (30.06.2016)
  - Selecting local educated Youths (including Women) of village/wards (30.09.2016)
  - Capacity Building/Training as local tourist guides (upto 31.03.2017)
  - Licensing and certification by State Agencies
  - Scheme extended beyond conventional guiding of monuments to adventure escorts, mountain guides, river guides, eco and rural guides, Naturalists, etc.
  - Providing web enabled platform/database for availing services

Short Term Strategy-2: Developing Home Stays (B&B)

- Home stay accommodation
  - focuses on traditional life style, local culture and customs.
  - Provides decent accommodation at reasonable tariffs
  - creates business opportunities.
  - Generates supplemental income from part-time jobs
- Proposed Strategy:
  - Existing scheme guidelines to be revisited and reformed (31.03.16)
  - Accreditation and certification process simplified
  - Private Players / State Tourism Corporations engaged for market linkage – IT enabled platform
  - Focused attention in circuits identified under Swadesh Darshan.
  - Capacity Building of Home Stay owners/service providers (31.03.2017)

Short Term Strategy 3: facilitating credit for startups

- No specialized lending agencies for tourism SMEs /Startups
  - Dependent on commercial banks and unorganized financial sector for credit.
  - Tourism Finance Corporation of India (TFCI) lends for projects over 7 crore
- Proposed Strategy
  - Enhancing TFCI's mandate to lend from Rs 1 Crore onwards for tourism sector

Short Term Strategy 4: Utilizing Hotel Infrastructure for Skill development

- Ministry of Tourism undertakes star/Heritage classification of Hotels
- Skill training can be undertaken in these hotels for
  - Food production(Cooks)
  - Food and Beverage services (Waiters)
  - Front office operations
  - House Keeping
- Proposed Strategy
  - Hotels to be given targets (based on number of rooms) for skill training every year

Medium Term Strategy -1: Convergence in Swadesh Darshan Scheme

- A plan scheme "SWADESH DARSHAN" for Infrastructure development of identified theme-based circuits.

- Strategy for convergence and sustained employment generation:
  - Identification of 50 theme based circuits(31.03.2016)
  - Constitution of Apex Committees at level of State Tourism Secretaries/ Divisional Commissioners (31.03.2016)
  - Developing Project reports based on infrastructure/ capacity building gaps identified through consultation with local stakeholders(30.06.2016)
  - Convergence of resources under various other schemes
  - Sanction of Projects and financial assistance (31.12.2016)
  - Project implementation in coordinated manner.(upto 31.12.2018)
  - Project components to include infrastructure, skill development, capacity building of service providers, monument refurbishment, signages, way-side amenities IT based applications etc.
  - Developing Tourist Hubs/Growth Centre with integrated facilities of luxury/budget hotel, convention centre, Craft village, Food parks, Theme parks through PPP.

Rural Non-Farm Sector

RURAL NON-FARM SECTOR

- A highly productive agriculture sector generates a vibrant RNFS.
- Demand is the key constraint for much of the RNFE, so that RNFE supply-side policies (e.g., micro-finance) alone are unlikely to be successful.
- Motors for RNFE development: Agricultural growth as happened with the Green Revolution; in Latin America, tourism development has provided feedback into the RNFE, via increased product demand and job creation; Remittances may be the motor. some sort of motor is needed, if the RNFE is to develop above low remuneration activities.

SHORT TERM (ONE YEAR PERIOD)

i. "**Going Global**": Training and facilitating the trained persons to emigrate to other countries for work (promoting emigration- nurses, teachers, masons, plumbers, mechanics): [Ministry of Labour, Skill Development and MEA]

ii. Employment Support Centres: Building scientific, standardized and modernized labor market, and establishing a public employment service system at city and district levels, linkage between job provider and job seekers; training as per demand, long-distance training, promoting by means of information network and satellite data transmission technology: [Skill Development and MoL]

SHORT TERM (ONE YEAR PERIOD)

iii. "**Gramin Grain Bank**": In every cluster of villages by doing local procurement, creating storage for procured grains, supply to PDS, MDM: No centralised procurement, storage and criss -cross movement of food grain: Ministry of Consumer Affairs].

MEDIUM TERM (ONE YEAR – THREE YEAR PERIOD)

i. "**Reviving the Roots":** Cluster Revival: Saharanpur, Meerut- wood work and sports good; Aligarh, Moradabad: Brass and handicraft, Ferozabad: glass; Bhadoi, Mirzapur: Carpet; Gorakhpur, Azamgarh, Varanasi: Pottery and Silk sari: [Ministry of Textiles/MSME]

ii. **Boosting the Demand**":Regarding creation of demand in the handicrafts and handloom sector, it is suggested that Government purchase and procurement be promoted.: [MSME]

iii. Promoting private investment in education and health in rural areas – having separate norms of CBSE affiliations for schools in rural areas: [MoHRD, Health].

LONG TERM (BEYOND 3YEARS)

i. Investment in rural infrastructure, especially electricity supply in villages and small towns: [MoP].

ii. Making capital available for projects and activities up to 100 lacs at bank interest rate of 5%:[MoF].

iii. Investment in energy plantations, irrigation water efficiency, ground water recharge, agriculture waste management, and storage facilities[MoEFCC, MoWR, MoA].

