



India's roadmap for SDG 8 – A Brief Introduction

India has embarked on the journey to attain the SDG goal 8 Decent Work and Economic Growth for all. Programmes like Make in India, Startup India, Skill India, Digital India have the underlining principle of creating employment opportunities for the country's youth. Government is laying immense emphasis on creating conducive trade and business environment. This was reflected in the ease of doing business report 2016-17 by World Bank¹. The report stated now, it only takes 29 days to start a business. All these initiatives reflect that the country is committed to attain the targets set forth and it is employing the two pronged strategy of growth and employment to achieve the same.

To attain the underlined goals, India needs to focus on two aspects: Urbanization and Manufacturing. Also, key to all of it is innovation – especially innovation in our education system. There is also a need to understand that SDG's are interlinked. To attain the indicators of one SDG, several other SDG's and their indicators also need to be evaluated and achieved.

This brief report will highlight different measures, good practices which are being implemented across the country to attain the objective of growth and employment for all. It will also talk about the challenges which confront in different spheres and the manner in which they can be overcome. The idea is to understand different facets and also exemplify certain good practices which can be emulated in different parts of the country. The attainment of SDG 8 will also help in moving further towards attainment of various other goals and their indicators, for example – for instance goal 1 to 5, and then again to 9, 10, 11 and 12.

¹ World Bank (2016): *Doing Business 2016: Measuring Regulatory Quality and Efficiency*, 13th Edition.



D) Growth

Economic growth is one of the central tenets of SDG 8. India has been growing at the rate of 7.5% per annum. However, the aim is to grow at the rate of 9-10% per annum. India's growth story has been driven by the services sector which constitutes 62% of India's GDP. Dependence on the services sector alone for growth is possible in countries with high per capita income and less population. However, if one takes the example of China, Japan, South Korea, process of manufacturing is essential to growth and in turn for creation of jobs. India needs to focus on the same.

As mentioned before, to attain growth, India needs to have a population which is healthy, well nourished and educated and more equal. India is a young country and lot of advantages can be accrued with a young and dynamic workforce. However, one cannot have the advantage of social demographics of a country with 72% of its population below the age of 32 if issues like stunting are yet to be fully overcome. And to curb this problem, NITI Aayog is creating a dynamic portal with data on several indices available. The idea is to name and shame particular states which are not performing on the underlined indices so that they better their performance.

- i) *Industrialization*: As mentioned before, manufacturing sector is vital for the economic growth and process of industrialization of the country. It is also essential for job creation. Unfortunately in India, even among the Asia Pacific countries, lowest share of GDP comes from manufacturing sector. Many factors led to decline of manufacturing sector in the country. To accelerate the growth of manufacturing sector to at least 9%, strategic intervention is required. Revival of industrial policy is required and examples need to be taken from East Asian countries.

Some Views

- In the entire world, electric current is at 110 like in the US or 220 like in India. However Japan follows the system of 100 volts, to keep the local market only for the local industry. This gave them the ability to build large scale plants, reap the economies of scale and produce competitively and export worldwide at low cost or in competitive manner. However, a country adopting so misses on benefits of rule based trade.
- Thailand is another interesting example. They built the third largest auto industry in Asia-Pacific after Japan and Korea only by using performance requirements first to force the multinational companies, Toyota and Honda through local content requirements, to build an integrated industry. They compelled them through use of export performance requirements to export. Thailand is now the Detroit of Asia.

Other interventions include in the form of public procurement policies and India is also now using it in defense procurement. Soft intellectual property rights have been used in East Asian countries very extensively. Managed exchange rates, keeping the exchange rates competitive to give a spur or competitive edge to the local goods have been the standard mechanism used by different East Asian countries starting from Japan.

Infrastructure support, innovation, skill formation are other interventions much required in India. India can also use the potential of FDI to crowd in more of domestic investments can be enhanced by pushing it in either export orientation or in import substitution so that then it would only be crowding in rather than crowding out. Proactive targeting is another way to attract the right kind of investment. Thus, revival of industrial policy for strategic import substitution using these initiatives can be useful for India and realizing the vision of SDG's in the country.



