

Market Survey Report

A Report on Industrial Trend and Employment Opportunities
Karnataka State

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**Towards the Fulfillment of Requirement of Maulana Azad National Academy for Skills
(MANAS), NMDFC, Ministry of Minority Affairs, Govt. of India**

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Executive Summary

Skills and knowledge are the driving forces of economic growth and social development for any country. Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of world of work. Potentially, the target group for skill development comprises all those in the labour force, including those entering the labour market for the first time (12.8 million annually), those employed in the organized sector (26.0 million) and those working in the unorganized sector (433 million) in 2004-05. The current capacity of the skill development programs is 3.1 million. India has set a target of skilling 500 million people by 2022. As the proportion of working age group of 15-59 years will be increasing steadily, India has the advantage of demographic dividend". Harnessing the demographic dividend through appropriate skill development efforts would provide an opportunity to achieve inclusion and productivity within the country and also a reduction in the global skill shortages. Large scale skill development is thus an imminent imperative.

Major challenge of skill development initiatives is also to address the needs of huge population by providing skills in order to make them employable and help them secure decent work." Skill development for persons working in the unorganized sector is a key strategy in that direction. This will also inculcate dignity of labour and create greater awareness towards environmental, safety and health concerns. Planned development of skills must be underpinned by a policy, which is both comprehensive as well as national in character. A national policy response is, therefore, needed to guide the skill development strategies and coordinated action by all stake holders to avoid a piecemeal approach. It is also important that the policies of skill development be linked to policies in the economic, employment and social development arenas. The country is poised at a moment in history when a much brighter future for its entire people is within its reach.

Skill development will help actualize this potential. Development and articulation of a national policy on skill development is a matter of priority.

Introduction

1.1 Need for Skill Development

1. View Point Indian markets be it the financial or labor always have been witnessing significant shifts in recent times. If one is the barometer of economic stability then other is pulse of growth and development. With a forecast of GDP growth at 7% and above for the next few years, Indian economy is considered as one of the fastest growing economies globally. Coupled, with the much debated demographic dividend that India is likely to gain over time, it is poised to take long strides in claiming economic supremacy in global economy (super power). Experts view demographic dividend to be strategic advantage for India and estimate the size of India's workforce population to swell from 77.5 crore in 2008 to 95 crore in 2026. So also by 2020, the average Indian will be only 29 years old, compared to 37 in China &US, 45 in West

Europe and 48 in Japan.

In effect, it may mean exercising collective wisdom in industry, academia and public service leadership to find ways and avenues of rightfully deploying the potential workforce in years to come. Presently, data on industry and employment indicate concerns of positive GDP with jobless growth rate mainly because of talent shortages particularly in hi-tech industry (sectors like engineering, technology, healthcare, manufacturing and education) and also the social, economic disparity in terms of

region, gender, etc. Witnessing capacity expansion possibilities in hi-tech industry on account of reviving economy, the widening gap between demand and supply in the skill labor markets appear to pose major challenge of off tracking the anticipated growth rate and reducing aspiration of utilizing demographic dividend as farce.

To this effect, a recent report published by the Confederation of Indian

Industry (CII) and the Boston Consulting Group (BCG) has estimated that India would face 'talent gap' of more than 5 million by 2012, as existing educational institutions do not impart employable skills.

The report titled, 'India's Demographic Dilemma', brings out the fact that \$1.1-trillion economy will have a shortfall of 7, 50,000 skilled workers over the next five years. In contrast, during the same period there will be a surplus of

1.3 million unskilled and unqualified school dropouts and illiterates.

2. View Point If you consider the above data to be reliable, then one must understand that talent gaps if widened in the process could only lead to choking economic development and become counterproductive. The proposed Public Private Partnership model (PPP) to reform the culpable education sector is considered as a planned approach with budgetary support of over Rs. 35,000 crore. Policy initiatives are taken to account for restructuring school education system, creating higher educational institutes including IITs, IIMs and others, formulating skill development policy, girl child education and so on.

Proposal to establish a single regulatory body as watch dog for the education industry is envisaged to ensure implementation of reforms and regulation of industry's progress.

