



उत्तराखण्ड राज्य

# UTTARAKHAND ECONOMIC SURVEY

2021-22

VOLUME - II

**DIRECTORATE OF ECONOMICS & STATISTICS**

Government of Uttarakhand

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## Preface

Volume II of the Uttarakhand Economic Survey 2021-22 is fifth in the series brought out by the Directorate of Economics and Statistics (DES), Govt. of Uttarakhand this year. It reflects on the developments in the State economy over the year and reviews the progress of major development programs and projects and at the same time provides an analytical perspective on State's economy and growth scenario. In this edition, emphasis is laid on employment and unemployment in the State by way of review of the status and analysis of the causal and contributing factors that promote employment or hinder growth in employment, the objective being to support review of policies and programmes and strengthen the same to achieve goals set in the State Vision 2030.

Besides providing a holistic analysis of current and future macro trends in the State's economy and finances, the report reflects on the employment and labour market situation in Uttarakhand. It examines the employment laws, regulations and policies, goes on to review employment amongst youth, skills amongst the workforce, growth of MSMEs which may be key drivers of employment in the State, in addition to the farm sector. The report scans the entrepreneurship scenario and support provided to start-ups and how this influences employment. Several recommendations are made to promote local employment through measures taken at district levels and outline of employment strategy is proposed for consideration of departments. Finally, the report appraises public sector employment and suggests measures to bring in efficiencies in deployment of this large resource to achieve goals set by the State.

It is hoped that this report will result in revisit of the State Policies in terms of current challenges and realities of employment and unemployment, to make them more responsive and propel the State to achieve the goals stated in State Vision 2030. It is expected that programme strategies and implementation processes of various departments would be further strengthened for higher impact.

I appreciate the efforts of Mr. Sushil Kumar Director, Directorate of Economics and Statistics and Dr. Manoj Kumar Pant Additional Director DES, and the entire team of EHI International to make the report possible within a set period of time.



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## Foreword

This series of Economic Survey II is the fifth attempt at analysis of different sectors of the State economy. This fifth edition of Volume II of the Economic Survey of Uttarakhand focusses on employment and factors responsible for unemployment/under-employment in the State.

Present laws, regulations and policies in the State concerning labour are discussed and suggestions made regarding the same.

The report presents the status of employment amongst general population as well as youth and women, elaborating on their aspirations, and suggests a slew of measures that the State may take as part of an employment promotion strategy.

Good practices related to promotion of employment, welfare and health of the workforce within the country and elsewhere in the world are discussed in this report.

I am also thankful to all the members of DES and Mr. Kumar Rajesh Consultant of CPPGG, for their technical support particularly on the review of the draft report. I welcome suggestions from the readers and researchers for improvement of the report in future.

**(Sushil Kumar)**  
Director





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We received immense support from all State Departments whose officers were very forthcoming in sharing their insights as well as data to make this report richer in content. We are deeply obliged for this wholehearted support.

We are indebted to all the officials of the DES who have regularly helped by providing data and other material pertaining to specific areas of this report, especially Dr. Dinesh Chandra Badoni, Deputy Director who was always forthcoming to guide the expert team and coordinate their interactions with government departments. We are equally indebted to Deputy Directors Shri. Amit Punetha, Shri. Maneesh Rana and others along with CPPGG specialists for their guidance, support and valuable comments from time to time, which helped us immensely to finalise this report.

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### Disclaimer

The views expressed and any errors herein are entirely those of the authors. The views expressed do not necessarily reflect those of and cannot be attributed to the study advisors, contacted individuals, institutions and organizations involved. The information contained herein has been obtained from various sources including the respective Uttarakhand Government Departments, discussions with stakeholders, a review of publications, and are to the best of our knowledge accurate. Despite all precautions taken to accurately reflect the information that was collected for this report, any errors pointed out subsequently by any party cannot lead to any liability on the part of the authors. The contents of this report may be used with necessary acknowledgement.

## Abbreviations

AHS	:	Annual Health Survey
AI	:	Artificial Intelligence
AIBP	:	Accelerated Irrigation Benefit Programme
AICTE	:	All India Council for Technical Education
AISHE	:	All India Survey on Higher Education
AL	:	Agricultural Laborer
AMRUT	:	Atal Mission for Rejuvenation and Urban Transformation
ANM	:	Auxiliary Nurse Midwifery
APEDA	:	Agricultural and Processed Food Products Export Development Authority
ASCAD	:	Assistance to State for Control of Animal Diseases
ASDP	:	Agriculture State Domestic Product
ASHA	:	Accredited Social Health Activist
ASPIRE	:	A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship
ATMA	:	Agriculture Technology Management Agency
AWC	:	Anganwadi Center
AWW	:	Anganwadi Worker
AYUSH	:	Ayurveda, Yoga, Unani, Sidha and Homoeopathy
B2C	:	Business to Customers
BBBP	:	Beti Bachao Beti Padhao
CAC	:	Corporate Affairs Commission
CADWM	:	Command Area Development and Water Management
CAG	:	Comptroller and Auditor General of India
CAGR	:	Compound Annual Growth Rate
CBDP	:	Community-Based Disaster Preparedness
CCA	:	Consolidated Consent and Authorization
CDCA	:	Cloud and Data Centre for Analytics

CESS	:	Civilian End Strength Study
CETP	:	Common effluent treatment plant
CGST	:	Central Goods and Service Tax
CGTMSE	:	Credit Guarantee Trust Fund for Micro and Small Enterprises
CGWA	:	Central Ground Water Authority
CGWB	:	Central Ground Water Board
CHC	:	Community Health Centre
CLRA	:	Contract Labour (Regulation and Abolition) Act
CMRY	:	Chief Minister's Rozgar Yojana
CNC	:	Computer numerical control
CSC	:	Common Service Centre
CWMI	:	Composite Water Management Index
CW	:	Casual workers
DBT	:	Department of Bio-Technology
DBEE	:	District Bureaus of Employment and Enterprises
DC	:	Data Centre
DDDM	:	Data Driven Decision Making
DDU-GKY	:	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DICs	:	District Industries Centre
DIPP	:	Department for Promotion of Industry and Internal Trade
DPIIT	:	Department for Promotion of Industry & Internal Trade
DRI	:	Directorate of Revenue Intelligence
DST	:	Department of Science and Technology
DWSM	:	District Water and Sanitation Mission
EoDB	:	Ease of Doing Business
E-NAM	:	e-National Agricultural Market
EPI	:	Export Preparedness Index
ERA	:	Equal Remuneration Act
ESIC	:	Employee State Insurance
ESPP	:	Employment Success Package Program
EUS	:	Employment and Unemployment Survey
FICCI	:	Federation of Indian Chambers of Commerce & Industry
FLFPR	:	Female labour force participation rate
FMCG	:	Fast-Moving Consumer Goods
FTA	:	Foreign Tourist Arrivals
FY	:	Financial Year
GBPUA&T	:	G.B. Pant University Of Agriculture And Technology
GBI	:	Generation Based Incentives
GCA	:	Gross Cropped Area
GDP	:	Gross Domestic Product
GER	:	Gross Enrolment Ratio
GFCF	:	Gross Fixed Capital Formation
GIA	:	Gross Irrigated Area
GIS	:	Geographic Information Systems
GLOF	:	Glacial Lake Outburst Floods
GSDP	:	Gross State Domestic Product
GSI	:	Geological Survey of India
GST	:	Goods and Service Tax

HARC	:	Himalayan Action Research Centre
HERC	:	Higher Education Reform Commission
HOPE	:	Helping Out People Everywhere
HPSDP	:	Himachal State Skill Development Project
HSRC	:	Himalayan State Regional Council
IBEF	:	India Brand Equity Foundation
ICD	:	Inland Customs Depots
ICD	:	Inland container depots
ICDS	:	Integrated Child Development Services
ICIMOD	:	International Centre for Integrated Mountain Development
IDA	:	Industrial Dispute Act
ICP	:	Integrated Check Post
ICT	:	Information and Communication Technology
IFAD	:	International Fund for Agricultural Development
IFFCO	:	Indian Farmers Fertiliser Cooperative Ltd.
IGST	:	Integrated Goods and Service Tax
IHCAP	:	Indian Himalayas Climate Adaptation Programme
IIF	:	Institute of International Finance
ILSP	:	Integrated Livelihood Support Project
IMI	:	Integrated Mountain Initiative
IOFS	:	Integrated Organic farming System
IRENA	:	International Renewable Energy Agency
ITA	:	International Tourist Arrivals
IWRM	:	Integrated water Resources Management
Jn NURM	:	Jawaharlal Nehru National Urban Renewal Mission
KJW	:	Korea Job World
KRIBHCO	:	Krishak Bharti Fertiliser Cooperative Ltd.
KWA	:	Kerala Water Authority
LCS	:	Land Customs Station
LFPR	:	Labour Force Participation Rate
MAP	:	Medicinal and aromatic plants
MJSA	:	Mukhya Mantri Jal Swavlambhan Abhiyan
MNC	:	Multi-National Company
MNRE	:	Ministry of New & Renewable Energy
MNREGA	:	Mahatma Gandhi National Rural Employment Gurantee Act
MMP	:	Mission Mode Projects
MoU	:	Memorandum of Understanding
MOOC	:	Massive Open Online Course
MSME/ MSE	:	Micro Small Medium Enterprises
MSY	:	Mukhyamantri Solar Yojana
MSECDP	:	Micro & Small Enterprises Cluster Development Programme
MUDRA	:	Micro Units Development and Refinance Agency Bank
MVDA	:	Mountain valley Development Association
MWA	:	Minimum Wages Act
NAARM	:	National Academy of Agricultural Research Management
NABARD	:	National Bank for Agriculture and Rural Development
NASSCOM	:	National Association of Software and Service Companies
NBSS	:	National Bureau of Soil Survey

NCDC	:	National Cooperative Development Corporation
NDP	:	Net Domestic Product
NCR	:	National Capital Region
NEET	:	Not in Education Employment or Training
NeGP	:	National e-Governance Plan
NFDB	:	National Fisheries Development Board
NFHS	:	National Family Health Survey
NFSM	:	National Food Security Mission
NHM	:	National Health Mission
NIC	:	National Information Centre
NMAET	:	National Mission on Agriculture Extension & Technology
NMSA	:	National Mission for Sustainable Agriculture
NPA	:	Non-performing assets
NPOF	:	National Project on Organic Farming
NRLM	:	National Rural Livelihood Mission
NSDP	:	Net State Domestic Product
NSDC	:	National Skill Development Corporation
NSSO	:	National Sample Survey Office
ODF	:	Open Defecation-Free
OTR	:	Own Tax Revenue
OxCGRT	:	Oxford Coronavirus Government Response Tracker
PACS	:	Primary Agricultural Credit Societies
PCNSDP	:	Per-Capita Net State Domestic Product
PIP	:	Performance Improvement Plan
PKVY	:	Paramparagat Krishi Vikash Yojana
PLFS	:	Periodic Labour Force Survey
PMEGP	:	Prime Minister Employment Guarantee Programme
PMFBY	:	Pradhan Mantri Fasal Bima Yojana
PMGDSA	:	Pradhan Mantri Gramin Digital Saksharta Abhiyaan
PM KUSUM	:	Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan
PMKVY	:	Pradhan Mantri Kaushal Vikas Yojana
POBA	:	Payment of Bonus Act
POWA	:	Payment of Wages Act
PSA	:	Priority Sector Advances
PSDM	:	Punjab Skill Development Programme
PWD	:	Public Works Department
RAD	:	Rainfed Area Development
RASS	:	Remote Air Service Subsidy
RBI	:	Reserve Bank of India
RCS	:	Regional Connectivity Scheme
RES	:	Renewable Energy Sources
RKVY	:	Rashtriya Krishi Vikas Yojana
RPL	:	Recognize the Prior Learning
RSBY	:	Rashtriya Swasthya Bima Yojana
RWSS	:	Rural Water Supply, Sanitation
SAME	:	Sub Mission on Agricultural Extension
SCCC	:	State Climate Change Centre
SDG	:	Sustainable Development Goal



# UTTARAKHAND ECONOMIC SURVEY 2021-22

## *Executive Summary*

The second volume of Uttarakhand Economic Survey 2021-22 has in its focus **Status and Trends of Employment and Unemployment in Uttarakhand**. It examines the measures taken by Uttarakhand government and the supporting measures of Government of India, to address causal factors of unemployment in the State and strategies, schemes and plans underway to promote employment and provide them with decent jobs, whether for wages or through self-employment. The report is organised in nine chapters including several sections, each covering an important aspect and offering solutions and direction for policy and programmatic measures to promote employment in the State.

### CHAPTER – 1

### OVERVIEW OF ECONOMY & FISCAL DEVELOPMENTS

1. **GST:** During the financial year 2021-22, the State's tax Department had collected a tax of Rs. 13,697.53 cr (CGST+IGST+SGST+ CESS). This GST collection is 11% higher than the collection during FY 2020-21, of Rs. 12,338.77 cr. The improved GST collection depicts improvement in the State's economic activity after a challenging time during the Covid-19 pandemic. The State's Own Tax Revenue (OTR) during FY 2020-21 was Rs. 11937.59 cr showing an increase from FY 2019-20 OTR of Rs. 11513.45 cr but lower than FY 2018-19 OTR of Rs. 12188.09 cr.

Growth of OTR as a percentage of Total Tax Revenue (TTR) is not consistent for the same period. OTR as a percentage of TTR was 63.75% during 2015-16. It declined to 62.96% during 2016-17 and further dipped to 58.93% 2017-18. It improved during 2018-19 by touching 60.33%, increased to 62.52% in 2019-20 and again increased to 64.50% during 2020-21.

State excise as a percentage of OTR declined to 14.21% in 2018-19. However, it has shown an improvement since 2019-20 with the State excise as a percentage of

OTR jumping to 23.68% in FY 2019-20 and further increase to 24.84% in FY 2020-21.

2. **The Fiscal Deficit**, which was 3.46% of GSDP in 2015-16 reduced to 2.8% in 2016-17.

The fiscal deficit increased to 3.49% in 2017-18. From 2018-19, the deficit showed a declining trend as it touched 3.09%. This trend continued even in 2019-20 as it fell to 2.63% of GSDP. While a reduction in the fiscal deficit in the last two financial years is a healthy sign, the composition of the deficit is reason for concern. Uttarakhand revenue expenditure is on continuous rise since 2015-16 till 2020-21, while the capital expenditure witnessed a declining trend from 2019-20 to 2020-21. During the same period fiscal deficit of the State also declined. This indicates that, falling fiscal deficit of the State is largely due to the declining capital expenditure instead of a reduction in revenue expenditure. A healthy deficit needs to be

otherwise, where a fall in the fiscal deficit needs to be from a reduction in revenue expenditure. Thus, focusing on the composition of the deficit and achieving a healthy fiscal deficit needs to be a priority.

3. **The State's Exports**

An analysis of the export profile of the State suggests that export performance has shown improvement since 2017-18, rising to high of Rs. 16,917 cr in FY 2019-20 but declining in FY 2020-21 to Rs. 15,916 cr. due to Covid-19 pandemic impact. Exports in FY 2021-22 (till December 2021) stood at Rs. 10,579 cr.

This chapter is divided into two sections. The first section discusses the important fiscal developments in the State. Trends in GST collections, non-GST revenue, tax collection and non-tax revenue of the State, trends in non-GST revenues, fiscal deficit, and capital and revenue expenditure are also discussed. The second section is devoted to policy recommendations.

## CHAPTER – 2

## MACRO ECONOMIC AGGREGATES

Over the last two years, the global economy has been hit by the COVID-19 pandemic, which affected various economic activities. However, economies across the globe are showing signs of recovery. *COVID 19 Stringency Index* prepared by *Oxford Coronavirus Government Response Tracker (OxCGRT)*, indicates that phase-by-phase relaxations over the financial year 2021-22 helped to lower the stringency index value.