THANK YOU

EMPLOYMENT GENERATION STRATEGIES

GROUP OF JOINT SECRETARIES

GROUP 1

CURRENT STATUS

- Agricultural productivity stagnating, leading to rural underemployment
- Daily Wage Labour system deeply inefficient in bridging demand & supply
- Very low female employment/undocumented economic work of women
- Half the workforce is self employed at a low level of skill/income/productivity
- Education system doesn’t support either skilling or self employment
- Manufacturing skilling capacity limited to ITIs
- Service skilling negligible compared to demand
- Productivity and quality barriers in manufacturing
- Unorganised utilisation of opportunities in other countries

WOMEN IN AGRICULTURE

- Mission- Reduce underemployment and improve returns for female farm workers
- Intervention- Train selected local women who have experience of agricultural work to become Krishika Sakhis, traveling through villages on bicycle and sharing knowledge of improved seeds, farming best practices, etc with groups of female farm workers
- The Sakhis can distribute seeds and implements, share weather information, perhaps extend soil testing services, or conduct whatever activities the State Government finds locally appropriate, and be paid by State Govt, or by service providers who use them to reach the villages, or by the local people, for their services, similar to the Asha workers.

CASUAL/ SHORT TERM WORKERS

- Mission- To bring all casual workers into one national, interconnected, self-organising ecosystem through an e-platform on which they can be connected to employers, thus addressing their income, health, safety, mobility and skilling issues through Jan Dhan and Aadhaar linkage
- Intervention- Workers as well as employment opportunities would be registered on the e-platform which would connect the two and allow negotiations as long as at least minimum wge is paid
- Apart from the benefits of efficiency for employers and certainty and empowerment for workers, this enablesreal time rural, urban, transportation, welfare and upskilling decision making and planning for Government and other stakeholders

DAY-TO-DAY ENTREPRENEURSHIP

- Mission- Making entrepreneurship inspirational and high-value
- Intervention- The spirit of entrepreneurship should be inculcated from primary school onwards by integral inclusion in the syllabus, through stories and biographies in the language lessons, real life exercises in the maths lessons, etc.
- It should be taught as an optional subject from Class 9 onwards and should be available to all as MOOCs
- Entrepreneurship across a value chain based on products/ services special to an area needs to be the core of local development programmes and projects, such as for tourism, horticulture, etc.

HIGH LEVEL ENTREPRENEURSHIP

- MISSION- To create a culture of high level startups which will create value and employment in themselves and eventually lead to strong chain effects
- INTERVENTION- Schemes for startups need to focus on value addition potential rather than innovation in itself, which is a matter of R&D.
- Procedures for companies to get tax benefits for R&D need to be simplified.
- More world-class design institutions, for both graphic design and product design, should be set up, and at the same time, local level design schools focusing on products of that area (say, mojris in Rajasthan) should be made as nodes for local design hubs.

SKILLING

- MISSION- To achieve the goal of skilling 400 million people by 2022
- INTERVENTION- Raise funds beyond budget resources for skilling purposes by placing a 2% charge on payroll of all companies towards a National Skilling Fund which could be operated in PPP mode
- Encourage apprenticeship by allowing CSR benefit to voluntary apprenticeships offered by companies (without obligation to employ them)
- Designate industry- operated technical institutions which follow MSDE norms as ITIs

MANUFACTURING SKILLS

- MISSION- To match local availability of persons with appropriate manufacturing skills to the needs of employers of the area
- INTERVENTION- Adapt the courses in ITIs to suit the local need
- Set up skilling labs/ fully equipped classrooms as a separate part of existing school and college buildings so that they can be outsourced without ownership/ use conflicts
- Such skilling should be made part of a system of cumulative credits which can be added to conventional school/ college courses

SERVICE SKILLS

- MISSION- To make service skilling facilities widely available in tune with the requirements of the economy
- INTERVENTION- Soft skills need to be integrated into conventional school courses in view of their huge impact on service sector employability
- The fully equipped IT for Education labs in 50,000 Sr Sec Schools across the country should be utilised after school hours for service skilling courses / MOOCs to be operated by the same outsourcing agency or by another one through proper contractual arrangements

QUALITY FOR HIGHER PROFITABILITY

- MISSION- To improve product, process and service quality across the board for better acceptability and price realisation in the domestic market as well as increased scope for exports, this fostering more employment across the value chain
- INTERVENTION- International level quality standards and certification for all kinds of products, processes and services should be made by a relevant central body (BIS, FSSAI, EPTRL, etc, or new bodies should be created in sectors where they do not exist) but testing services should be made widely available through private labs/ test centres which can be monitored for following norms through third party rating agencies
- There should be wide adoption of these standards through enforcement in case of safety norms and rating/ marking systems for other quality markers (like the star rating for energy efficiency)
- Packaging and standardisation technology of global standards should be made available in areas having high export potential both in horticultural/ primary products and in finished goods (eg mango growing areas)

LOGISTICS FOR PRODUCTS & SERVICES

- MISSION- To allow products and services to move smoothly
- INTERVENTION- The severe shortage of commercial drivers to be alleviated by reducing the process of getting commercial license from over two years to a few months without compromising on skill quality
- The delays in fitness certification of commercial vehicles to be addressed by allowing fitness test centres to come up in private sector with accreditation to the Government

EMPLOYMENT ABROAD

- MISSION- To maximise utilisation of employment opportunities abroad
- INTERVENTION- MEA can identify and make projections of requirement of workers for ten major countries in ten major sectors (eg, preparations for Global Expo 2020 in UAE will create 300,000 jobs) and MSDE can enable their skilling
- Skilling for foreign countries should include working knowledge of that language and basic familiarization with the culture for the safety and comfort of the workers