Such initiatives are unprecedented and could bring incremental change in developing Indian talent for the future. Such kind of policy initiatives are a welcoming change takes long time to deliver the desired results. However, the spiraling expectations from Indian economy over other economies like China, Brazil, Russia, etc., the surging need of talent in hi-tech industry to be global competitive, arresting of positive GDP with jobless growth rate and making the demographic dividend a strategic advantage to gain economic supremacy globally may mean a more conscientious approach to change than just seek results on incremental basis.

Such an approach which is inclusive in nature should focus on the burning needs of hi-tech industry in terms of talent, create capacity and buffer mechanism required to gain short term opportunities and protect long term gains. One way of looking at it is by focusing policy mechanism on sector specific needs in terms of talent, enhancing employability of the potential workforce by gender participation and thereby improving fill rates akin to reforming social infrastructure that is necessary for creating an ecosystem to drive growth. Very interestingly, the progress made by Chinese economy during recent times in either reforming banking sector, developing infrastructure and energy sector or installing capacity for BPO sector is a case in point.

Keeping in context to provide new growth trajectory to hi-tech industry and therefore sustain economic growth rate it is important to follow opportunity based approach and evolve the system to support leverage strengths for long term opportunities:

3. View Point the Indian higher education and research sector is the third largest in the world, in terms of volume of students. The existing 350 universities, 15,000 plus colleges and hundreds of other national and regional research institutes do not

really find a place in global context (except few) unlike in China, South Korea, Taiwan and many others Presently, Nasscom estimates that 5lac technical graduates and 2.3 million graduates those pass out from over 350 universities, 18,000 colleges and 6,000 ITIs are not easily employable to the extent of 75% and 90% respectively Of the entire workforce of 400 million, 30-35 percent are female, and of these women, only 20 percent work in urban India particularly in the IT BPO Industry.

Some of the possible measures broadly that industry, academia and government can together initiate to create the required eco-system is as follows:

- ❖ Identify the potential and employable work force for hi-tech industry
- ❖ Develop plans to make sector specific investments making talent employability a priority for industry and academia
- ❖ Every ministry that is responsible for a sector development has to dedicate a unit that oversees planned implementation of programs

leading to employability and employment generation

- ❖ Respective ministries should be made accountable clearly for targeted employment and enhancing employability with certain rating agency auditing performance or contribution
- ❖ Publish time to time industry relevant data and create performance testimonials of sectors based on employment, gender participation and regional development
- ❖ Nodal agencies like National knowledge Commission, Nasscom, CII etc., can be empowered and aligned for enhancing visibility of hi-tech industry and thereby promoting and generating employment and employability
- ❖ Proactively align professional HR companies with enhancing employability on a plan approach basis
- ❖ Make specific investments in expanding the scope of gender participation in the potential workforce of hi-tech industry and provide incentives or sops to industry on gender inclusivity
- ❖ 1000 more universities, IITs, IIMs, professional colleges and certainly a million

schools in conjunction to sectoral reforms for long term growth

- ❖ Establishing continuity, accountability and completion of schemes in time.

1.2 Main Target Areas for Skill Development

Skills and knowledge are the driving forces of economic growth and social development for any country. For the economy to grow at 8% to 9%, it is required that the secondary and tertiary sectors grow at 10% to 11%, assuming agriculture grows at 4%. In such a scenario, it is obvious that a large portion of the workforce would migrate from the primary sector (agriculture) to the secondary and tertiary sectors. However, the skill sets that are required in the manufacturing and service sectors are quite different from those in the agriculture sector. This implies that there is/will be a large skill gap when such a migration occurs, as evidenced by a shrinking employment in the agriculture sector. This scenario necessitates skill development in the workforce.

India is expected to be home to a skilled workforce of 500 million by 2022. About 12 million persons are expected to join the workforce every year. This talent pool needs to be adequately skilled. The following sectors are expected to drive the growth of the economy as well as play a significant role in employment:

- ❖ Building and Construction Materials

- ❖ Building and Construction
- ❖ Real Estate Services
- ❖ Electronics and IT/ITES Sector
- ❖ Textiles
- ❖ Retail Sector
- ❖ Tourism and Hospitality

- ❖ Transportation and Logistics ❖

Media and Entertainment

1.3 Drop outs Situation in Bidar, Belgaum and Tumkur district:

- The annual 2006 child census figures show that out-of-school children in the 7-14 age group in the state of Karnataka has 75,825 drop outs this year (2006). Within Karnataka, the highest number of drop-outs are in Gulbarga (57.15%), followed by Belgaum (20.73%), Bangalore (14.41%) and Mysore (7.71%). According to the census, 60% of the out-of-school children are in 10 districts- Yadgir, Gulbarga, Bellary, Raichur, Bijapur, Koppal, Bidar, Bagalkot, Bangalore South and Uttara Kannada. Yadgir has the highest number of out-of-school children (13,258), ahead of Gulbarga (8,733) and Raichur (7,560) respectively.