### 2.1 Gross and Net State Domestic Product (GSDP and NSDP):

The GSDP at current prices for the year 2021-22AE is INR 2,53,832 crores, which is a 8.17% increase from the previous year. But it is important to identify whether this rise is because of rise in production or due to rise in the price level. To focus only on rise in production, GSDP at constant 2011-12 price is calculated. The GSDP at constant 2011-12 price is INR 1,89,882 which is 6% higher than the previous year.

Thus, the economy is expected to grow around 8-8.5%.<sup>1</sup> Some recent global events like Russia-Ukraine war, rise in the number of COVID-19 cases in China and North Korea, and high inflation level may bring down the growth rate.

At the State level, growth rate for the year 2021-22 increased by 6.13% as compared to -4.41% in 2020-21PE. The State's economic growth follows a V-shaped recovery, similar to the Indian economy. As 2021-22, the NSDP at current prices is expected to

be INR 2,25,097 crores, which implies a growth rate of 8.59% over the previous year. The NSDP at constant prices is expected to reach INR 1,67,487 crores, predicting a growth rate of 6.82% from the previous year.

#### 2.1.1 Factors Behind State's Economic Growth:

There is no doubt that the pandemic has hit the economy hard, at least in the short run. But there are different parameters which suggest a V-shaped recovery in the long-run. There are two sources of economic growth – *capital accumulation and technology*.

- i. **Capital Accumulation:** Since at the State level the capital stock for all the sectors cannot be observed, researchers have used Gross Fixed Capital Formation (GFCF) at the public sector level to look at the trends in capital accumulation. One way to calculate GFCF is by using NSDP. The national level GFCF is multiplied with the State's share of national net domestic product (NDP) to arrive at the State capital formation estimate. *Rising tendency of the aggregate capital stock is observed.*
- ii. **Innovation Growth:** Innovation is one of the driving engines for improvement in productivity and enhancing economic growth. The State government uses science and technology for economic growth and effective implementation of several govt. programmes with the goal of improving scientific information related to water conservation, natural resources, environment & agricultural development.

<sup>1</sup>Uttarakhand Economic Survey 2021-22.



### 2.1.2 Inflation:

The consumer price index (CPI) and the implicit price deflator are the two popular measures of inflation. Implicit price deflator is fluctuating more than the inflation calculated using CPI. Both the measures indicate fall in inflation in the financial year 2021-22AE as compared to the previous three years. Looking at the component-wise inflation, it seems that in the last few years, food and beverages and fuel and light prices are the driving factors behind rising price level in the State. The monthly component-wise inflation data for the financial year 2021-22 show similar trends.

### 2.1.3 Per-Capita Income:

The Per-Capita Net State Domestic Product (PCNSDP), at constant 2011-12 prices for Uttarakhand shows an increasing trend. From 2011-12 to 2018-19, the State's per-capita income was growing on average at 5.95%. During the pandemic, the PCNSDP reduced by 7%, but in the last financial year the value has increased to INR 1,46,047 in 2021-22AE from INR 1,38,191 in 2020-21PE i.e., a growth of 6%.

### 2.2 Sectoral Composition:

Uttarakhand economy is undergoing structural changes, which is evident from the rising contribution of the Secondary and Tertiary sectors in the gross value added (GVA) at 2011-12 prices. The percentage of Primary Sector has been continuously declining from 14% in 2011-12 to 10% in 2021-22AE. The share of Secondary Sector, on average, is stable at 51% while the share of Tertiary Sector has increased from 34% in 2011-12 to 41% in 2021-22 (AE).

Gradual unlocking of economic activities allowed the producers to reduce supply side bottlenecks. Production in almost all the sectors has increased in FY 2021-22 compared to FY 2020-21.

Different sectors are in different stages of recovery. Sectors like Mining and Quarrying, Electricity, Gas, Water Supply & other Utility Services, and Trade, Repair, Hotels and Restaurants had still not recovered from the pandemic. The agriculture sector has been resilient throughout the pandemic, whereas manufacturing and construction sectors are still recovering from the continuous locking and unlocking of the economy. Financial services sector has been resilient mostly because of the significant rise in digital financial products and services. There is evidence that suggests an increase in digital payments (which includes government payments) during the pandemic.

### 2.2.1 Exports

Despite having geographical disadvantage and logistic difficulties, the State has been able to increase exports. Till December 2021, the total exports were worth INR 10,579 crore. Out of the total exports, around 22% were related to chemical products, followed by 19% of base metals & articles/products thereof.

### 2.3 Banking Sector:

Key indicators of all the scheduled commercial banks in the State as on December 2021 are that there are around 2413 branches in the State i.e., an increase of 0.5% from March 2021. Total advances have shown a rising trend in the last couple of years. From March 2021 to December 2021, there is 3.7% increase in total advances.

The credit to deposit ratio (CD ratio) for the State has shown a declining trend from March 2020.

The shares of priority sector and agricultural advances out of total advances have declined since March 2019. The shares of micro and small enterprise (MSE), women, and weaker sections advances out of total advances have increased in the nine months of FY 2021-22.

The sectorial profile of credit deployment for FY 2021-22 show that banks have achieved 54% of total credit. Only in the non-farm sector, the banks achieved 86% of their targets, while in other areas like crop loan, term loan, and other priority sectors the achievement was less than 40%. Necessary steps are required to ensure that needy people in the State are able to access credit.

### 3. Poverty and Standard of Living Index:

Using individual level data from National Family Health Survey (NFHS)-4, 2015-16 one can calculate MPI at the national and State level. At the national level, around 25% population is multidimensional poor and this number rises to 32% for rural India. For Uttarakhand, around 17.72% population is multi-dimensional poor and around 21.94% are so in rural areas.

### 4. Good Governance Index 2020-21

The Good Governance Index, GGI 2021 is introduced to measure the governance quality of the States and UTs. The framework covers 10 sectors and 58 indicators. Uttarakhand has performed well and ranks third in the GGI among other hill States and Northeast States. The State has scored 4.84 which is marginally lower than the score of 4.87 received in 2019. The State has improved in sectors like Agriculture & Allied Sector, Public Health, Social Welfare & Development, and Judiciary & Public Safety. Uttarakhand stands first in the category of Citizen Centric Governance (score of 0.560).

This chapter presents an overview of Uttarakhand's labour force, workforce, employment, and unemployment situation based on critical indicators like Labour Force Participation Rate, Worker Population Ratio, and Un-Employment Rate. For this purpose, data from the Periodic Labour Force Survey (PLFS: July 2019-June 2020) and the various round of Employment and Unemployment Survey (EUS) by NSSO for 15 years and above age group based on Usual Status (Principal Status + Subsidiary Status) has been used.

### 3.1 Demographic Profile of Uttarakhand

Demographically Uttarakhand is at an advantage as 65.6% of the State's population is in the working group (15-59 years) compared to 64.4% at all India level. Moreover, youths (15-29 years) constitute 29.2% of the total population of the State as compared to 27.3% at all India level.

### 3.2 Labour Force Participation Rate

As per Periodic Labour Force Survey (PLFS: July 2019-June 2020), 53.4% of the total adult population (15+ years) in Uttarakhand are in the labour force almost similar to the LFPR of 53.5% for 15+ years age-group at all India level.

#### Key Observations on LFPR in Uttarakhand

- i. The total LFPR in Uttarakhand at 53.4% is like national LFPR and has remained almost similar during 2011-12 to 2019-20.
- ii. The data on the gender-wise distribution of LFPR shows a significant gap of 42.8% points between the Male LFPR at 74.6% and Female LFPR at 31.8%. The Male LFPR is more than double of Female LFPR in the State.
- iii. The Male LFPR for rural, urban, and total Uttarakhand is almost the same at 74%. The Male LFPR has increased by 2.7% points from 71.9% in 2011-12 to 74.6% in 2019-20.
- iv. The State's Rural-Female LFPR (37.3%) is twice its urban-Female LFPR (17.5%). The Female LFPR has reduced by 4.7% points from 36.5% in 2011-12 to 31.8% in 2019-20.

### 3.3 Worker Population Ratio

- i. The WPR in Uttarakhand at 49.5% is almost like the WPR of 50.9% at all India level.
- ii. Similar to the trend in LFPR, the Male WPR in Uttarakhand at 68.8% is more than double its Female WPR at 30.1%. The rural Female WPR is almost 2.5 times the urban Female WPR.
- iii. The WPR in Uttarakhand has declined by 2.7 percentage points from 52.2% in 2011-12 to 49.5%

in 2019-20. The reductions in the WPR can be attributed mainly to increased participation in education which is reflected through a steady increase in the percentage of the adult population with educational level secondary and above in the period 2011-12 to 2019-20.

- iv. The percentage of persons with educational status of secondary school and above increased by 19.4 percentage points from 26.3% in 2011-12 to 45.7% in 2019-20.

### 3.4 Unemployment Rate (UR)

- i. The unemployment rate in the State at 7.1% is considerably higher than the unemployment rate of 4.8% at all India level. At disaggregated level also, the UR in the rural-urban areas and for male-female in the State is higher than the corresponding national averages.
- ii. The Urban UR in the State at 9.1% is considerably higher than the Rural UR in the State at 6.5%.
- iii. The data on the gender-wise distribution of UR reveals that the Female UR in Uttarakhand at 5.6% is considerably lesser than the Male-UR at 7.8%.
- iv. The Urban Female-UR at 15.5% is almost double the Urban Male-UR at 7.6%.
- v. The Urban Female-UR is almost 5 times the Rural Female UR. The most likely explanation for this phenomenon is that in rural areas, female workers get absorbed in agricultural activities.

### 3.5 Trends in LFPR, WPR, and UR as per Educational Status

The LFPR, WPR, and UR vary greatly across persons with educational levels. With an increase in educational status, the State witnessed a steady rise in its unemployment rate.

- i. Graduates have the highest Unemployment Rate in the State at 21.9%. UR for persons with secondary and above education at 12.6% is higher than the State's total unemployment rate of 7.1%.
- ii. There is also an apparent dichotomy between the Urban-Rural Unemployment rate with people having higher educational status. The UR for graduates at 24.1% in rural Uttarakhand is considerably higher than that in Urban Uttarakhand at 19.2%. Available literature suggests that due to the prominence of the services sector in urban areas, urban graduates are absorbed in the job market and, hence, exhibit a lesser UR than the graduates in rural areas.

### 3.6 Unemployment Situation Among Youths (15-29 years)

The UR among the youth in the State has shown an

increasing trend in the last few years. The youth UR in the State at 19.7% is almost double the UR for the total population (7.1%).

### 3.7 Economy-Employment Situation

- i. The economic potential of the primary sector in Uttarakhand is still untapped, given its mere 9.32% contribution in the GVA to the economy. The primary sector engages around half of the workforce in Uttarakhand; thus, the need to increase economic productivity of the sector is apparent, to provide productive & decent employment to the workforce engaged in the sector.
- ii. The secondary sector is the most productive sector given its GVA and employment contribution. Experts from NITI Aayog have highlighted that a higher GVA by the secondary sector and lower workforce engagement is not a negative trend.
- iii. NITI Aayog at various platforms has highlighted that the services sector poses the highest potential for employment generation especially in education and tourism areas with low gestation periods.

### 3.8 Broad Status in Employment of Workers in Uttarakhand

Self-employment remains a pre-dominant work status in Uttarakhand, with around 64% of workers in the State reporting self-employed status, which is significantly higher than the national average of self-employed workers at 53.5%. The proportion of people involved in self-employment has fallen from 69% in 2011-12 to 63.8% in 2019-20.

The share of regular wage/salary employment shot-up to 26.1% in 2019-20 from 17.6% in 2011-12. The share of workers in casual labour shows a declining trend from 13.4% in 2011-12 to 10% in 2019-20.

Self-employment is predominant in rural areas with 62.8% of households reporting self-employment status as compared to 30% of the households in urban areas. A

closer look at the self-employment data in rural areas showcases that self-employment in rural areas is led by self-employment in agricultural activities.

### 3.9 Skill Profile of Workers in Uttarakhand

The National Skill Development Corporation (NSDC) conducted a State-wide survey in Uttarakhand in 2018 to assess the distribution of labour force by skill levels. As per the survey, mere 14% of the persons in the labour force are skilled, 20% are semi-skilled, and 66% are minimally skilled.

Around 1/5th of the labour force in the State is semi-skilled, which provides a window for the State to recognize the Prior Learning (RPL) of the semi-skilled workers and facilitate their transition into the skilled category.

### Way Forward

- i. Government of Uttarakhand needs to focus on interventions to increase the labour force participation rate especially by encouraging more women to join the labour force, skilling of its workforce, and prepare entrepreneurs in the services and food processing sectors.
- ii. Phasing out redundant skilling courses that are not in demand in the market and benchmarking of existing relevant courses as per industry standards and demand.
- iii. New market-driven skilling courses may be added with regular subjects in secondary, senior secondary, and higher education courses. Modules on entrepreneurship may be introduced in high schools.
- iv- Skill training should be made mandatory to avail benefits under the Self-Employment Schemes of the Government.
- v- The growth centre scheme should be utilized to connect the Primary and Secondary sector activities in areas of food processing, medicinal and aromatic plants (MAP) etc.

Labour is a fundamental building block in economics which requires vigilant regulation. This is because the productivity of labour is deeply intertwined with the quality of regulation, which aims for equitable mix of protection of labour rights and increasing economic productivity and competitiveness. India through the New Labour Law Codes has built a new edifice that pivots labour economics towards better balance. These Codes address the lacunae of previous labour law legislations while creating a roadmap for future labour economics to function. This Chapter delves into an economic analysis of various important aspects of

these Labour Law Codes and their economic implications for the State of Uttarakhand. Regulations, while a good starting point, are often compliance driven and reactive – prescribing remedial measures once an incident/accident occurs. The Codes make a genuine effort to move away from this practice, as is evident from the significant conceptual changes that they introduce. This has helped them to build employee morale, brand recognition and, ultimately, shareholder confidence to emerge as leading employers of choice with an outstanding global reputation.

It is imperative that Uttarakhand makes a consistent proactive effort to enact these draft rules under the Labour Code. It is an important opportunity for the State to ensure that it creates rules and regulations, which further facilitate and build the strong measures that the Labour Code envisages.

The State must ascertain that application of these new Labour Codes and Rules framed thereunder are able to

shape the different stakeholder expectations and to get them 'on the same page' to create an ecosystem that protects the interests of labour while nudging businesses to maximize profits. The State is uniquely placed to protect and promote the constitutional goal under Art.39 and increase representation, access and interaction of all stakeholders, thereby reducing the fault lines existent in the labour economics of the State and creating a roadmap for the State economy to flourish and improve the job quality of the workforce.

## CHAPTER - 5

## YOUTH, SKILLS, MSMEs, ENTREPRENEURSHIP & EMPLOYMENT

According to the National Commission on Population (2020) projections, approximately 27.2% of the national population in 2021 was in the age group of 15-29 years (youth). Uttarakhand in the same year had a higher percentage of population in the same age group at 29.2%. Thus, the largest segment of the State's demographic structure is the young people poised to enter the labour market. To reap the benefits of this demographic dividend, it is critical to ensure that this group is highly skilled to meet the requirements in the primary, secondary and tertiary sectors of the State's economy.

Multi-dimensional policies and programmes are required at the State level to reform the education sector and to provide in-demand skills to this future workforce. At the same time, the workforce in the age group of 30-64 requires skill upgradation to keep pace with the changing nature of work and demands of the employers. A large percentage of this workforce may be increasingly inclined towards self-employment. This trend needs to be supported and encouraged through especially tailored policy initiatives and well-designed programmes, implemented effectively by dedicated institutions, having well trained teams who reach out and extend their efforts to each district, block and village of the State.

