



Mains Practice Question

Q. The success of 'Make in India' hinges upon Skill India. Examine. (250 words)

20 Apr, 2019 GS Paper 3 Economy

Approach

- Briefly write about Make in India.
- Write the challenges associated with Make in India with respect to lack of skills.
- Write about the prospect of integrating Make in India with Skill India.
- Give an optimistic conclusion emphasising on the interlinking of Make in India and Skill India.

Answer

Introduction:

Make in India initiative was launched in 2014 with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property.

Body

Challenges associated with realising Make in India

- India has witnessed **shifting of its workforce from agriculture to services**, bypassing the manufacturing sector. At the same time, share of agriculture in employment still accounts for almost 50% of overall employment contributing to a mere 17-18 % to the GDP.
- Further, in the recent decades, the **manufacturing sector has been very slow** in capturing the share in employment and has lost it to the services sector.
- Movement of labour from manufacturing and agricultural to services may not be a positive trend for India. For example, **movement to low-skill and low-income services** such as security guards and local delivery personnel etc. will not benefit India in raising the income levels and labour productivity at an aggregate level in the long run.
- While Make-in-India is trying to focus on improving the country's manufacturing base with a special focus on labour-intensive sectors, data shows that **labour productivity growth still lags behind** those of other developing Asian economies.
- According to World Economic Outlook (WEO) report by the International Monetary Fund (IMF) the growth of high productivity sectors can be constrained by **skill shortage**. So, skill development is necessary for driving domestic manufacturing as it will create more job opportunities helping India's economy to grow consistently at 9-10%.

Solution lies in the integration of Make in India with Skill India

- According to a FICCI report, India has around 5.5 million people enrolled in vocational courses, while the number stands at 90 million in China which clearly demonstrates a huge gap in availability of 'readily-employable' workforce. So for India to become a manufacturing hub like China, it has to **leverage the unskilled labour market**.
- According to the Economic Survey 2014-15, like manufacturing, several of the services sub-sectors in India also exhibit high productivity and convergence at both domestic and international level. Therefore, there is a need to re-look at the Make-in-India initiative and **realign the focus on manufacturing as well as services**. So for the potential of these sectors to be inclusive will hinge upon skill development.
- The creation of a dedicated **Ministry of Skill Development & Entrepreneurship** to restructure the vocational training structure in India has been an important and positive step to make the government's master-plan about 'Make in India'.
- China's supply of labour surplus is nearing exhaustion, and global economy will witness a skilled labour shortage and India has the workforce ecosystem to take the opportunity and become global manufacturing hub. Therefore, to position India to fulfil that demand, it is important to **create a strategically trained workforce**. The government's target to skill 500 million people by 2022, who will find jobs created through 'Make in India' initiative is aligned with the goal.

So, to develop India into a global manufacturing hub, it is important that the government not just focuses on developing India into an attractive business destination, but also as a global powerhouse of skilled workforce. Lessons could be learned from Malaysia and Singapore, where through government interventions the unskilled workforce has been skilled to match with the requirements for nation's economic development.

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