The Government insists on schools maintaining registers of out-of-school children and monitoring their status through School Development and Monitoring

Committees (SDMCs) and Gram Sabhas. Figures show that there are more girls, who have remained out of school than the boys. Of the 75,825 children, .The main reasons for high dropout rates in places such as like Gulbarga district was that migrant labourers kept moving from place to place in search of employment owing to which they discontinued their children’s education.

[Ref: A Study on School Drop-outs in Rural Settings by R. Govindaraju and S. Venkatesan Department of PG Studies in Psychology, University of Mysore, Mysore 570 006, Karnataka, India]

District	Karnataka’s 75,825 drop outs	
	Percentage of drop outs	Number of drop outs
Bellary Region	57.15%	43,333
Belgaum Region	20.73%	15,718
Bagalkot Region	14.41%	10,926
Raichur Region	7.71%	5,856

1.4 Employment Opportunities in Retail Sector

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. The Indian retail market is estimated to exceed US\$ 750 billion by 2015, according to the India Retail Report 2013 (IRIS Research), presenting a strong potential for foreign retailers planning to enter India. In late 2012, the Government of India passed a

Foreign Direct Investment policy which allows foreign retailers to own up to 51 per cent in multi-brand retail and 100% in single brand retail. It is expected that these stores will now have full access to over 200 million urban consumers in India, approximately 47% of which are below the age of 30 with high levels of consumption.

The introduction of the FDI in retail policy will impact the availability of talent. Many institutes have now introduced specialised post graduate degrees in retail management; i.e approximately 6,000 qualified professionals with expertise in the field of retail management are being trained every year. current trends and the rapid growth of the market will create an acute shortage of talent at the mid to senior level, creating high demand for candidates that are experienced in setting up large retail chains as well as candidates with international exposure.

In June 2012, IKEA (is a Swedish company registered in the Netherlands that designs and sells ready-to-assemble furniture) announced it had applied for permission to invest \$1.9 billion in India and set up 25 retail stores.

India's retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians (3.3% of Indian population). India has about 11 shop outlets for every 1000 people.

Emerging Areas

Some sectors that occupy a prominent position with the retail industry are:

Apparel Retail: Everybody understands the impact of fashion and textiles on the

environment. Almost \$19.5 billion were spent on online apparel shopping in the year 2009 and increasing since then.

Fashion & Lifestyle Retail: In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the retail to grow faster.

Food & Beverage Retail: Backed by huge potential and changing lifestyles, the food and beverage retail market is growing at a robust 30-35 per cent per year.

Pharmaceutical Retail: Driven by therapies like anti-diabetic, vitamin, anti-infectives and dermatology, it accounted for a robust 15% growth in 2011.

E-commerce or E-tailing – the next big revolution: With the advent of e-commerce in the retail industry, retail stores are facing stiff competition from e-stores. The rising demand for e-shopping has led to a new debate cropping up in the world.

Retail in Karnataka

Karnataka is one of the leading states in organized retailing in India as there are more than ten organized retailers (firms) with more than 100 outlets including Metro AG operating in Bangalore city alone due to increasing urbanization and expanding service sectors like software, banking, insurance and Business Process Outsourcing (BPO), which has taken a metropolitan city status more recently has led to increase in income of the consumers. Apart from Bangalore, cities such as Mysore, Mangalore, Hubli-Dharwad and Belgaum in Karnataka are also growing rapidly in terms of urbanization, income and organized retailing with local food marketers as they are converting unorganized retail outlets into organized form because of strong demand for convenience products; and better educated consumers concerned about health, nutrition, food safety, and the environment. As income rose and shoppers sought both convenience and new tastes and stimulation, supermarkets were able to expand the products offered. The global economy has changed, consumer demand has shifted, and retailers operating system today are infused with far more technology than was the case in the past.