The recent changes in technology due to automation and artificial intelligence have forced the workers primarily in tertiary and to some extent in secondary sectors to switch the way they work and acquire new skills. The pandemic has only accelerated this process. The change in the means of work introduced new challenges of acquiring skills to work online. For instance, look at the case of online teleconsultations in the health sector. These required doctors to answer patients' questions related to health from remote locations. To be able to diagnose online, the doctors required additional training and good communication skills. Due to the availability of this service, people living in rural and semi-urban places with limited medical facilities reaped benefits from this service. In India, around seventy-five thousand patients per day,

used the online consultations by July 2021 through The National Telemedicine Service (eSanjeevani). Apart from doctors, nurses and ASHA workers can also be trained to assist in the sessions. However, there are some challenges like the availability of internet on using the service. Despite the shortcomings, several healthcare groups and governments including Government of Uttarakhand are stepping up programmes to widen and deepen the reach of this service, which would require the workforce to upgrade their skills to meet the growing need.

This type of change to keep up with the change in work requirements require robust and responsive re-skilling and up-skilling eco-system built jointly by government and private sector covering primary, secondary and tertiary sectors of the State's economy.

During FY 2019-2020, investments worth Rs.873.160 crore were made in 4153 MSME units and employment opportunities for 25,510 people were provided. 1022 fresh investment proposals were received by the State in 2020-21 (till Feb 2021) as compared to 1602 in 2019-20, with projected 25,145 employment opportunities (44,046 in 2019-20) and Rs. 4,053.55 cr financial outlay (Rs.11,793.82 cr in 2019-20).

To translate the Atma Nirbhar Bharat Abhiyan into a reality, the next generation of reforms relating to minimizing regulatory burden on businesses and citizens are being taken up by the State in mission mode. Making Government to Business and Government to Citizen Interfaces online, transparent and time bound, are among the key priorities of the State Government.

Govt. of Uttarakhand has setup a six-member committee (RCB Committee) on 17th October 2020 to look at ways to reduce, minimize and rationalize compliance burden of State Acts and Regulations on the industry and service sectors.

The unprecedented health emergency in the form of the Covid-19 pandemic and the resultant lockdowns,

depleted a large percentage of State's employment and industrial output. Although the State has been proactive in dealing with the crisis and in the initial stages could protect many lives, it is equally necessary to take policy decisions that restore business confidence.

The State, in tandem with the Union Government has been putting in efforts to revive the industrial sector, which would bear fruit in the near term. Along with the measures that support self-reliance, measures related to liquidity, employee retention, measures that promote businesses to avail emerging opportunities and measures that could make State's industrial sector ready for the Post Covid-19 world, are the need of the hour.

Strong and sustained policy direction and change in the way government does its business of facilitating the revival of industry and nurturing it back to good health, will determine the future of its industrial base and put it on the growth path in the post COVID-19 world.

## WAY FORWARD

**1. Establishment of Start-ups** - The main problem faced by the start-ups in the State is arranging finances at the initial level, which financial institutions are reluctant to give without collateral. The cost of land is very high, which is pushing away new start-ups from the agriculture sector. Lack of proper guidance at the initial point of setting up a business is missing and there is lack of awareness among people regarding the government initiatives & schemes. Urban regulations and property rights issues appear to pose major challenges for start-ups, affecting their ability to register and to access finances from institutional sources. The complexity of many aspects of business regulatory processes makes it important to put in place effective mechanisms to handhold budding entrepreneurs through administrative procedures.

**2. Skills & Training**- There are skill gaps and people are not aware of the government skilling programmes. Knowledge about the procedures, is lacking. As a result people refuse to avail the benefits offered by the schemes.

Practical exposure to handon work is lacking in existing skilling programmes, For example, students passing out from ITIs and VTs have limited exposure to operating CNC functional machines. The students lack practical exposure and end up doing low-paid jobs in garages and workshops, where informal mentoring happens.

The estimates for incremental skills gap indicate that the State will be able to create more semiskilled (graduate and vocational training) and skilled manpower than the local demand, but there will be a

significant gap in the labor force having technical training (skilled manpower). It may be noted that the gap in the demand and supply of skilled workers is due to the fact that there are better training facilities are limited to a few districts such as Dehradun, Nainital, Haridwar and Pithoragarh.

**3. Capital Formation in Start-ups** - The fourth census of MSMEs conducted by the Ministry of MSME shows that 94% of the MSMEs in both the organized and unorganized sectors are micro-enterprises or typically start-ups, with investment in plant and machinery of less than Rs.25 lakhs. Unfortunately, the entire eco-system of starting a new unit in India is not equity-driven but driven by debt instruments. Typically for a new start-up, the funds, in terms of equity of the start-up are obtained from the entrepreneur's family, friends and relatives. In Uttarakhand among the middle class, which is the large segment of the population, the perceived risk of collateralization is so high that it acts as a major deterrent to scaling up of business.

**4. Availability of Mentors and Managers** - Most of the incubation managers are either outside of Uttarakhand or from plain areas. The topography is vital to be understood. The incubation centers and mentors can help a new business in its growth journey with prior knowledge of topography, agriculture, and challenges faced by MSMEs. Growth of entrepreneurship and start-ups can be expected when incubators and institutions work together to create an ecosystem for entrepreneurship development in the State.

**5. Incubation Dysfunction** - Currently, eight incubators are working in the State of Uttarakhand. All these incubators are providing support to the entrepreneurship ecosystem of the State. However, incubation runs primarily due to the government's availability of funds and grants. The skillset required to run incubators is still missing, and at the same time concentrating on the hilly nature of the State is essential. The State's people are diversely located, and the accessibility of information needs a more extensive dissemination network. The local problems are not discussed and reviewed by incubation centres, start-ups, and entrepreneurs. All these problems can cause many issues for growth of the entrepreneurship ecosystem in the State.

**6. Output and Productivity** - The State has a large variety of handcrafted things with easy availability of raw materials. Small artisans having limited resources are engaged in this industry. There is a huge scope for traditional crafts in European markets. The artisans are not very well versed with the new designs and modern tastes, though they have the skills to produce the new designs as per the buyer's taste. There is little

innovation in designs as per buyers' tastes & preferences.

**7. Undervalued Resources** - Uttarakhand has a unique distinction of being the only State in the country producing all major types of known commercial silk, namely Mulberry, Tasar, Eri & Muga. The State has got good potential for silk and silk products. There is a positive growth of raw silk on year-to-year basis. But branding is missing from silk production in the State. The State needs to promote and advertise the silk products of the State by establishing a brand with high recall value.

**8. Adaption of New Technologies** - There is a lack of adoption of new technologies by people involved in various activities like food processing, manufacturing, farming & cultivation, and logistics & supply services. Traditional marketing approaches are followed, lacking proper channel linkages. Low productivity, high cost of production, lack of post-harvest infrastructure, fragmented supply chains, lack of market-led extension, and poor market access further restrict growth in these areas. These aspects require proactive and coordinated response in mission mode & institutional action.

**9. Logistics and Supply Chain Management:** For MSMEs to prosper and grow, there is a need for proper facilities of logistic handling to assure better handling of produce, decrease in wastage, and increase of marketable surplus. Better logistics management by liaising and negotiation with Indian Railways and airport authority is required for cost-effective and efficient supply chain and logistics systems.

To facilitate transportation, the State Government may examine the possibility of building ropeways to carry farm produce in the high hilly regions where road connectivity is poor or difficult to maintain, to low/plain areas. To enhance quality and storage, Harvest processing of agro-produce, such as waxing of fruits, and sorting of bad/damaged fruits/produce, will increase the shelf life and will be helpful in maintaining quality for distant markets.

**10. Marketing and Market Access:** During COVID-19 pandemic, e-commerce took off and has become increasingly a way of life. MSMEs, and start-ups of the State should collaborate with (Business to Customers) B2C e-commerce platforms to significantly upscale e-commerce to enable buyers in the virtual market to access products of the State. This transition may be encouraged through programme intervention and advocacy by government institutions.

## **11. Ease of Doing Business and Handholding Support–Mentoring**

Minimum complexity in setting up a business and the knowledge of procedure and awareness for the start-ups are required by local media and Government institutions with help from NGOs and Youth welfare groups.

## **12. Tourism Growth Hand in Hand with Handicrafts, Handlooms**

The State has many religious places apart from hilly tourist destinations. It may promote handicrafts, handlooms honey, mushrooms, and organic tea produced in the State as "Made in Uttarakhand" products at these places apart from display places at Jolly Grant Airport, Dehradun and all roadways bus terminals. The State may also open outlets at these places.

## **13. Encouragement to Intermediaries with Defined Roles**

Inclusion of trained intermediaries is required. Institutions like cooperatives, and farmer's producer organizations (FPO) could play a vital role to run industries/processing units to increase output and export share of the State.

## **13. Multipurpose Skill Development District Centres**

Set up multi-purpose centres for skill development in hilly areas to build on the existing strength, especially in hilly areas.

## **14. Trade Fairs**

A more robust and organised systems of holding trade fairs within the districts and in other States to promote Uttarakhand-based products is required. This may be taken up through an existing or newly established institutional arrangement such as Trade Fair Authority of India. Participation in food, agro-produce and non-timber forest produce related international exhibitions with members of the trade engaged in this sector, may be taken up on high priority.

## **15. Floriculture**

Growth of floriculture in the State is primarily hindered by lack of dedicated storage and transportation facilities in the State. There is a need to establish Flower Mandis near airports with proper infrastructure so as to establish linkages with markets in NCR and overseas, this will help in generating employment with the available resources. To encourage more start-ups, the concerned department may provide updated information (based on the seasons) relevant to various climatic zones where flower cultivation can be done successfully, along with other necessary guidelines to provide readily accessible information resources to interested cultivators.

## 16. Auto Sector a Growth Driver of Employment and Industrial Growth

The automobile sector has high potential to foster growth of start-ups in Uttarakhand. Government

should facilitate training events with leading players of the auto industry like Tata Motors and Ashok Leyland to open Training Centres.

This Chapter is organised in 3 sections

### CHAPTER – 6

### STATE EMPLOYMENT STRATEGY

#### Trends in Work Patterns

The pandemic's disruption has progressed from the recent abrupt move to entirely remote work to the current mixed work arrangement. More than 70% of workers now say they prefer hybrid work, and IT businesses and tech service buyers have made similar statements. The problems that the new work paradigm is anticipated to bring as well as the crucial issues that leadership must deal with to support flexible working alternatives in the post-pandemic age, are detailed in a report produced by NASSCOM and BCG.

Indian technology companies have begun implementing new work methods, ranging from totally remote to partially remote and fully on-site. Traditional businesses prioritise precise execution, but technology groups are flexible and modular. According to the report's results, compared to the other industrial segments, over 80% of IT companies and GCCs are most likely to implement a hybrid work paradigm. A future hybrid organization's structure will also be determined by the size and type of the firm.

#### Preparing for the Future

Higher educated youth in the State, who could be job candidates for the knowledge-based IT business, have a comparatively high unemployment rate. By giving the State's IT and IT-enabled services companies better infrastructure, more electricity, and relatively inexpensive land, the government could encourage them to grow their communication networks. This will contribute to the creation of good jobs for highly educated kids, lowering their high unemployment rate. Development of necessary soft skills can be assisted by the Skill Development Mission and Skills Hub for youth skilling and employment.

Women, particularly in hilly and rural areas, should have greater access to land ownership rights as in their absence, they face challenges getting loans, signing contracts, or engaging in other agricultural management tasks.

#### The Employment Strategy

Information about the labour force's unemployment rate can be used to determine the State's level of full employment. National level surveys offer a variety of

unemployment measures. To determine the amount of unemployment that prevails in the State, the usual principle or main status of any individual's unemployment over the previous 365 days is considered. The working age population (15–59 years) and young adults (15–29 years) who enter the labour force in quest of gainful or productive employment are covered by this. In order to find the State's hidden unemployment, it is also crucial to evaluate the amount of underemployment.

It takes well-planned and coordinated efforts from all interested parties to address the new issues connected to creating rewarding employment and promoting equity in the labour market. Some of the major short- and medium-term plans and goals are listed below, which could act as benchmarks for sharpening the focus of these coordinated efforts:

#### Short-Term Goals and Strategies

To meet the quantitative employment growth target, encourage sectors with high employment elasticity and labour intensiveness.

- Pay close attention to the services sector, focusing in particular on retail, ICT, education and health;
- Put an emphasis on including women, and vulnerable groups with their unique training and skill-development needs;
- Statutory measures that guarantee social security, better working conditions, and pay for contract workers on par with those of permanent employees;
- Increase the RSBY scheme's reach to all low-income households;
- Retraining laid-off employees in preparation for redeployment;
- Creating an information base and conducting real-time electronic monitoring of skilling programmes;
- Regularly gathering and compiling employment and unemployment data on an annual basis;
- Plan and implement skills development programmes as per requirements of local employers in partnership with them;
- Start apprenticeship programmes with industrial and trade entities in the districts

#### Medium Term Goals and Strategies

- Put greater emphasis on self-employed and temporary workers to improve living standards;

- Widen the employment opportunities in the organised sector;
- Increase regular employment for underprivileged people and in underdeveloped areas;
- Full inclusion of workers in the unorganised sector in social security programmes;
- Encourage the diversification of the rural workforce into non-agricultural and non-farm jobs;
- Develop active labour market policies in places where there is a concentration of socially disadvantaged groups, such as ST, SC, minorities, women, and illiterate and unskilled individuals;
- Development of a thorough and concurrent skill mapping system with feedback to skills development programmes;

- Establishing a reliable and impartial skills accreditation and certification process;
- Modernizing all organisations that offer training,
- Enhance PPP-based delivery of public goods, encouraging higher investment by private partners in these service delivery models;
- Establishing a sizable number of institutions for skill development and a pool of trainers to broaden the reach of skill development initiatives;
- Establishing State Sector Skills Councils;
- Creation of a State framework for vocational qualifications;
- Establishing a trustworthy labour market information system.

## CHAPTER – 7

## LOCAL ECONOMIC & EMPLOYMENT DEVELOPMENT

**7.1 Localisation of Employment Generation** To provide added focus to generating employment in the State, which is least disruptive in terms of out migration of youth and which can provide sustainably good jobs to residents, especially the disadvantaged, it is important to relate job opportunities with local economic development.

**7.1.1** These include initiatives under multiple programmes and projects related to achievement of the State Vision 2030 and thrust on achieving SDGs through localising the interventions; focus on linking skills development and within district employment opportunities to support 'One District Two Products' scheme of the State government.

**7.1.2** Harnessing the district specific aspirations of youth needs to be given highest priority with locally relevant and well-designed contemporary education programmes and methods, focus on need-based skills development and proactive exploiting of job opportunities, which are tailored to local potential and needs, whether current or future, in private and public sectors of each district.

**7.1.3** It is of utmost importance to create opportunities to achieve sustainable development through economic growth and diversification, social development and environmental protection with an enabling environment at all levels.

Need for sustainable development strategies to proactively address youth employment at all levels

**7.1.4** To generate decent jobs and incomes that decrease disparities in standards of living in order to better meet people's needs and promote sustainable livelihoods and practices and the sustainable use of

natural resources and ecosystems, it is imperative that district administrations closely screen all programmes and schemes for their employment potential and allocate resources accordingly.

**7.1.5** District administrations need to review and revamp the skills development programmes underway in the district and make them relevant to local job opportunities in consultation and with participation of local employer groups. There is need to focus on soft skills development.