Some interesting facts:

- In Haryana, emphasis is being given on large scale industries like the auto industries which is already one of the core industries in the state. The Maruti Suzuki plant in Haryana was set up in collaboration with Japan; however the cars manufactured in the state are being exported to not only Japan but Europe as well.
- Andhra Pradesh has launched a campaign of Made in Andhra Pradesh products due to which more than 500 products will be in the market by 2020. The state is also adopting labs process, vision labs and has collaborated with the Malaysia government, the Pemandu lab process which started with the education and the retail transformation labs. In fact, Andhra Pradesh is the first government to have launched retail policy in the country

Productivity of labour and resources in the industrial sector

- Reducing transaction costs in doing business.
- Investment in people.
- Resource efficiency – Beyond energy efficiency, materials efficiency in general is required. Focus has to be on recycling and India need to curb the use of extensive virgin material as it does right now.
- New and efficient technologies.

ii) *Agriculture*: Agriculture is an important area which needs focus for the economic growth of the country. Although 13% of GDP comes from agriculture, around 50% population still depends on it. The goal of inclusive growth can be achieved through the growth of agriculture. A study by World Bank shows that while poverty reducing impact of growth in manufacturing sector was almost zero, but poverty reducing impact of agriculture growth was quite high. Another facet which needs to be in focus is that growth of agriculture does not lead to over exploitation and depletion of natural resources as has been seen in case of states like Haryana, Tamil Nadu or Punjab. Thus, agricultural growth has to be inclusive and sustainable.



Special Focus – Women and Agriculture

SDG 5, i.e. on gender equality is intrinsically linked to several other SDG's, and it is important to talk about SDG 8 with specific mention of gender. The multidimensional poverty index uses lack of assets as one of the indicators to identify the poor. It has been seen that women many a times do not have access to immovable property, agricultural land even within well off households. 60% women in India depend on agriculture for their livelihood.

The problem is that women farmers lack access to agricultural land, assets and infrastructure which can be useful for them to increase the yield. And to monitor the SDGs, it is very important to know the data for access of land to women. However, the data does not exist and can make monitoring or attaining several SDG's very difficult.

Forest conservation is another point as it provides food and nutrition to people. Most of the work of gathering is done by women and children. And if women are part of the institutions and committees for forest conservation, it can improve conservation outcomes.

Things to do:

- Increase private property resource access.
- Transferring of public land – Given as joint title to both men and women, but need to check its implementation. Also, subsidized housing and credit in cities can be provided to vulnerable women and not just for poor.
- Access to agricultural should be accompanied with and access to inputs, technology credit and markets and for this more cooperatives are required, and there is a need to monitor women's access to these cooperatives as well.
- Data on women empowerment needs to be generated. Digitised land records should have a column of gender in it. Land data needs to be gender disaggregated. SDGs can be an opportunity to open data mines and examine appropriate indicators for inclusion and exclusion.

Productivity of labour and resources in the agricultural sector: Some Suggestions

- Agricultural processing is an area where value added has increased. But it has not been the case in all states due to lack of infrastructure.
- Intensification of agriculture is required. Irrigation is a pre requisite for this, and there is a need to attract private investment in irrigation. Presently, most of the investment comes from the public sector.
- Diversification of agriculture to include livestock and high value crops..
- Need to facilitate institutional arrangements such as contract farming, producer organisation and cooperatives.
- Provide farmers easy access to markets and ensure that they distribute price risk and also reduce marketing and transaction cost to secure inclusive growth.
- Enhance competition in the market place and national agriculture market is a good initiative as it can be very beneficial for small and marginal farmers (almost 80% farmers fall in this category).
- Focus on precision farming as it helps in optimal use of resources.

iii) *Small and Medium Enterprises (SME's)*: SME is really important for the Indian economic growth as it constitutes about 95% of all industrial units in the country, contributes more than 40% to the domestic industrial output. It generates about 45% of the industrial employment and constitutes about 50% of the total manufactured exports, direct and indirect. They produce a diverse range of products, more than about 8000 consumer items, capital goods and intermediates.