EMPLOYMENT

Retail marketing is one of the largest employments generating industry. It provides employment to skilled, semi skilled as well as to unskilled persons. Thus it helps in the socio economic development of the society. The introduction of FDI in retail will generate employment since new entrants will need to hire staff. Once individuals become absorbed in retailer operations, they can access more equitable wages and benefits. Modern trade's effect will be most apparent at the bottom of the population pyramid, as it will unleash opportunities such as non-agricultural employment for rural youth and a better quality of living for the existing agricultural society.

There are nearly 25 malls in Bangalore city and another 14 malls all over Karnataka with each mall having an average outlet of 100 retail stores employing nearly 300 people. Hence on an average Bangalore malls employ 7,500 people and the rest of the malls provide retail employment of 4,000.

Apart from this there are huge retail job opportunities through various mega stores like BIG BAZAAR (15 Outlets in Karnataka), Croma (5 outlets), Metro (2 outlets), Reliance and allied outlets (30), Total super hyper market (4 outlets), Other Electronic outlets (20) together provide an estimated employment of

25,000 people. It is estimated that with opening of retail market for direct foreign investment an additional skilled work force of 50,000 is required to cater the retail sector demands.

Skill sets required are:

The industry employs a staggering number of people, and given its rapid proliferation, this number is always on the rise. The backbone of the sector are the operations and supply chain management jobs but there are various other options as well, from sales

executives and store managers to merchandise planners and buyers

- Conceptual understanding
- Analytical skills
- Detail-orientation
- Fair understanding of customer's psychology
- Observations skills
- Project Management
- Operational Skills
- In-depth product knowledge

Bottlenecks

- A long way to meet international standards
- Lack of efficient supply-chain management
- Lack of required retail space
- No fixed consumption pattern
- Shortage of trained manpower
- Lack of proper infrastructure and distribution channels

Ratings agency Fitch has assigned a stable outlook to the retail sector for 2012 as factors like expected sales, growth-driven expansion and efficient working capital management are likely to benefit retail companies.

1.5 Employment in IT Sector

The Information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. The IT-ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT-BPO sector in India aggregated revenues of US\$100 billion in FY2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9%. The major cities that account for about nearly 90% of this sectors exports are Bangalore, Chennai, Hyderabad, Delhi, Mumbai and Kolkata.

Bangalore is considered to be the Silicon Valley of India because it is the leading IT exporter. Export dominate the IT-ITES industry, and constitute about 77% of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth.

The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to

Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro and HCL Technologies.

This sector has also led to massive employment generation. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus

providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. Generally dominant player in the global outsourcing sector.

Employment in Karnataka

Majority of IT activity in Karnataka is concentrated in Bangalore. Bangalore is also referred to as the Silicon Valley of India. Karnataka, has been placed among the leading technology clusters of the world, by the United Nations Development Programme (UNDP). Bangalore is today the fourth best

Technology hub in the world.

The city has turned out to be a hot destination for investors and professionals.

Host to over 300,000 software professionals - about a third of India's - it has turned out to be a talent bank, both for the software sector and the outsourcing industry.

One factor is the presence of large numbers of top grade science and engineering institutions like IISc, NITK, NIE, SJCE, RVCE, PESIT and around

200 engineering colleges. The software industry requires large numbers of skilled engineers which are regularly churned out of the engineering colleges in Karnataka.[7] The presence of Public sector undertakings like BEL, HAL, BHEL, ITI and BEML gave ready access to manpower as well as trial opportunities of newly developed software. There were many advanced laboratories like NAL and ISRO in and around Bangalore which provided necessary basic knowledge required for software development. The successive state governments have been proactive in providing necessary facilities for growth of the industry. The salubrious climate of Bangalore also helps in the growth of the software industry there.

IT firms in Bangalore employ about 35% of India's pool of 2 million IT professionals and account for the highest IT-related exports in the country

Employment opportunity in IT Sector

The IT sector has been India's sunshine sector for quite some time now. The industry has contributed considerably to changing India's image from a slow developing economy to a global player in providing world class technology solutions. According to the IBEF (India Brand Equity Foundation) figures, the

Indian IT industry is set to touch \$225 billion by 2020.