Stakeholder consultation workshops held under localisation of SDGs in the State came up with following broad recommendations for decent work and sustainable employment:

- Smart prioritizing of interventions and strategic synergies would allow people to focus on achievable goals to give a legitimate sense of success. District may adopt a more systematic and sustained approach to convergent planning, action and review, amongst a few related district level departments and sectoral committees.
- Make full use of schemes such as MGNREGA for employment, food security for deprived sections of society, ICDS schemes for malnutrition (Poshan Abhiyaan, Poshan Month, Aanchal Amrit Yojana), UREDA schemes for clean energy and use of solar energy and power projects in line with PIRUL Power Project and MSY (Mukhyamantri Solar Yojana) and Pradhan Mantri Kisan Urja Suraksha evem Utthan Mahabhiyan (PM KUSUM), Operation Indradhanush, JSSK, RBSK, Ayushman Bharat, Jal Jeevan Mission and several other schemes.
- Tap tourism potential of the district in untapped areas and through new offerings.



- Make better use of scheme such as Veer Chandra Singh Garhwali Yojana for tourism.
- Focus on skill training by various departments and vocational trainings by schools and colleges for self-employment, benefitting farmers by providing them training on low-cost technologies and new technology, distribution of hand tools and improved seeds farming and planting material free of cost.
- Make better use of Hill Industrial Policy of the State.

7.1.6 For effective action to promote decent jobs for all at the district level, it becomes important to develop capacities in district administrations to plan and act local, to create and sustain employment within respective districts as well as prepare the youth to secure “Good Jobs” within the State/Country and outside the country.

7.1.7 Each district needs to develop a road map to link local development with employment by the government, private or not for profit/social sectors.

7.1.8 Districts need to prioritise development activities under State Vision 2030, in keeping with their employment potential.

7.2 Farm Sector Employment: Following measures are recommended to promote farm sector employment in the State

7.2.1. *Expansion of MGNREGA activities:* The work available under MGNREGA is limited. The scope may be widened for all crops for some labour activities. Second, work availability under MGNREGA may be increased in those areas, where work opportunities are scarce.

7.2.2. *Threats from Wild animals:* Farmers have abandoned their farms due to crop loss from wild animal attack. Collaboration with the Department of Forest would address the issues.

7.2.3. *Water scarcity:* Despite being origin of several greater Himalayan rivers, farmers have limited access to irrigation. The spring are drying due to increase in temperature and climate change. Springs needs rejuvenation and existing springs could be managed to channelize water to local farms. This can be improved further in collaboration with the irrigation and water resources department to construct more irrigation channels.

7.2.4. *Rainwater harvesting:* Rainwater can be stored into reservoirs and used for irrigation. Many farmers

who adopt polyhouses are also constructing rainwater reservoirs to ensure availability of water for crops. There is a need to scale up large water reservoirs that provide irrigation. The Mission Amrit Sarovar may address this issue.

7.2.5. *Animal Husbandry:* In uncertain times, farmers cannot rely upon crops only for household income and livestock acts as insurance. Farmers are diversifying their livelihood and adopting animal husbandry. Expansion of existing dairies will provide technical know-how about how to preserve milk and process milk products. This dairy sector has huge potential for growth. Similarly, farmers may also venture into fisheries and other activities supplementing household income.

7.2.6. *Information related to weather and forecasting.* Uttarakhand has a number of weather stations set up by the Indian Meteorological Department, to provide weather information related to temperature, rainfall, wind speed, humidity, and weather forecast for the next five days to the interested farmers. At present this information is available to a select few farmers. The number of beneficiaries should increase and farmers may be briefed/trained on how to make sense of the weather information.

7.2.7. *Climate Change Adaptation:* Climate change is a reality. The solution to minimize crop losses is to adopt the right adaptation strategy for a particular crop. This may involve a change in cropping pattern, change in dates of sowing and harvesting, soil and water management, increased application of fertilizers and pesticides and making an informed decision with regards to changing weather. Government agriculture extension work should proactively engage with farmers to support them to grow crops that are suitable to changed weather and look for newer varieties of crops resistant to heat and pest attacks.

7.2.8. *Off-farm activities:* With decrease in average landholding per household, there is a need to diversify household income by taking more economic activities like food processing, packaging, transportation etc. Activities that lead to post-harvest value addition like food processing need support. The Co-operative Department has also identified several activities to boost off farm income and few are also under the National Rural Livelihood Mission (NRLM). Participation of non-governmental organisation and investments through CSR may further widen the scope.

7.2.9. *Non-farm activities:* According to the Census 2011, the State population is rising but land ownership per household is declining. Every person may not be interested to undertake agricultural activities. This becomes more evident with rising education level and

farming being considered an unskilled activity. The State government needs to support other non-farm livelihood opportunities that match the skillsets of local people. Most importantly, the tourism and hospitality sector has vast potential. Uttarakhand is endowed with diverse climatic zones with clean air and scenic landscape. Health wellness centres can be established across the State to attract more tourists to unexplored regions.

**7.2.10. Extension Services and Role of CSCs:** There are a number of State sponsored schemes for hill development and agricultural upliftment. However, awareness level is low amongst farmers. This gap may be addressed by redoubling efforts of extension services. Common Service Centres are one-point solution of access to information. These centres are doing wonderful work in terms of providing information to the people, and facilitating peoples' participation in govt. sponsored schemes, banking services, filling application form to gain access to welfare schemes etc.

**7.2.11. Study of Farmers' Aspirations:** A comprehensive study may be conducted to fully understand the aspirations of farmers.

**7.2.12. Promote recreational farming and interaction with farming communities:** In Japan, there is a policy by which land is made available to urban settlers for farming for a particular duration upon payment of fees and charges. The cost of farming is borne by the owner and the family takes up farming as a recreational activity often allowing children a first-hand experience with soil and nature. Such a policy may be adopted by the State and this would promote a new set tourist from nearby cities and urban sprawls. Village Ways Pvt. Ltd. In the districts of Almora and Bageshwar have been promoting village tourism in a sustainable manner. Such learnings may be scaled up and an assessment of the existing challenges and limitations may help efficient replication in other parts of the State.

## CHAPTER – 8

### DECLINING FEMALE LABOUR FORCE PARTICIPATION RATE

The female labour force participation rate (FLFPR) has declined in South Asia including India at an unprecedented rate in the last two decades. This trend was driven by the largest country in the region, India (Mehrotra and Sinha 2017). The FLFPR in India has declined from 42.7% in 2004-05 to 31.2% in 2019-20. Similarly, the FLFPR in Uttarakhand has also declined sharply since the early 2000s, which raises concern, as the State witnessed a progressive GSDP growth rate touching double-digit growth rate over several years since its formation in 2000.

This chapter is divided into three sections. Section I traces the trends in female labour force participation rate in Uttarakhand along with locating sectoral and status wise distribution of female workers in Uttarakhand. Section II explores if the above-mentioned four hypotheses on declining FLFPR at all India levels hold good for Uttarakhand. Section III puts forward a set of policy recommendations based on the analysis of the nature and trends of FLFPR and female employment in the State.

## CHAPTER – 9

### HUMAN RESOURCE MANAGEMENT IN THE STATE GOVT.

This chapter takes up the status of human resources in the State Government and measures being taken or recommended to prepare the workforce to effectively support the achievement of State Vision 2030 and meet the challenges of the future.

According to the State Budget 2022-23, as on 1st April 2021 there were a total of 22,338 total sanctioned gazetted posts and 2,54,920 non-gazetted posts. The budget reports the detailed post summary in the government departments, aided departments and other public undertakings. There are 26 Organisations and Boards, 63 Departments and 7 Directorates.

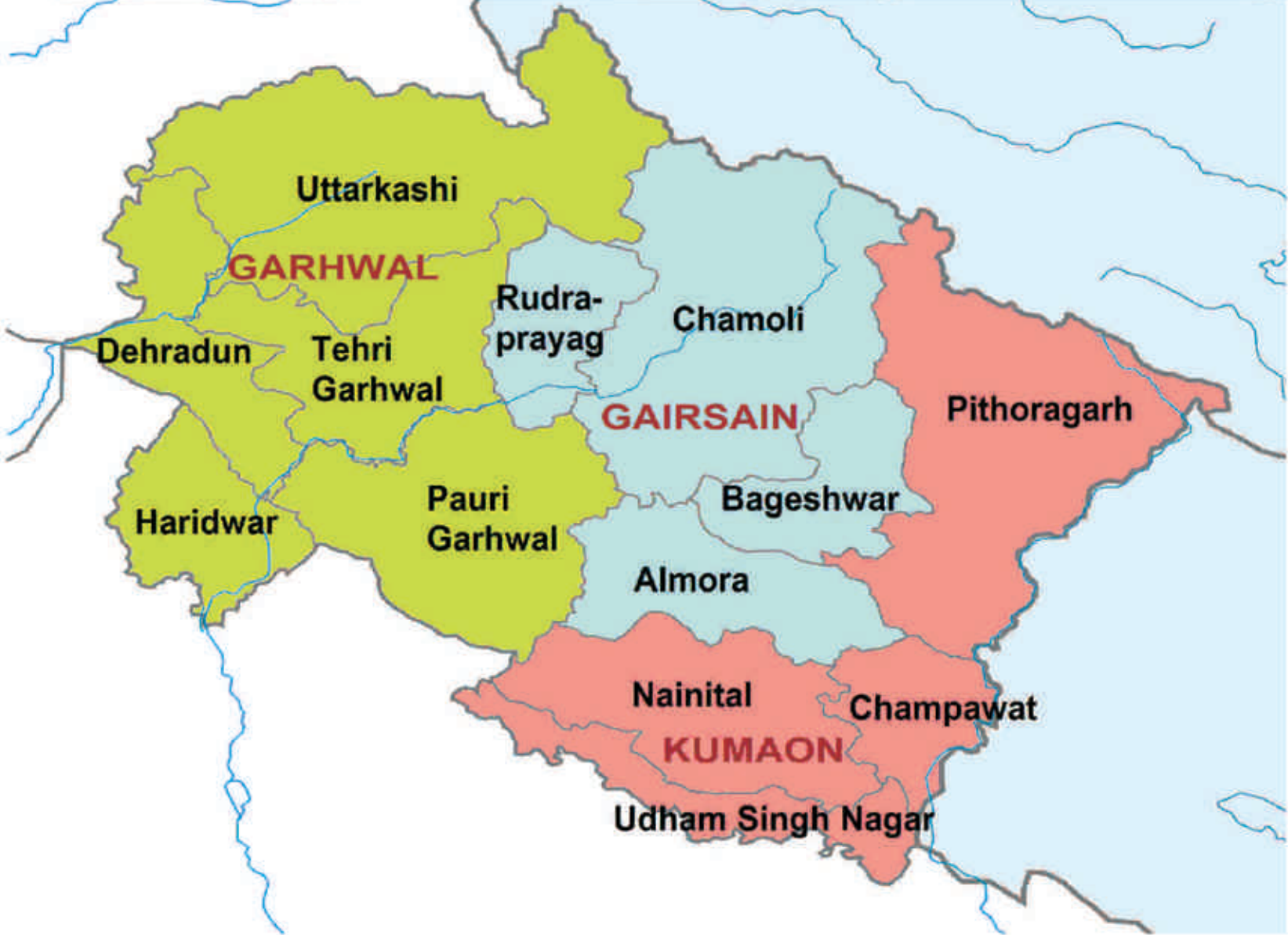
The first section of the chapter reviews the overall employment situation across various departments and entities under the Government of Uttarakhand.

Total employees in Gazetted posts (Category A and Category B) has increased from 5.83% in 2016 to 7.21% in 2021. On the other hand, the total non-Gazetted posts (Category C and Category D) dropped from 94.17% in 2016 to 92.79% in 2021. The total sanctioned positions in 2016 were 2,61,580 of which 18,598 was Gazetted posts and 2,42,982 was non-Gazetted posts. In 2021, the total

sanctioned positions were 2,54,920 of which Gazetted posts was 22,338 and non-Gazetted posts were 2,32,582.

On an average, 23% positions under various categories were reported to be vacant. There are 40 departments where the number of vacant posts against total sanctioned posts is more than 50%. It is therefore important to assess the reasons for these vacancies. One of the major factors cited to explain sub-optimal departmental performance is non

availability of skilled labour force in required numbers and lack of knowledge and skills to perform department specific duties. This is particularly true for the health department where critical shortage of doctors and technicians has been plaguing the government for decades. Lack of skilled workforce for critical functions in several departments is undermining the functioning of these departments and reducing their efficiencies while burdening the existing workforce whose performance is affected and quality of services offered to citizens suffers in the end.





## Chapter 1

# Overview of Economy & Fiscal Developments

### ➔ Abstract

During the financial year 2021-22, the State's tax Department had collected a tax of Rs. 13,697.53 crore (CGST+IGST+SGST+CESS). This GST collections are 11 percent higher than the collections of the last financial year 2020-21, which amounted to Rs. 12,338.77 crore. The improved GST collections depicts the improvement in the economic activity after a challenging time during the Covid-19 pandemic. The State's Own Tax Revenue (OTR) jumped from Rs. 1079.11 crores during FY 2002-03 to Rs. 12188.09 crore in FY 2018-19. The rising trend reversed in 2019-20 with the State's OTR falling to Rs. 11513.45 crore. However, it recovered during 2020-21 reaching Rs. 11937.59 crore. On the other hand, the growth of OTR as a percentage of Total Tax Revenue (TTR) is not consistent for the same period. OTR as a percentage of TTR was 63.75% during 2015-16. It declined to 62.96% in FY 2016-17 and further dipped to 58.93% in FY 2017-18. It improved during FY 2018-19 touching 60.33 % and increased to 62.52 % in FY 2019-20 and rose to 64.50% during FY 2020-21. State excise as a percentage of OTR declined to 14.21% in FY 2018-19. However, it has shown an improvement since FY 2019-20 with the State excise as a percentage of OTR jumping to 23.68% in FY 2019-20 and increasing to 24.84% in FY 2020-21.

The fiscal deficit, which was 3.46 % of GSDP in 2015-16 reduced to 2.8 % in FY 2016-17. However, the fiscal deficit increased to 3.49% in FY 2017-18. From FY 2018-19, the deficit showed a declining trend as it touched 3.09%. This trend continued even in 2019-20 as it fell to 2.63% of GSDP. While a reduction in the fiscal deficit in the last two financial years is theoretically a healthy sign, but the composition of the deficit which is due to increase in revenue expenditure and decline in capital expenditure, is reason for concern. Uttarakhand revenue expenditure is on continuous rise since 2015-16 till 2020-21, while the capital expenditure witnessed a declining trend from 2019-20 to 2020-21. During the same period fiscal deficit of the State also declined. This indicates that, falling fiscal deficit of the State is largely due to the declining capital expenditure instead of a reduction in revenue expenditure. A healthy deficit requires a fall in the fiscal deficit due to a reduction in revenue expenditure. Thus, at this point of time focusing on composition of the deficit and achieving a healthy fiscal deficit needs to be prioritized.

The State's exports witnessed a rising trend from 2011-12 to 2014-15, as they increased from Rs.3,530 crore to Rs.8,509 crore. Exports declined to Rs. 7,350 crore in 2015-16 and further fell to Rs. 6,011 crore in 2016-17. However, export performance has shown encouraging improvement since FY 2017-18 before again declining in during 2020-21 due to Covid-19 pandemic impact.

While avoiding frauds, ensuring tax compliance and widening the tax net could help to improve tax collections, it is very pertinent to remember that for all this to happen, the people should have incomes and the economy should grow. The State is coming to terms after the Covid-19 pandemic. Reviving the economy back to normal and sustaining that growth is the key for a sustainable source of tax revenues. Otherwise, the tax revenues will fall, and reduces the fiscal space for the Government. Against this backdrop, there is a need to take fiscal measures that aim at increased Government spending, albeit at the cost of increased fiscal deficit. In this context there is a need to lay emphasis on physical and social infrastructure, quality aspects of the products and services, and the direction of subsidies, instead of amount of subsidies being provided.

**Trends in GST collections:**

This section discusses the performance of Uttarakhand on GST front.

**Registration:**

During the period between 01 July 2017 and 31 March, 2022, a total of 1,45,362 dealers were registered, whereas 60,600 registered dealers migrated from VAT into the new system. Thus, up to 04 January 2021, total number of registered dealers in the State reached 2,05,962.