There are many issues with the SME's like financial gaps, adequate, timely and cost effective credit availability, access to equity, risk capital and financing innovation. In the non financing sector, issues pertain to infrastructure, marketing, procuring raw materials, designing the products and also quality services.

SME's and Global Value Chain

East in 1998 defined what value chain is and how it is relevant for the SME's - where internationalization of manufacturing processes and which is to be conducted in several countries in different stages and production is located in different countries based on the low cost or the cost efficiency in different countries as a result of which individual countries get independence in terms of having their specialization in very specific segments of a particular commodity.

Global Value Chain has become very important for all sectors, especially textiles, electronics and auto components. Government intervention in the form of strong infrastructure, strong science and technology, strong innovations is important to promote India's performance in GVC exports.

Steps which can be taken:

- India needs to be strategic in its promotion within the GVC. India needs to go the regional way. As far as South Asia is concerned, India is the largest exporter in terms of global value chain constituting nearly 96% or 97% of region's total exports. As compared to ASEAN where the average type rate for partitioned corporate sector has been pretty low as compared to south Asian

countries, India is not very competitive. Therefore, more liberal views in this particular sector are required.

- Zero effect zero defect policy is an important initiative to integrate India in GVC. It will ensure standard compliance, quality which is very important for SMEs to get integrated into global value chain.
- Business 20, which is a forum which feeds into G20 can also be helpful in integrating SME's into GVC.
- Procurement of raw materials is also very essential to this process. , India has provided duty free tariff preference scheme to 50 LDCs of the world, 34 of them are in Africa and they are mainly the exporters of intermediate and raw materials. That is a good way to source raw materials and intermediate products from them and that will help to become your manufacturing more competitive.



Learning

DIPP from the Ministry of Industry and Commerce had initiated a programme called National Leather Development Programme. This was done at a very large scale in the country in order to ensure that there are several locations which were upgraded, common effluent treatment plants were set up, technology providers were brought in, lot of BDS providers were brought in, and industry associations were taken up. Now this kind of an integrated approach needs to be taken up at a sectoral level and also at a cluster level to upgrade the technology of different sub sectors.



II) Employment

Informal Sector

In Indian economy, almost 92% of the population is employed in the informal sector. However, informal economy is larger than the informal sector, as it comprises of unincorporated enterprises, and also those working in formal sector but on contractual basis. Thus, they do not get the desired social security and these two together combine as informal economy.

Solutions for consideration to improve the situations prevalent in labour market:

- Employment should be made central to the growth strategy. Manufacturing policy has indicated that 100 million jobs will be created by 2022. Other pertinent examples are Make in India, access of funds through Mudra scheme etc. The focus is on labour intensive sectors.
- There is a need to improve workers skill. The 2011-2012 data of the NSSO suggests that just about 10% of the Indian labour force has some kind of a training of which 2% has some formal training and 8% has some informal training which is passed on from generation to generation. The target is to train 500 million by 2022.
- Large number of measures have been taken to improve labour market administration. There exists a unified web portal, Shram Suvidha portal which facilitate online registration, self-certification and web based inspections. System for identification of unorganized workers also needs to be put in place.
- A number of initiatives have been taken, like Atal Pension Yojana, the Pradhanmantri Jeevan Suraksha Yojana and Jeevan Jyoti Yojana. These are efforts to cover the informal worker so that they have some kind of a social security.
- The key to the generation of employment is that we need to focus on the local development strategy. Livelihood business incubators in rural areas should be promoted.
- States need to participate in a bigger way when it comes to manufacturing. There is a need to enact and implement the minimum wages act in all states.
- There should be social security in terms of health insurance and other insurance schemes which the states should bring given their specificities. There should be education and vocational training and technical education in states.
- States should have deeper sector analysis using field level, sector specific data which should accompany the NSSO to be able to understand their specific problem and generate employment opportunity accordingly.
- Skilling is an integrated work starting from community mobilization, understanding what they need, what their aspirations are. The next step is building their capabilities, providing them the channels or customers or linkages and providing them the capital. To attain this, lifelong employability is the goal one needs to work with.
- Apprenticeship for the informal sector – Investment is being made to provide apprenticeship in the formal sector and steps need to be taken to do the same in informal sector as well.
- Make trade certification compulsory.
- Provide finance for skill training in the informal sector.