Industry experts and NASSCOM say the Indian IT workforce will touch 30 million by 2020, becoming the highest sector employer. This will be coupled with steady increase in pay in a sector already offering a high base. The outsourcing industry too is looking towards India and is expected to be a \$2.5 billion industry in the next 24 months.

In order to cater this demands necessary skill upgradation centres are needed to train this work force.

1.6 Employment Opportunities in Textile & Garment

Industry

The Indian Textile industry has an overwhelming presence in the economic life of the country apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to industrial output, employment generations, and the export earnings of the country.

The sector contributes about 14 percent to the industrial production, 4 percent to the gross domestic product (GDP), and 17 percent to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round

development of this industry has a direct bearing on the improvement of the economy of the nation. India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 percent and reach US\$10 billion by 2020.

READYMADE GARMENT INDUSTRY AND APPAREL EMPLOYMENT OPPORTUNITIES

The Readymade garment industry including readymade garments occupies a unique position in the Indian economy. Its predominant presence in the Indian economy is manifested in terms of its significant contribution to the industrial production, employment generation and foreign exchange earnings. The RMG or also called as the apparel sector is the final stage of the textile value chain and the maximum value addition takes place at this stage. In India readymade garment industry is fragmented and pre-dominantly in the small/scale sector. Therefore, the sector is low investment and highly labour-intensive industry.

This industry is environment friendly as it is least polluting and it could provide employment to the rural population, as this sector does not need sophisticated skill sets.

The Readymade garment industry contributes around 8 per cent of India's exports, 7 per cent of industrial output and is the largest employment generator after agriculture. It contributes about 14% to the industrial production and about 4% to the GDP. It has immense potential for employment generation particularly in the rural and remote areas of the country on account of its close linkage with agriculture. The contribution of this industry to the gross export earnings of the country is about 37% while it adds only 1 – 1.5% to the gross import bill of the country. It is the only industry which is self

reliant and complete in value chain i.e. from raw material to the highest value added products i.e. garments/made ups. As a corollary to this the growth and promotion of this industry has a significant influence on the overall economic development of our country.

Most of the manufacturers outsource a major part (around 60%) of their production process to the jobbers due to cheap labour. Manufacturers specializing in different types of products prefer to outsource the processes to jobbers located in different places. Sometimes jobbers live in distant places.

The number of garments produced in these 19 centres are approximately 890 crore pieces per year.

Table No.3. Estimates of Employment Generation

Employment Generation				
Cluster	Direct	Indirect	Total	
Mumbai	367500	300000	667500	
Kolkata*	254700	350000	604700	
Tirupur	350000	250000	600000	
Bangalore	150000	300000	450000	
Ludhiana	200000	150000	350000	
Chennai*	140000	100000	240000	
Indore	70000	30000	100000	
Jaipur	35000	65000	100000	

Okhla	60000	40000	100000
Gurgaon	79500	20000	99500
Bellary	15000	15000	30000
Noida	NA	NA	NA
Total	1721700	1620000	3341700

GARMENT INDUSTRY IN KARNATAKA

Karnataka accounts for the 20% of the national garment production valued at around US\$1.56 Billion and 8% national exports. Largest producer and exporter of silk and silk products in India; Accounts for 65% share in raw silk production of the country; 24% share in value of exports of silk goods from India. Readymade garments constitute approximately 3.6% of total exports from the State. One of the largest employment generating industries after agriculture with approximately 386,000 manufacturing units engaged at the organized and unorganized level. State has attracted nearly US\$400million in the textile and garment sector since March 2008.

- ❖ Presence of integrated textiles and apparel clusters servicing industry units across the value chain
- ❖ 9 handloom clusters in Bagalkote, Bangalore Rural, Bangalore Urban, Bijapur, Chitradurga, Chamrajnagar,
- ❖ Dharwad, and Gulbarga
- ❖ 233.3 hectare Textiles SEZ proposed to be developed by KIADB at district
Hassan
- ❖ Dedicated Apparel zones planned in Bengaluru Rural, Tumkur, Kolar,
Mandya, Belgaum, Bidar and Dharwad along the Suvarna Karnataka
Development Corridor