**GST Mitra:**

Uttarakhand is a mountainous State having tough terrains. Due to this peculiarity, approaching people and creating awareness among small taxpayers of the State is an arduous task. For overcoming this problem, a unique concept of GST Mitra was devised to resolve any difficulty in relation to the provisions of GST, especially regarding the preparation of e-way bills.

**Table No. 1: Number of Businesses Registered in GST (Data as of 16th January 2022)**

Sr. No.	Dealers	Number
1	Number of Migrated Dealers (State)	48,859
2	Number of Migrated Dealers (Centre)	11,741
3	New Registration (State)	61,235
4	New Registration (Centre)	84,127
5	Total Dealers (State+Centre)	2,05,962
6	Composition Dealer (State)	23,434
7	Composition Dealer (Centre)	15,461
8	Total Composition Dealer	38,895

Source: Department of Economics and Statistics, Government of Uttarakhand

**Dealer Insurance Scheme:**

In the general interest of dealers, an insurance scheme has been made applicable for a period of one year beginning from 19.11.2021 to 18.11.2022. The scheme covers all the dealers registered with the State tax Department and in case of death of any registered dealer, a claim of ₹5 Lakhs will be provided under this arrangement, ₹ 5 lakh has been paid by the insurance company as financial assistance to the deceased dependents for 04 cases in the year 2016-17, 10 cases in the year 2017-18 and 03 cases in the year 2018-19 and 07 cases in the year 2019-20, During the financial year 2020-21, a total of 10 claims have been received, out of which payment has been made to the deceased dependent in 04 cases and proceedings are in progress in 06 cases.

**24X7 Help Desk Service:**

A 24X7 help desk service is established at the State Tax headquarters as well as in the State Tax offices at Haridwar and Rudrapur for redressal of any difficulty in relation to the provisions of GST, especially regarding the preparation of e-way bills.

**Collection:**

During the financial year 2021-22, the State's tax Department had collected a tax of ₹13,697.53 crore (CGST+IGST+SGST+CESS). This GST collections are 11 percent higher than the collections of the last financial year 2020-21, which amounted to ₹12,338.77 crore (CGST+ IGST+SGST+CESS). Improved GST collections depict improvement in the economic activity after a challenging time during the Covid-19 pandemic. The State's performance on front of GST is way ahead when compared to its overall economic performance.

During FY 2020-21 the State's tax Department had collected a tax of ₹12,338.77 cr, which rose to ₹13,697.53 cr in FY 2021-22.

This suggests that the State had waded through the challenges to the economic activity faced in the last financial year and it has been successful in improving its GST collections. The details of the Tax Collection (CGST + IGST + SGST + CESS) by Uttarakhand State Tax Department are provided in Table below.

**Table 02: Details of the Tax Collection (CGST+IGST+SGST+CESS) by Uttarakhand State Tax Department during FYs 2020-21 and 2021-22 (Rs.in crores)**

Month	CGST			IGST			SGST			CESS			Total		
	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-
April	49.79	256.16	414%	141.63	761.40	438%	61.95	389.90	529%	3.26	14.47	344%	256.63	1421.93	454%
May	144.84	156.33	8%	299.19	503.27	68%	170	224.74	32%	0.56	9.07	1520%	614.59	893.41	45%
June	184.09	154.89	16%	469.81	332.49	-29%	238.62	209.14	-12%	2.42	5.77	138%	894.94	702.29	-22%

Month	CGST			IGST			SGST			CESS			Total		
	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-	2020-21	2021-22	%+/-
July	190.62	226.84	19%	543.15	558.27	3%	247.03	331.21	34%	7.01	7.30	4%	987.81	1123.62	14%
August	184.60	213.29	16%	564.19	566.18	0%	249.44		22%	7.52	6.84	-9%	1005.75	1089.48	8%
September	205.63	211.78	3%	572.43	626.13	9%	276.95	288.42	4%	9.73	4.33	-55%	1064.74	1130.66	6%
October	228.93	222.92	-3%	696.33	678.11	-3%	335.97	355.77	6%	11.02	2.53	-77%	1272.25	1259.33	-1%
November	204.49	233.41	14%	748.02	665.76	-11%	323.76	356.99	10%	9.24	7.11	-23%	1285.51	1263.27	-1.73%
December	209.08	211.90	1%	690.11	539.13	-22%	337.54	317.91	-6%	9.07	7.57	-17%	1245.80	1076.51	-14%
January	218.53	242.6	11%	669.94	693.35	3%	327.66	360.92	10%	9.92	9.22	-7%	1226.05	1306.09	7%
February	212.69	226.34	6%	647.44	613.26	-5%	308.44	332.38	8%	12.56	3.63	-71%	1181.13	1175.61	0%
March	230.19	221.13	-4%	711.04	697.51	-2%	354.39	327.54	-8%	7.95	9.15	15%	1303.57	1255.33	-4%
<b>Total</b>	<b>2263.48</b>	<b>2577.59</b>	<b>14%</b>	<b>6753.28</b>	<b>7234.86</b>	<b>7%</b>	<b>3231.75</b>	<b>3798.09</b>	<b>18%</b>	<b>90.26</b>	<b>86.99</b>	<b>-4%</b>	<b>12338.77</b>	<b>13697.53</b>	<b>11%</b>

Source: Uttarakhand State Tax Department

### Assured Revenue Estimates:

When the GST was rolled out, in order to address the concerns of the States regarding their revenues, the GST Act provided an assurance to the States. It provided a guaranteed compensation for five years till June 2022 at a compounded rate of 14% (with 2015-16 as the base year) to make up for any losses due to the new tax regime that rolled out in July 2017. As the five-year period of assured revenue is completed, around 12

States raised their demand regarding the continuation of this assurance for a longer period, during the 47th GST Council meeting held on 28th and 29th June 2022. However, the decision is yet to be taken on this matter. In this context estimates of assured revenue and revenue estimates by the State Tax Department, Uttarakhand, for the upcoming years from the year FY 2022-23 to the 2024-25, are provided in the table below.

**Table 03: Assured Revenue and Revenue Projections for Forthcoming Years (Rs. In Crores)**

S.N	Financial Year	Assured Revenue (Under GST)	Achieved/ Projected GST (without compensation)	Achieved/ Projected Non-GST	Total Projected Tax	Projected Growth If GST was not implemented
(1)	(2)	(3)	(4)	(5)	(6) = (3 + 5) or (4+5)	(7)
1.	2022-23 (3 months)	3,104	1,470	480	3,854 (3+5)	
	2022-23 (9 months)	-	4,130	1,440	5,570(4+5)	
	2022-23	3,104	5,600	1,920	9,154	19,660
2.	2023-24	-	6,200	2,200	8,400(4+5)	23,311
3.	2024-25	-	6,800	2,500	9,300(4+5)	27,621

Source: Department of Economics and Statistics, Government of Uttarakhand

### Analysis of Non-GST Revenue Growth Dynamics:

An attempt is made in this part of the chapter to understand the trend of non-GST tax revenues in the

OTR of Uttarakhand. The details of the total tax revenues (TTR), OTR and Non-GST OTR of Uttarakhand is provided in table below.

**Table 04: Details of Total Tax Revenues (TTR), OTR and Non-GST OTR of Uttarakhand**

Year	Total Tax Revenue (TTR)	Own Tax Revenue (OTR)	OTR as % of TTR	Major Non-GST Revenues			
				State Excise	State Excise % OTR	Stamps and Registration Fees	Stamps and Registration Fees % OTR
2002-2003	1393.23	1079.11	77.45	245.86	24.12	123.35	12.10

Year	Total Tax Revenue (TTR)	Own Tax Revenue (OTR)	OTR as % of TTR	Major Non-GST Revenues			
				State Excise	State Excise % OTR	Stamps and Registration Fees	Stamps and Registration Fees % OTR
2003-2004	1660.99	1227.76	73.92	273.37	22.27	168.94	13.76
2004-2005	1964.32	1444.34	73.53	292.01	20.22	207.8	14.39
2005-2006	2794.51	1784.68	63.86	292.75	16.40	333.39	18.68
2006-2007	3645.61	2513.78	68.95	372.91	14.83	546.32	21.73
2007-2008	4166.45	2738.70	65.73	441.56	16.12	424.27	15.49
2008-2009	4551.50	3044.91	66.90	528.35	17.35	357.46	11.74
2009-2010	5109.05	3559.04	69.66	704.64	19.80	398.70	11.20
2010-2011	6865.55	4405.48	64.17	755.92	17.16	439.50	9.99
2011-2012	8481.66	5615.62	66.21	843.65	15.03	524.05	9.34
2012-2013	9687.13	6414.25	66.22	1117.92	17.43	648.40	10.10
2013-2014	10928.72	7355.34	67.30	1269.29	17.26	686.71	9.34
2014-2015	12130.77	8338.47	68.74	1486.66	17.83	714.060	8.56
2015-2016	14710.98	9377.79	63.75	1735.39	18.50	870.67	9.28
2016-2017	17308.88	10897.31	62.96	1905.54	17.49	777.58	7.12
2017-2018	17249.84	10164.93	58.93	2261.68	22.25	882.26	8.68
2018-2019	20199.68	12188.09	60.33	2871.07	14.21	1015.43	5.02
2019-2020	18414.99	11513.45	62.52	2726.90	23.68	1071.75	9.31
2020-2021	18506.31	11937.59	64.50	2966.12	24.84	1107.26	9.27

Sources: i) Budget Documents, Government of Uttarakhand; ii) Department of Excise Duty, Government of Uttarakhand  
iii) Department of Stamps and Registration, Government of Uttarakhand

The above table suggests that the State's Total Tax Revenue (TTR) witnessed an increasing trend upto FY 2018-19, as the collections rose from Rs. 1393.23 crores in 2002-03 to Rs. 20,199.68 crores in 2018-19. However, TTR fell to Rs. 18414.99 crores during 2019-20 and showed a slight improvement in FY 2020-21 with the TTR touching Rs. 18506.31 crores. Uttarakhand's Own Tax Revenue (OTR) has also been growing in absolute terms between 2002-03 and 2018-19, increasing from Rs. 1079.11 crores during FY 2002-03 to Rs. 12188.09 crore in FY 2018-19. However, this trend had a break in FY 2019-20 with the State's OTR falling to Rs. 11513.45 crore during 2019-2020. It recovered somewhat during FY 2020-21 reaching Rs. 11937.59 crore. On the other hand, the growth of OTR as a percentage of Total Tax Revenue is not consistent for the same period. OTR as a percentage of TTR was 63.75% during 2015-16. It

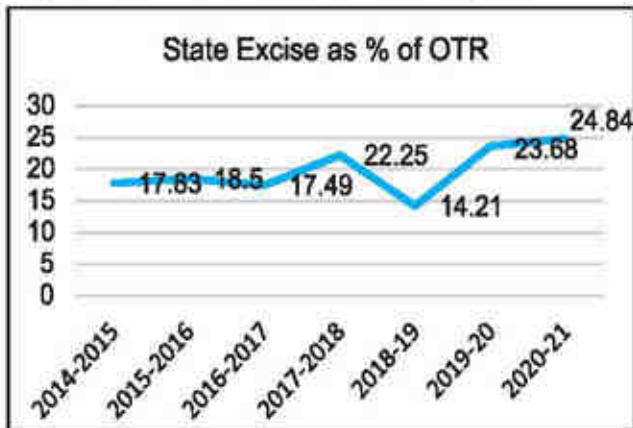
declined to 62.96% during 2016-17 and further dipped to 58.93% 2017-18. It improved during 2018-19, touching 60.33% and further increased to 62.52% in 2019-20 and falling to 64.50% in FY 2020-21.

#### Trends in the Non-GST Revenues:

Major Non-GST Revenues of the State consist of State Excise and Stamps and Registration fees. The trends in these revenues have been analysed from 2002-03 to 2020-21. Revenue from the State excise has gone up from 17.83% of OTR in 2014-15 to 18.50% in 2015-16, it fell to 17.49% in 2016-17; increasing to 22.25% during 2017-18. However, as indicated in Figure 01, the State excise as a percentage of own tax revenue declined to 14.21% in 2018-19 but has shown an improvement since 2019-20 jumping to 23.68 percent in 2019-20 and continued to increase to 24.84 percent during 2020-21.



**Figure 01: State Excise as a Percentage of OTR**



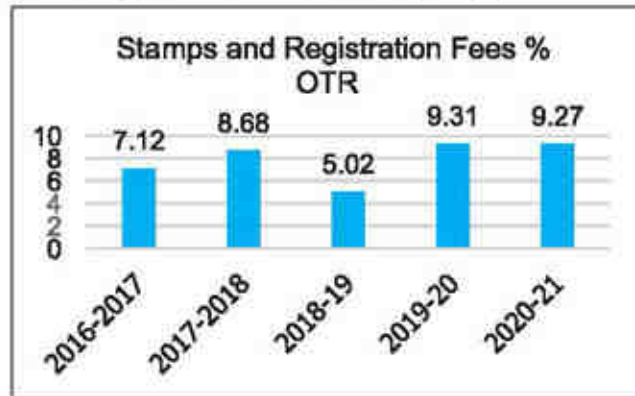
Source: Department of Excise Duty, GoUK

**Stamps and Registration Fees:**

Stamps and Registration Fees as a percentage of OTR witnessed an increasing trend from 2002-03 to 2006-07. It rose from 12.10% to 21.73% during this period. Except during 2012-13 and 2015-16, it registered a declining trend from 2007-08 and continued this trend till 2016-17, to touch 7.12%. But in 2017-18, Stamps and Registration Fees as a percentage of OTR improved to 8.68%. It fell sharply to 5.02% of the OTR in 2018-19, which is in fact the lowest since the inception of the State, as depicted in figure 02. Stamps and registration fee as a percentage of own tax revenue rebounded to 9.31% in 2019-20. However, it could not maintain the same momentum for the next financial year, as Stamps and Registration Fees as a percentage of OTR remained stagnant at 9.27% during 2020-21.

The Actual estimates of the central grants to Uttarakhand are available upto FY 2019-20. An analysis of the trend in the central grants to Uttarakhand suggests an increasing trend from 2015-

**Figure 02: Stamps and Registration Fees as a percentage of Own Tax Revenue (OTR)**



Source : Department of Stamps and Registration

**Central Grants**

**Table 05: Central Grants to the States:**

Years	Central grants to the state In Rs. thousands)		
	Budget Estimates	Revised Estimates	Actual
2015-16	87200445	87560445	53037940
2016-17	113513116	66612882	62342735
2017-18	82306128	67706128	80852073
2018-19	89346356	82321358	77068722
2019-20	110785718	105905720	83087643
2020-21	164818059	167478831	

\*Code 1601 (Total of assistance from central government)  
Source- Uttarakhand Budget Dept.document

16 to 2017-18. The grants reduced to the State in FY 2018-19 and again witnessed an increase during the FY 2019-20. The revised estimated grants from the Centre to the State for 2020-21 is Rs 16,74,78,831.

# INDUSTRY'S RECOMMENDATIONS TO EU POLICY-MAKERS



1

A science-based approach

2

A coherent legislative process



3

An innovation-friendly  
framework



4

A strong internal market



5

A recognition of public benefits



6

Long-term commitment  
to sustainability

## Policy Suggestions

While the earlier section discussed key developments in the economy and presented an overview of State's economy, the present section is devoted to policy suggestions on fiscal issues and discusses possible policy options at hand in the backdrop of a structural change being witnessed in the composition of the State's economic growth.