Example of Skill Development initiative from different parts of the country:

- Collaboration among various departments for a concerted mechanism for creating employment to all eligible persons by 2030 .For this base line survey of high value added and labour intensive sectors is being made in Assam.
- To ensure decent work, a series of labour reforms have been carried out. User service reforms by opening a single online window and making everything online. In line, inspection reforms have

been carried out by ensuring everything is computer generated, and the inspection report can also be easily downloaded.

- Digitization of employment portal, employment exchanges, IT enabled service delivery through employment exchanges and skill upgradation and knowledge sharing for employment. The next step to this would be linking up private placement and training agencies with the employment portal of the state, integration with the national portals.



1) Chhatisgarh – Case Study for Skill Development

Skill development initiative began in Chhatisgarh in the Dantewada district. The idea was to take children from villages affected with left wing extremism and provide vocational training to such children. This was termed as livelihood college. These livelihood colleges were set up across all 27 districts of Chhatisgarh, with different models for skilling being followed. Chhatisgarh has also given its youth legal right to skilling. Another initiative is Mukhyamantri Kaushal Vikas Yojana, in which funds from different ministries like WCD, tribal are used to provide training to the youth. Since 2012 around 1.6 lakh people have been trained of which around 50% are women.

The state is also doing skill gap analysis to understand the phenomenon when the youth, despite being trained with certain skills is unable to find jobs. Through interaction with stakeholders, government, private it is found that different skills are required depending on the area to which the youth belongs. This is due to much variation across districts even within a state. The aim for next 3 years is to train 6 lakh people, improve quality of training and have biometric attendance to prevent drop out and absenteeism.

Other feature of the skill development program is that it focuses on special groups like the vulnerable tribal, jail inmates with special focus on skills for self-employment, surrendered extremists, and people with disabilities, transgender, and destitute women among others. The preferred occupations for skilling in the state are agriculture, animal husbandry, fisheries, garment infrastructure.



2) Maharashtra – Case Study for Skill Development

Maharashtra is a highly industrialized state and the focus is on starting vocational training institutes called VTP's along with UNDP. Out of 50,335 students trained and skilled, 30,819 are women. In industries like hospitality and massage and wellness as well as cooking and other trades like garments, women and girls are being trained in huge numbers.

A disconnect was seen in the modern industrial demands and the skill set in which people were trained. To handle the issue, the ITI's in Maharashtra have established a body called Government Industry Thinktank (GIT). Its syllabus is being tailored to suit the needs of modern industry and to bridge the gap between the industry and technical education. Concerted efforts are being made to modernize the Apprenticeship Act which is almost 55 years old.

The Government and private sector are also working together to provide best of training instructors, teachers to students in remotest districts. This is being done using satellites and other expensive instruments in 52 ITI's using CSR funds of private sector industries involved. Other initiatives include skilling people who belong to the BPL category.

Focus is on gender equality and an innovative project called Skill Sakhis has been launched in Nagpur, Amravati and Aurangabad along with UNDP. Through this one skill sakhi is allotted two villages. She goes to the village, she talks to the girls, she gives them the preferences, takes their choices and ultimately she connects with the industry with the help of the government and then that particular girl is being skilled and trained in a trade of her choice.

All these initiatives have been launched to fulfill the goal of state of Maharashtra, which is to skill and employ around 7 lakh youngsters, girls as well as boys in the next three years.

ⁱ This Report is based on the deliberations during National Consultation on SDGs on 2nd and 3rd August, 2016. They do not represent the views of either the Government of India or NITI Aayog.