- ❖ A US\$10.4 million 'Silk City' is proposed to be developed near Bengaluru

OPPORTUNITY FOR GROWTH OF EMPLOYMENT IN GARMENT INDUSTRY

According to a study conducted by the Confederation of Indian Industry (CII) and McKinsey & Company, India is expected to witness a seven-fold increase in its exports over the next decade. One of the sectors to be benefited is the apparel sector. The garment industry in India is completely self-dependent; right from manufacturing of fibre to finished garments, everything is done in the country itself. Factors such as 'buyers are in town' and 'a heavy booking season' affect garment exporting businesses in India. Buyers in town hints at the demand of the garment segment among people and a heavy booking season implies the peak time for shopping apparels and garments. With the early signs of recovery from the recessionary pressures, international fashion chains are queuing up to India. Indian garment manufacturers and exporters are adept at guessing 'what's in' and 'what's out', when it comes to garments. New sources of raw materials, designs and

ideas go into the manufacture of readymade garments that help in increasing sales and maintaining a sense of uniqueness.

India has already made a name for itself as far as manufacturing of readymade garments is concerned. There are some factors that go into the Indian garment industry's favour such as cost-effective procurement of raw materials, inexpensive skilled labour and quick adjustment to the kind of apparels that have potential to sell. Indian readymade garment industries rely on the aforementioned factors for growth prospects in future.

However, the garment industry in India faces stiff competition from countries such as Bangladesh, China and Vietnam. There is a pressure on the Indian garment industries to produce finished garments at lower costs to survive the cut-throat competition. Today, around 45% of the total textile exports in India account for ready-made garments. There are various international brands which source readymade garments from the Indian markets.

The future of the garment industry in India does not look bleak; on the contrary it is quite promising. The Indian garment industry alone provides employment to thousands of people, a high percentage among who are young women. Therefore, the significance of the Indian garment industry cannot be ruled out when it comes to employment generation and foreign exchange generation. The growth in the garment industry will boost the growth of Indian economy.

At present, India is being considered as the next pioneer country in the readymade garment export business. It is noticed that foreign buyers are keen on dealing with Indian garment exporters. In the face of such demand, Indian garment manufacturers and exporters constantly have to maintain high quality in finished products and continuously provide variations in style and designs to attract the attention of prospective buyers.

GARMENTS AND APPARELS IN TUMKUR & BIDAR

TUMKUR: There are 9 units of readymade garments and embroidery in Tumkur which generate an employment of 8180 people and attract an investment of

3258 lakhs per year. There are around 13360 silk and wool weavers in Tumkur District.

BIDAR : The industry has provided good employment opportunities to weaver's community in rural areas. In Aurad taluk, there are 743 Nos. of Handlooms with an investment of Rs. 14.86 lakhs and an employment of 1,486 persons as on 31-3-2005.

1.7 Employment Opportunities in Construction Sector

The Construction industry of India is an important indicator of the development as it creates investment opportunities across various related sectors. The construction industry has contributed an estimated ₹670,778 crore to the national GDP in 2011-12 (a share of around 8%). The industry is fragmented, with a handful of major companies involved in the construction activities across all segments; medium sized companies specializing in niche activities and small and medium contractors who work on the subcontractor basis and carry out the work in the field. In 2011, there were slightly over 500 construction equipment manufacturing companies in all of India. The sector is labor-intensive and, including indirect jobs, provides employment to more than 35 million people.

The activities of the construction industry include working on new structures as well as additions, alterations, and repairs to existing ones.

Segmentation of Construction Industry in India

- ❖ Residential, industrial, commercial, and other buildings.

❖ Sewers, roads, highways, bridges, tunnels, and other projects.

❖ Specialized activities such as carpentry, painting, plumbing, and electrical work

The construction industry today is a whirlpool of opportunities and advancements progressing at a very fast speed. It is vital because of the desperate need for infrastructure development. The level of a country's development is reflected by its infrastructure. It could be said that the construction industry is the in frastructure of the infrastructure industry. Construction Industry is the second largest employer after agriculture,

The building construction and real estate sector in India currently employs around 35 million persons. Around 30% of these are employed in the real estate segment, while the remaining 70% are employed in Infrastructure segment.

Employment in Indian Construction Industry

Sl. No	occupation	Number of employees
1	Engineers	962000
2	Technicians and foremen	683000
3	Clerical	798000
4	Skilled workers	4967000
5	Unskilled Workers	27600000

The Planning Commission of India has projected that the construction sector will require another 47 million people in next 10 years.