### **Making GST Work Better:**

While the improved GST collections come as a respite to the State, it is pertinent to note that there is a scope to further increase them. While the regular searches by tax authorities of tax evaders are yielding results, there is still considerable scope to arrest tax evasion. Given the intensity of the problem at hand and its potential to cause damage to the economic stability, it is pertinent to go to the roots of this problem in order to deal with it and find optimal solutions. This needs an understanding of how these frauds are done. One of the largest source of GST fraud is, claims of fake Input Tax Credit (ITC). Fraudsters float hundreds of dummy companies, get the GST registration using a PAN card. Then they issue fake GST invoices for goods and services that were never purchased. Later they sell these invoices for commission to agents, and several businessmen buy these fake invoices to claim input tax credit from the Government and reduce their tax liability. This method eventually causes hundreds of crores loss to the State and the Union Government. While the concept of matching the invoices to claim ITC reduced such frauds, it could not wipe it off completely.

On the other hand, there are some businessmen who create shell companies, transfer the ITC from one company to the other one and artificially inflate their turnover. By showing this 'high' turnover, they take bank loans and default, besides evading GST. When we look at these two modus operandi, it is clear that the root of the whole process lies in the registration system of new firms and the procedure to obtain a GST number. The Union Government, in order to improve the Ease of Doing Business, made the GST registration hassle free. Fraudsters use this lacuna of no physical

verification requirement of the address registered for new companies. This resulted in a mushrooming of fake firms, which became the root cause of frauds related to tax evasion. In order to address the issue of tax evasion, there is a need to have a robust institutional mechanism in place, to check the mushrooming of such companies, which will strike the problem at the roots. The State, in tandem with the Union authorities could chalk out an action plan on this front.

While avoiding crime is important, equally important is to ensure that the criminals get punished for the offence. This becomes possible by deploying latest IT tools and applying digital forensics in order to gather reliable evidence and build a strong case. It also requires inter-departmental coordination and sharing of data amongst Government departments. Such efforts would be more effective against fraudsters, and act as a deterrent, ensuring a better tax compliance and higher tax revenue.

To realize the targeted GST collections, there is also a need for policy interventions that promote tax compliance and enhance the administrative mechanisms to detect tax evasion. While Uttarakhand achieved significant progress in GST filings, laying more emphasis on taxpayer education could further improve it. In addition to this, endeavours to expand the tax net and improved supervision of e-way bills would further enhance GST collection.

Another pertinent aspect that requires consideration, is to make realistic revenue forecasts in the budget estimates. The framework adopted for the projections of tax revenues needs to consider the macro economic realities at the ground level.

### **The Way Ahead:**

While avoiding frauds, ensuring tax compliance and widening the tax net would improve tax collections, it is very pertinent to remember that for all this to happen, people should have incomes and the economy should grow. The State is coming to terms after the Covid-19 pandemic. Reviving the economy back to normal and

continuing growth, are key for sustainable growth of tax revenues.

Against this backdrop, there is a need to take fiscal measures that aim at increased Government spending, albeit at the cost of increased fiscal deficit. This would create more demand and boost economic activity. As a result, the fiscal situation would improve, with the increased tax collections, once the economy revives. However, policy makers need to lay emphasis on the structural aspects of the economy, in order to achieve stable economic growth and sustained GST tax revenue.

### **Structural Changes in the Economy and the Way Ahead:**

The State's economy is undergoing a structural change which is evident from the rising contribution of the secondary and tertiary sectors in the gross value added (GVA) at 2011-12 prices. The percentage of primary sector has been continuously declining from 14 percent in 2011-12 to 10 percent in 2021-22. The share of secondary sector, on average, is stable at 51 per cent while the share of tertiary sector has increased from 34 per cent in 2011-12 to 41 per cent in 2021-22. History bears witness to the fact that, for any nation to walk the path of economic growth, a structural change in the form of shifting of work force from farms to firms is given, later followed by a dominance of service sector. The State's performance fits into this trend. Even China, once touted as 'World's Factory' witnessed a large-scale shift of labour from agriculture fields to industrial houses the State's manufacturing sector needs a revamp. While the State's moving away from primary sector towards more productive sectors is a welcome development, it is equally pertinent to focus on the manufacturing sector, which is contributing 51 percent of GVA. The pandemic hit the State's entire economy, while the service sector, which accounts for 34 percent of the State's GVA, is particularly hit hard by the pandemic, resulting in huge job losses. Major job providing segments like aviation, hospitality, entertainment and tourism were seriously affected. It would take time for them to recover to their pre-pandemic levels. Manufacturing sector on the other hand, offers a larger hope, with ample scope for expansion and capacity to accommodate tens of thousands of job seekers.

### **Revamping the Manufacturing Sector:**

The Government has been making positive policy interventions to achieve a decent growth rate of the manufacturing sector, and it is also working in collaboration with the Union Government's flagship programme, 'Make in India'. However, there is still a large scope for policy measures that could boost the growth of this sector. While improving ease of doing business and improving investment climate is necessary to attract new investment proposal, it is equally important that these proposals take their final shape on the ground. This needs infrastructure - both physical and social. Much of the policy discourse contemplates on physical infrastructure. However, it is equally important to focus on social infrastructure. To reap long term and sustainable benefits, it is imperative to make investments in education and skill development, in order to have productive and skilled human resources, ready to serve the manufacturing needs of the State.

The second aspect that needs attention during the policy discourse on manufacturing is the 'quality' aspect. Demand never dries up in the global market for world class quality products. Providing training and awareness on importance of quality to MSMEs and providing financial assistance to upgrade their production facilities would create hundreds of 'quality hubs' producing goods that meet international standards. This would go a long way in overhauling State's manufacturing sector.

The third aspect that needs emphasis is the 'subsidies' aspect. Government has been offering subsidies to manufacturers, in order to encourage investments in this segment. However, it is pertinent to focus on the targeting of subsidies, rather than the amount of subsidies provided. Instead of offering blanket subsidies to all the manufacturers, giving preferential subsidies based on number of jobs created by them or output in a given period of time, may yield better results.

Provision of subsidies to service sector enterprises, which provide inputs to manufacturing would improve the efficiency of subsidies. These measures would help incentivizing performance and at the same time improve allocation of public financial resources.



## Chapter 2

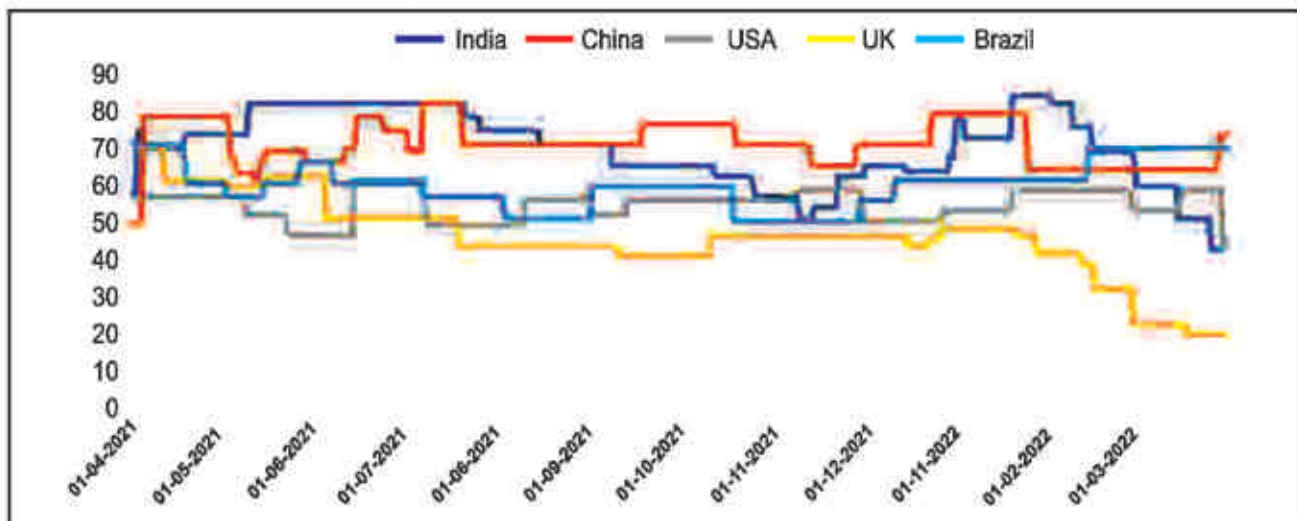
# Macro-Economic Aggregates

### 2.1 Introduction:

Over the last two years, the global economy has been hit by the COVID-19 pandemic, which affected various economic activities. However, economies across the globe are showing signs of recovery. By

looking at the *COVID 19 Stringency Index* (see Figure 1) prepared by *Oxford Coronavirus Government Response Tracker (OxCGRT)*, it is evident that phase-by-phase relaxations over the financial year 2021-22 helped to lower the stringency index value.

**Figure 1: COVID 19: Stringency Index for Selected Countries**



Source: Author's own calculation using OxGRT database

Nevertheless, governments should continue their vigilance as countries like China, South Korea, and several parts of Europe have reported a rise in new cases. With the emergence of new variants from time to time, the economy would take time to recover. In India one can find that whenever relaxations were lowered, the economy was hit by a new wave (see Figure 2). For instance, as the economy slowly opened up in June 2020, the nation was hit by the first wave which peaked in the month of September 2020 (affecting around 9

lakh 70 thousand people). Similar events happened in the second and third wave which affected 4.14 lakh and 3.47 lakh people respectively. Due to this, it is expected that Indian economy may overcome the COVID-19 losses by 2034-35.<sup>2</sup>

India started the vaccination programme on 16th January 2021, and as of April 2022, 73.1 and 62.2 percent of total population have received the first and second doses respectively (see Figure 3).

<sup>2</sup> Reserve Bank of India (RBI) report

(<https://economictimes.indiatimes.com/news/economy/policy/india-could-take-more-than-a-decade-to-overcome-the-losses-caused-by-covid-19-disruptions-rbi-report/articleshow/91182661.cms>). The report estimate that India has lost INR 50 lakh crore in output in the last three years.

**Figure. 2: India's COVID -19 Cases By Day**

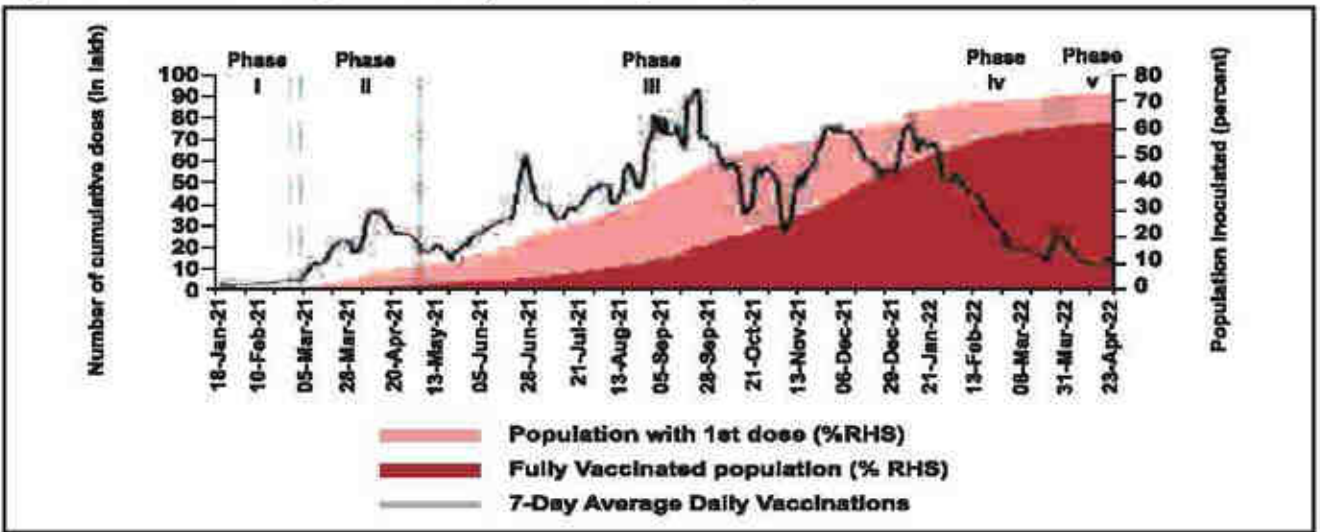


Source: Data from the Center for Systems Science and Engineering at Johns Hopkins University.

Uttarakhand State government has taken several measures to help the economy recover faster post COVID-19 pandemic. As of 31st January 2022, there are 11 Government Labs, 26 Private Empanelled Labs, 75 TrueNAT machines, and 552 government ambulances providing services to residents. Several training programmes have been conducted for different medical staff like nurses, technicians, ASHA workers, hotel staff, sweepers, etc., to help them operate ICUs and ventilators, maintain hygiene and manage COVID waste. In order to make the

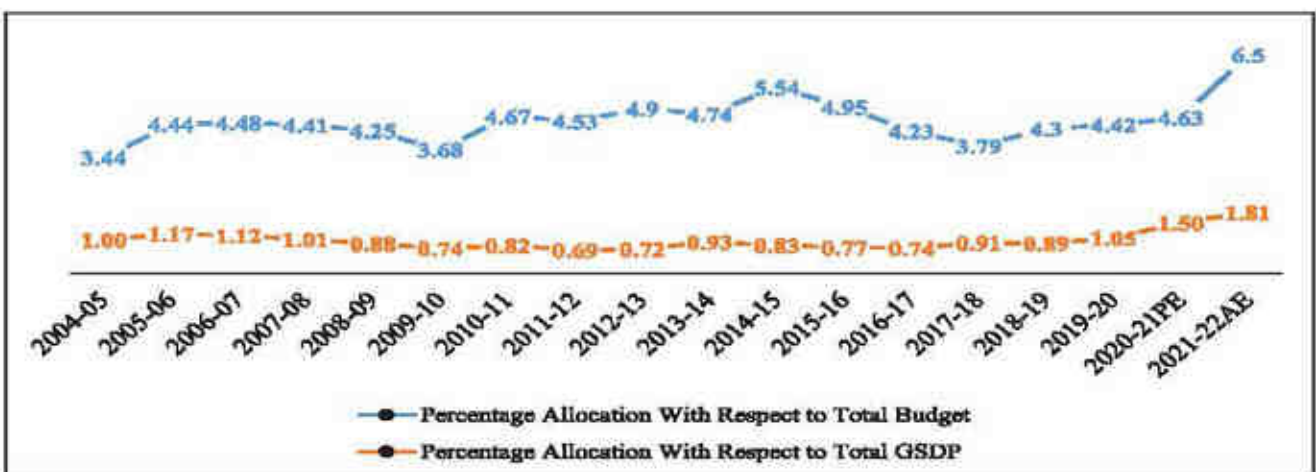
vaccination process smooth, the State government conducted several meetings at different levels headed by the Chief Secretary. As of 26th January 2022, around 1,54,68,937 beneficiaries have received vaccination doses. Around 98.43 percent beneficiaries have received the first dose, and 81.99 percent have received the second dose. In addition, around 1,63,507 (29.72 percent) HCW, FLW, and 60+ years beneficiaries have been given the precaution dose, which is to be injected 9 months from the date of second dose

**Figure. 3: Vaccination Program in India (as on 27th April 2022)**



Source: RBI report on Currency and Finance 2021-22 – Revive and Reconstruct.

**Figure.4: Comparison Chart of Budget Allocation to Health with Respect to Total GSDP**



Source: Uttarakhand Budget Document 2021-22.

The State government in its budget document 2021-22 has allocated 6.5% of the total expenditure on health, which is 28% higher than the 2019-20 value (see Figure 4). This number is higher than the allocation for health by States (5.5%). An amount of INR 229 crore is allocated in FY 21-22 for construction of three medical colleges in the State.