CONSTRUCTION INDUSTRY IN KARNATAKA:

Karnataka presents huge business opportunities for the construction industry, as the State is embarking on major infrastructure development projects in roads & flyovers, industrial infrastructure and power. On an average the construction activity has grown at 13%. In Karnataka, there are 2.35 crore workers, of which 1.73 crore workers are engaged in the unorganised sector. It is estimated that 12 to 15 lakh workers are involved in the construction activities in the state.

Employment Growth opportunities

Government of Karnataka's current investment in various infrastructure projects

(under implementation) is about USD 18000 million (Rs. 86,400 Crores). At present, infrastructure investment is about 3.2% of the SGDP. However, the State Government intends to achieve a target index of 8-9% of the SGDP, which would translate to an annual investment of

USD 6250 million (Rs. 30,000 Crores). A total of 189 infrastructure projects are to be taken up during the period of 2012-2017.

Infrastructure projects in Bangalore such as the expansion of airport, the new outer ring road, signal free corridors, new flyovers, underpasses and the metro have spurred construction activities in Bangalore. Apart from these projects there are various private housing projects taken up by private companies in an around Bangalore and tier II cities. Karnataka is home to some of the major construction companies of India like

- ❖ LARSEN AND TOUBRO LIMITED
- ❖ IVRCL LIMITED
- ❖ PRASAD CONSTRUCTIONS

❖ LIMITED

- PRESTIGE GROUP
- CCCL
- AHUWALIA CONSTRUCTIONS
- RAMKY INFRASTRUCTURES
- SOBHA BUILDERS
- ❖ SOMA CONSTRUCTIONS
- ❖ LIMITED
- INDU PROJECTS
- LANCO INFRATECH
- RAHEJA BUILDERS
- BELMOURYA CONSTRUCTIONS
- ENERGY INFRATECH LIMITED
- TCE
- ENGINEERS INDIA LIMITED
- RITS
- ❖ HCC

All these companies who develop these projects need constant skilled work force since construction activities are labor oriented. It is estimated that an additional work force of 5 lakhs (skilled & unskilled) is required for these upcoming projects. The central government's findings estimate that the construction sector will create over six times more jobs than the Information Technology (IT) and related services sectors by 2022 (FICCI 2010:11).

Challenges due to shortage of labour

The construction industry lacks sufficient plumbers and construction machine operators, resulting in a slowing of construction activity and increasing the overall cost of projects, posing a major challenge to India's infrastructure development plans.

In 2008, DLF, one of India's leading real estate developers, reportedly brought in skilled carpenters, steel fixers and electricians from China, Indonesia and Philippines as they were cheaper and more productive than their Indian counterparts (Dhall 2008). Reliance Industries, a major Indian business conglomerate, reportedly brought in 4,000 Chinese construction workers for the construction of India's largest oil refinery at Jamnagar district in the state of Gujarat (Choudhary 2007). Large firms in the construction business have been vocal about the negative impact of the lack of skilled carpenters and masons on quality and delivery of projects (Pearson and Sharma 2011). The need for skilled construction workers becomes more pressing for

India as the increasing use of technology and mechanisation is expected to reduce the requirement of unskilled workers on individual construction sites. For instance, the time in laying two consecutive slabs has been reduced from 18-20 days to 7-8 days due to the use of pre-fabricated parts and modular structures. Therefore, in order to remain employable, construction workers will have to upgrade their skills.

Skill Gaps

- ❖ Inadequate knowledge of construction specific areas - such as lining, leveling, and finishing skills in carpentry
- ❖ Availability of these personnel is an issue - it may be necessary to import people with relevant skills from Middle East/South East Asian countries/ China, etc.
- ❖ Lack of knowledge of basic machine operation – appropriate operation of cranes
 - lifting and placing

- ❖ Inadequate ability to understand instructions of supervisors/engineers.
- ❖ Inadequate workplace skills – discipline, cleanliness, etc.

- ❖ Inability to follow simple instructions

Conclusion

Skill Development has become a key driver of equitable economic growth, and has immense potential as a generator of employment opportunities. Developing a culture of Skill Development thinking within the communities in which we live and work has, therefore, become a focus for governments and societies worldwide.

The Project proposed is technical feasible and financially viable project. The project is expected to bring about holistic change in the region as a catalyst in the socio-economic development of the Districts and the other neighboring Districts. The project is support worthy and need