## 2.2 Gross and Net State Domestic Product (GSDP and NSDP):

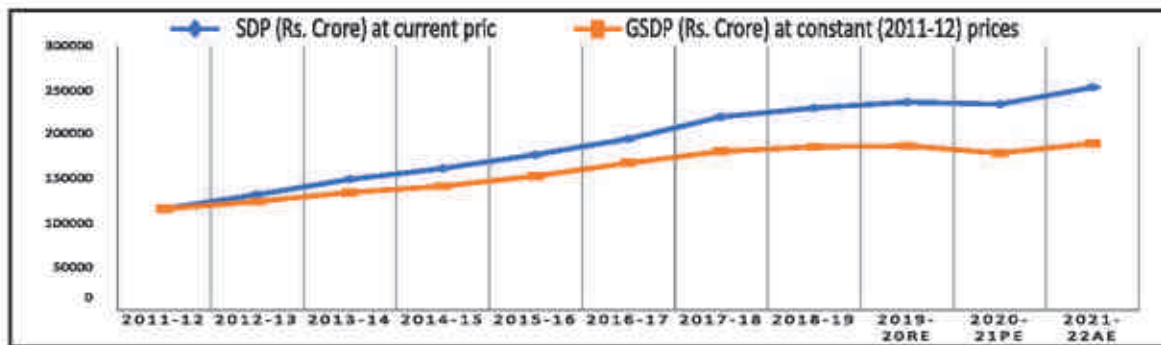
GSDP and NSDP measures are regarded as the determinants of a State's economic health. GSDP is the total value added of all final goods and services produced during a particular year within geographical boundary of the State. The NSDP is calculated by deducting consumption of fixed capital (CFC) from GSDP i.e.,  $NSDP = GSDP - CFC$ .

The GSDP is estimated both at the current and constant

prices. The GSDP value may change when production changes or when the price level changes. When analysing the trends in GSDP from one year to the other, it is critical to eliminate the changes in the price level so that the change in GSDP is solely from changes in production. To keep the price level constant, the value of GSDP is calculated at a particular base year. This is called GSDP at constant prices.

The GSDP at current prices for the year 2021-22 is INR 2,53,832 crores, which is an 8.17 percent increase from the previous year. But as discussed in the previous paragraph, it is important to identify whether this rise is because of rise in production or due to rise in the price level. To focus only on rise in production, GSDP at constant 2011-12 price is calculated. The GSDP at constant 2011-12 price is INR 1,89,882 which is 6 percent higher than the previous year (Figure 5)

Fig 5: GSDP at Current and Constant 2011-12 Prices



Source: Department of Economics and Statistics, Government of Uttarakhand

Since most macroeconomic data is available at a lag, it is critical to predict the impact of the pandemic on the growth rate of GSDP (Fig. 6). At the national level, the real GDP growth increased by 7.7% in 2021-22AE as compared to -7.24% in 2020-21PE. This implies that most of the economic activity has recovered from the pandemic. As the vaccination drive has covered a significant portion of the population, future Coronavirus variants may have lower impact on the health and economic activities. Thus, the economy is

expected to grow around 8-8.5%<sup>3</sup>. Some recent global events like Russia-Ukraine war, rise in the number of COVID-19 cases in China and North Korea, and high inflation level may bring down the growth rate.

At the State level, growth rate for the year 2021-22 increased to 6.13% as compared to -4.41% in 2020-21PE. The State's economic growth follows a V-shaped recovery, similar to the Indian economy.

Fig 6: Comparing GDP and GSDP Growth Rates at Constant 2011-12 Prices



Source: Author's calculation using data from DES and RBI.

<sup>3</sup>Economic Survey 2021-22.

**Fig 7: NSDP at Current and Constant Prices**

Source: Author's calculation using data from DES.

In 2021-22, the NSDP at current prices is expected to be INR 2,25,097 crores, which implies a growth rate of 8.59% over the previous year. The NSDP at constant prices is expected to reach INR 1,67,487, predicting a growth rate of 6.82% from the previous year.

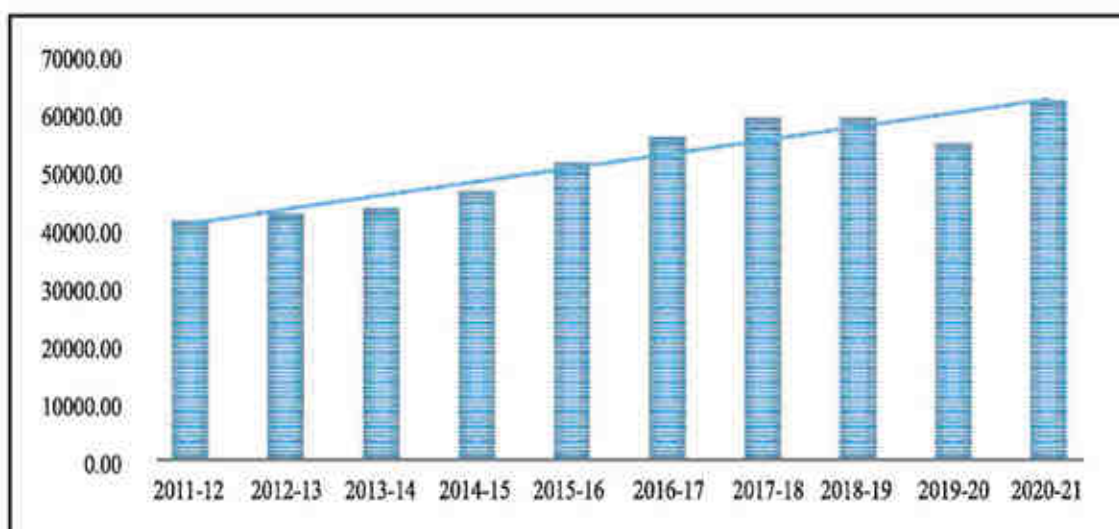
### 2.2.1 Factors Behind State's Economic Growth:

There is no doubt that the pandemic has hit the economy hard, at least in the short run. But there are different parameters which suggest a V-shaped recovery in the long-run. There are two sources of economic growth – capital accumulation and technology.

**1. Capital Accumulation:** The growth in capital stock increases production with given levels of other inputs like labour and technology. With increase in production, investment in the next period rises, which further increases capital accumulation. Thus, capital accumulation allows developing countries to break the vicious cycle of poverty and leads them on a path of growth.

Countries like Singapore have achieved miraculous growth through capital accumulation from the 1970s-mid 1990s. Since at the State level the capital stock for all the sectors cannot be observed, researchers have used Gross Fixed Capital Formation (GFCF) at the public sector level to look at the trends in capital accumulation. This measure includes four asset categories namely *building sector, machinery and equipment, cultivable biological resources, and intellectual property products*.

One way to calculate GFCF is to follow the method used extensively in the empirical research papers by using NSDP. The national level GFCF is multiplied with the State's share of national net domestic product (NDP) to arrive at the State capital formation estimate. From Figure.8 below, rising tendency of the aggregate capital stock is observed. This way of calculating GFCF assumes same functional production technology and price of capital, which is not ideal. But still this measure gives a clearer picture of rising capital stock over time.

**Fig.8: State GFCF using NSDP at 2011-12 prices**

Source: Author's own calculations



**2. Innovation Growth:** In economics, production is a function of capital (K) and labour (L). But, slowly over time researchers have identified technology (A) as a critical input in production. Technology comprises of research and development (R&D). Economic incentives like profit-maximization allow a firm to innovate i.e. introduce a new technology or improve the quality of the existing technology in the market. Thus, innovation is one of the driving engines for improvement in productivity and enhancing a country's economic growth. There is, however, no single measure of innovation. Advancements in science and technology raise the standard of living and economic growth of the State. The State government uses science and technology for economic growth and effective implementation of several government programmes. The following institutes are working on improving scientific information related to water conservation, natural resources environment, and agricultural development: -

**a. Uttarakhand Space Application Centre (USAC):** Space technology is helping to monitor the changes in environment, farming practices, and crop diseases. Dehradun district used geographic information system (GIS) application to track COVID-19 patients and helped the police

to monitor crowded areas in order to maintain social distancing. Apart from this, the application was also used to mark containment zones.

- b. Uttarakhand State Council for Science & Technology (UCOST):** This autonomous body of the Uttarakhand government have mainly worked in FY 2021-22 on creating awareness related to intellectual property rights (IPRs) among people, establishing science city in Dehradun, and water energy and food nexus ("Water Energy Food Nexus (WEFN) through "Solar-Green House Based Hydroponic Solution with Android Mobile Application of Vegetable Market for Rural farmers and Urban Users").
- c. Uttarakhand Science Education and Research Centre (USERC):** The objective of the centre is to improve science education and research in the State. It has conducted several events like World Earth Day-2021, mathematical lecture series, International Biodiversity Day, Himalaya Day among others.
- d. Uttarakhand Council for Biotechnology:** This autonomous body works mainly to encourage education and research in the area of biotechnology

The Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDSA) has given a target of achieving 5.06 lakh digitally literate rural people in the State. So far, 6,11,092 rural registrations have been made, out of which 5,05,124 have been trained, and 3,74,417 have received their certificates. The scheme helps rural people to be trained on digital access devices (like tablets, smartphones etc.), send and receive emails, browse internet, access Government services, undertake digital payments etc.

Inflation is defined as the increase in the general price level in an economy. It has an impact on most of the macroeconomic variables like GSDP, savings, investment, etc., so it is critical to make necessary policies to stabilize price level in the economy. The consumer price index (CPI) and the implicit price deflator are the two popular measures of inflation. The former measure is based on the basket of goods and services purchased by consumers both in rural and urban areas. The implicit price deflator is a broader measure, which includes prices of goods and services purchased by consumers, businesses, government, and foreigners. Both the measures furnish vital information regarding change in

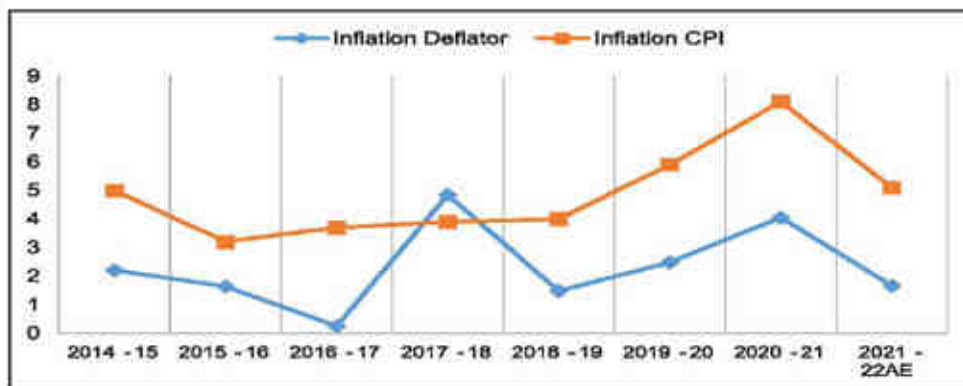
Due to unavailability of data, extensive research is not possible to fully assess factors or components driving the rise in prices in the State. Looking at the component-wise inflation (Fig. 10), it seems that in the last few years, food and

prices over time and the choice of which one to use depends on the scenario. Out of the two measures, researchers prefer the implicit price deflator as it accounts for prices of all the economic activities. But the CPI is published more frequently and provides the policymakers with ready information required to take action.

The implicit price deflator is measured using Net State Domestic Product (NSDP) deflator. From Fig. 9, implicit price deflator is fluctuating more than the inflation calculated using CPI. Both the measures indicate fall in inflation in the financial year 2021-22 as compared to the previous three years

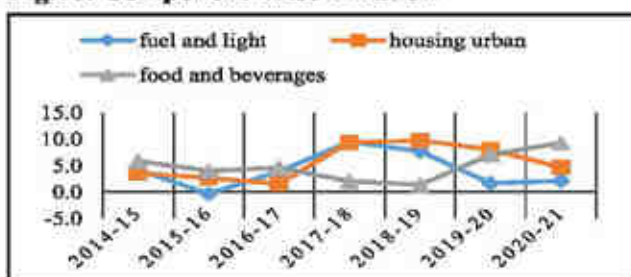
beverages and fuel and light prices are the driving factors behind rising price level in the State. The monthly component-wise inflation data for the financial year 2021-22 show similar trends (Figure 11).

**Fig. 9: Inflation Using Implicit Price Deflator vs. Inflation Using CPI**



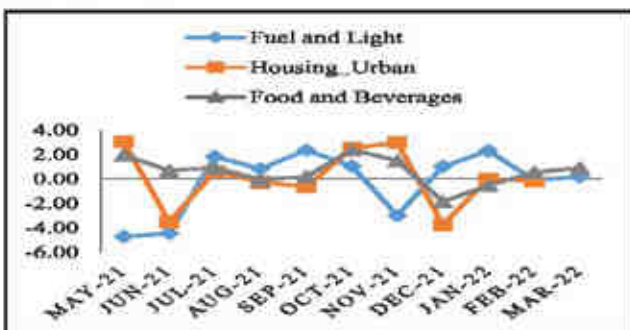
Source: Author's own calculations, RBI data, Department of Economics and Statistics, Government of Uttarakhand

**Fig.10: Component-Wise Inflation**



Source: Author's own calculations using RBI data.

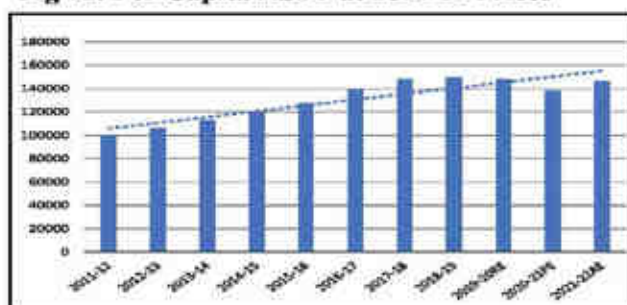
**Figure 11: Monthly Component-Wise Inflation in Uttarakhand**



**2.2.3 Per-Capita Income:**

The standard of living of the economy is measured by per-capita income (measured by per-capita net State domestic product (PCNSDP)). The per capita income plays an important role in determining demand patterns across the State and different sectors of the economy. The PCNSDP at constant 2011-12 prices for Uttarakhand shows an increasing trend. From 2011-12 to 2018-19, the State's per-capita income was growing on average at 5.95%. During the pandemic, the PCNSDP reduced by 7%, but in the last financial year one can observe from Figure 12 that the value has increased to INR 1,46,047 in 2021-22AE from INR 1,38,191 in 2020-21PE i.e., a growth of 6%.

**Fig 12: Per-Capita NSDP at 2011-12 Prices**

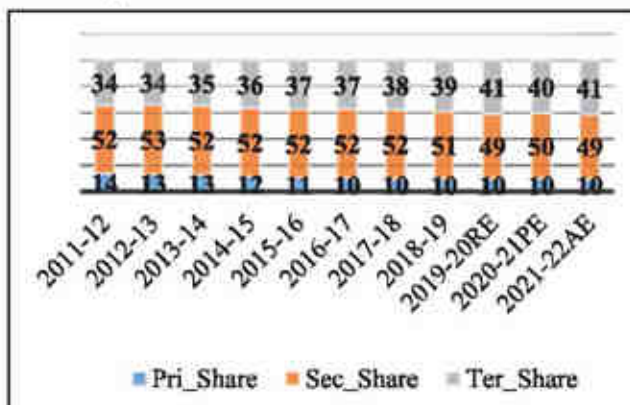


Source: Department of Economics and Statistics, GoUK

**2.3 Sectoral Composition:**

Uttarakhand economy is undergoing structural changes, which is evident from the rising contribution of the Secondary and Tertiary sectors in the gross value added (GVA) at 2011-12 prices. The percentage of Primary Sector has been continuously declining from 14% in 2011-12 to 10% in 2021-22AE. The share of Secondary Sector, on average, is stable at 51% while the share of Tertiary Sector is increasing from 34% in 2011-12 to 41% in 2021-22.

**Fig.13 Share of Sectors in Gross Value Added at 2011-12 prices**



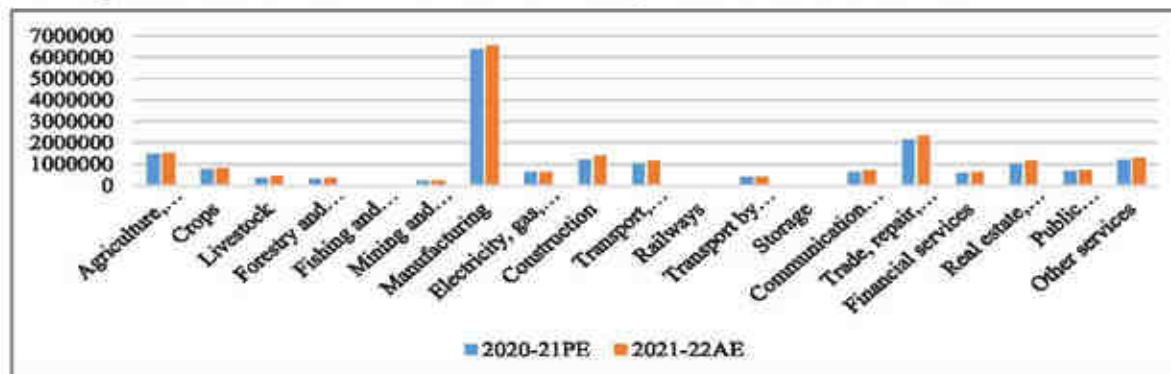
Source: Department of Economics and Statistics, GoUK

The restrictions in movement due to the pandemic for a couple of months have negatively affected the production of some of the sectors, but gradual unlocking of economic activities allowed producers to reduce the supply side bottlenecks. From Figure 13, it is evident that production in almost all sectors has increased compared to 2020-21.

In Table 1, one can find that there are different sectors that are in different stages of recovery. Sectors like Mining and Quarrying, Electricity, Gas, Water Supply

& other Utility Services, and Trade, Repair, Hotels and Restaurants have still not recovered from the pandemic. The agriculture sector has been resilient throughout the pandemic, whereas manufacturing and construction sectors are still recovering from the continuous locking and unlocking of the economy. Financial services sector has been resilient mostly because of the significant rise in digital financial products and services. There is evidence that suggests an increase in digital payments (which includes government payments) during the pandemic.

**Fig.13: Comparison of Different Sectors of the Economy in GSDP at Constant Prices**



Source: Department of Economics and Statistics, Government of Uttarakhand.

**Table.1: Sector-Wise Recovery Pattern**

Sector	2021-22AE over 2020-21 PE	2021-22AE over 2019-20 RE	Status
Agriculture, Forestry and Fishing	5.66%	3.73%	Resilient
Mining and Quarrying	5.39%	-14.62%	Still Suffering
Manufacturing	2.40%	0.40%	Recovering
Electricity, Gas, Water Supply & Other Utility Services	2.98%	-1.39%	Still Suffering
Construction	11.61%	1.38%	Recovering
Trade, Repair, Hotels and Restaurants	8.63%	-6.28%	Still Suffering
Financial Services	4.00%	10.59%	Resilient
Real Estate, Ownership of Dwellings & Professional Services	10.50%	7.04%	Resilient

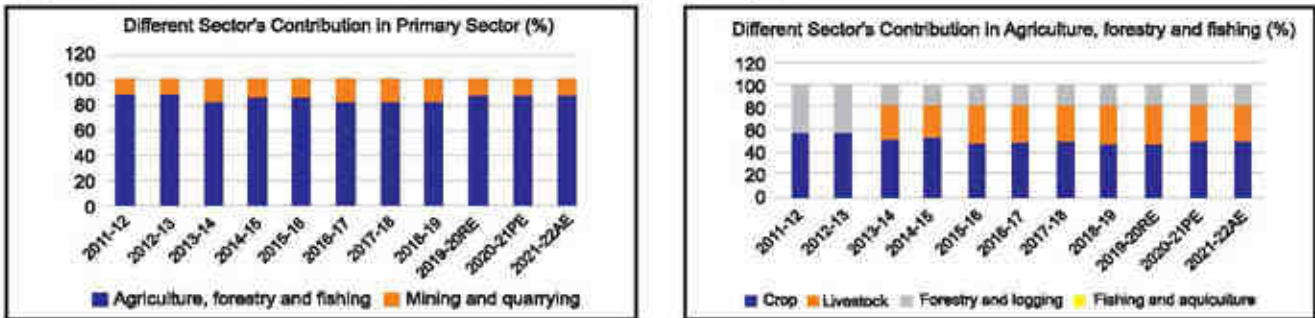
Source: Author's calculations using data from the Department of Economics and Statistics, Government of Uttarakhand.

### 2.3.1 Primary Sector's Contribution:

In the financial year 2021-22, the share of agriculture, forestry and fishing in primary sector was 88 percent. The subsectors like crops and livestock in agriculture sector contributed around 50 percent and 28 percent respectively. The influx of migrants can be one of the factors responsible for increased production in crops and livestock production, which has led to slight improvement

in the State's primary sector contribution (see fig.14). Another reason could be the multiple initiatives taken by the State government. One of the initiatives is to help the farmers with farming related activities, and for this the Uttarakhand State Cooperative Bank Ltd. has given credit facilities of INR 125 crore in financial year 2021-22.

**Fig.14: Different Sector's Contribution in Primary Sector (%)**



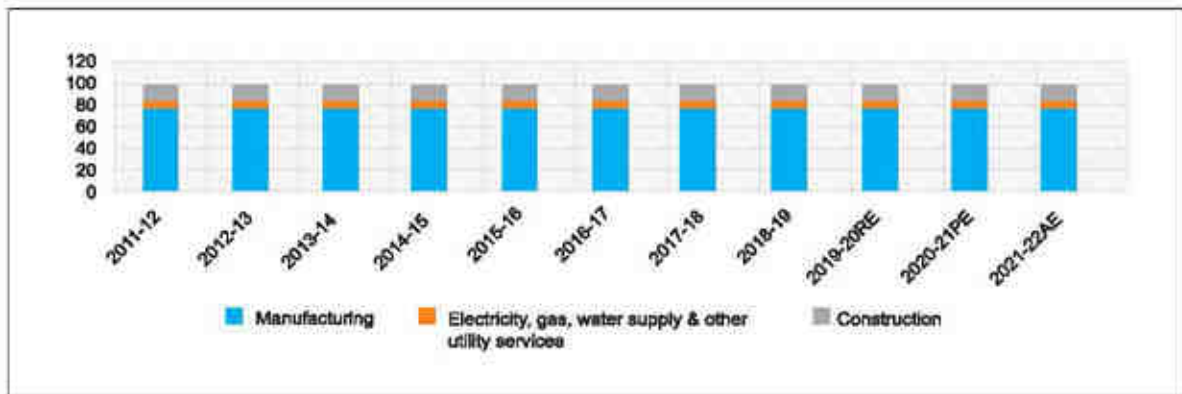
Source: Department of Economics and Statistics, Government of Uttarakhand

**2.3.2 Secondary Sector's Contribution:**

More than 50% of the State's GSDP comes from the Secondary Sector. Manufacturing Sector's share in the

Secondary Sector is around 76 per cent in 2021-22AE (Figure 18).

**Fig.18: Sectoral Composition of Secondary Sector (%)**

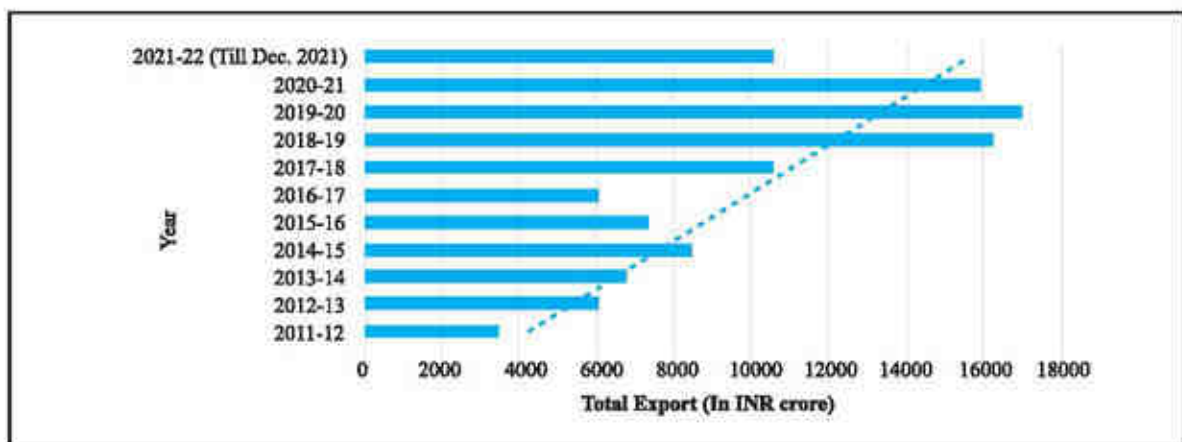


Source: Department of Economics and Statistics, Government of Uttarakhand

The manufacturing sector is still recovering from the pandemic. The Micro, Small, and Medium Enterprises (MSMEs) play an important role in the growth of the State's economy. Till March 2022, there were 73,961 established MSMEs in the State with INR 15,335 crore investment who have created 3,82,431 jobs. The State has identified several sectors like automobiles, pharmaceuticals, handloom and handicrafts, tourism

and hospitality, etc., as focus areas to boost exports. Despite having geographical disadvantage and logistic difficulties, the State has been able to increase exports (Figure 19). Till December 2021, the total exports were worth INR 10,579 crore. Out of the total exports, around 22 percent were related to chemical products, followed by 19 percent of base metals & articles/products thereof (Table 2).

**Fig.19: Total Exports**



Source: Department of Economics and Statistics, Government of Uttarakhand

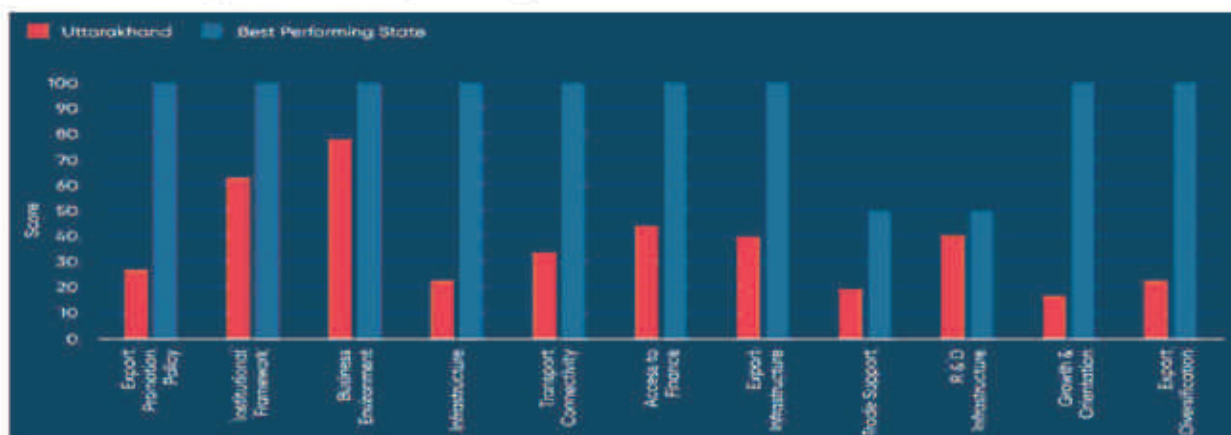
**Table 2: Uttarakhand Export Figures for FY 2021-Dec, 2021**

S.No	HS Codes	Commodity Section	Value In INR (In Crore)	% of Total Exports
1	01-05	Animals and Animals Products	118.16	1.12
2	06-14	Vegetable Products	235.46	2.23
3	15	Animals or Vegetables Fats	1.70	0.02
4	16-24	Prepared Foodstuffs	408.31	3.86
5	25-27	Mineral Products	147.45	1.39
6	28-38	Chemical Products	2348.55	22.20
7	39-40	Plastics & Rubber	1171.41	11.07
8	41-43	Hides & Skins	5.90	0.06
9	44-46	Wood & Wood Products	29.44	0.28
10	47-49	Wood Pulp Products	360.06	3.40
11	50-63	Textiles & Textile Articles	456.77	4.32
12	64-67	Footwear, Headgear	21.45	0.20
13	68-70	Articles of Stone, Plaster, Cement, Asbestos	131.32	1.24
14	71	Pearls, Precious or Semi-Precious Stones, Metals	1262.94	11.94
15	72-83	Base Metals & Articles thereof	2073.41	19.60
16	84-85	Machinery & Mechanical Appliances	804.61	7.61
17	86-89	Transportation Equipment	753.46	7.12
18	90-92	Instruments - Measuring, Musical	98.56	0.93
19	93	Arms & Ammunition	31.58	0.30
20	94-96	Miscellaneous	118.89	1.12
21	97-98	Works of Art	0.04	0.00
22	99	Others	0.00	0.00
<b>Grand Total</b>			<b>10579.47</b>	<b>100.00</b>

**Export Preparedness Index (EPI) 2021: Performance of Uttarakhand**

In the Export Preparedness Index 2021, Uttarakhand has again secured the first position among the Himalayan States and 17th rank with respect to all the States in India. The State achieved this feat because of infrastructure facilities, trade friendliness, and export environment as well as good export performance in recent times. There are several initiatives undertaken by the State government like single-window clearances, loan scheme for exporters, trade guide, and improved market penetration. Uttarakhand's EPI 2021 score is 40.79.

From the graph below, it is evident that the State's performance in areas like R&D Infrastructure and Business Environment is closer to the best performing State. But there are several areas like Export Diversification, Access to Finance, Trade Support and Infrastructure where there are significant distances to be covered as compared to the best performing State.

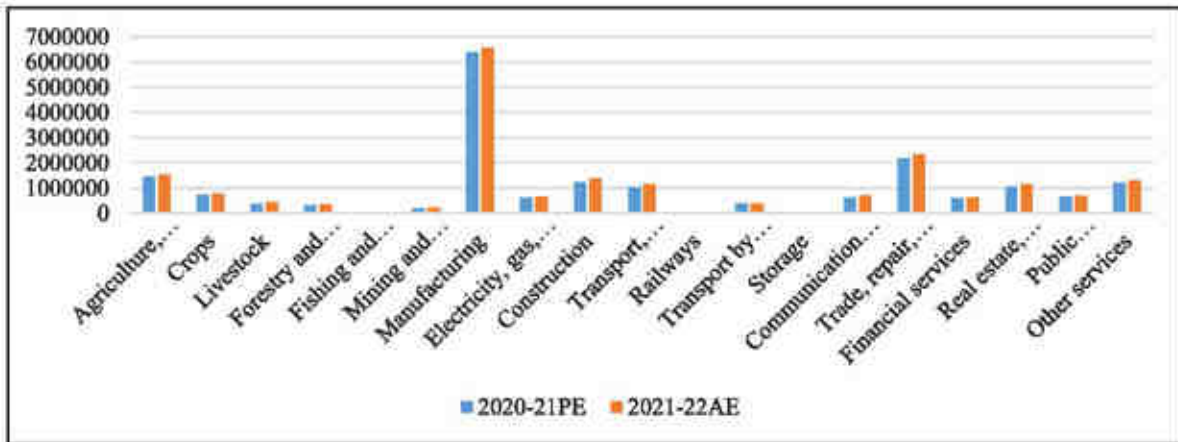


### 2.3.3 : Tertiary Sector’s Contribution:

The Tertiary Sector contributes around 39% to the overall production in the State. The sub-sector trade, repair, hotels and restaurants are the major drivers (contributes around 33.65% in the financial year 2021-22) of the rising share of the Tertiary Sector. The other major sub-sectors are transport, storage, communi-

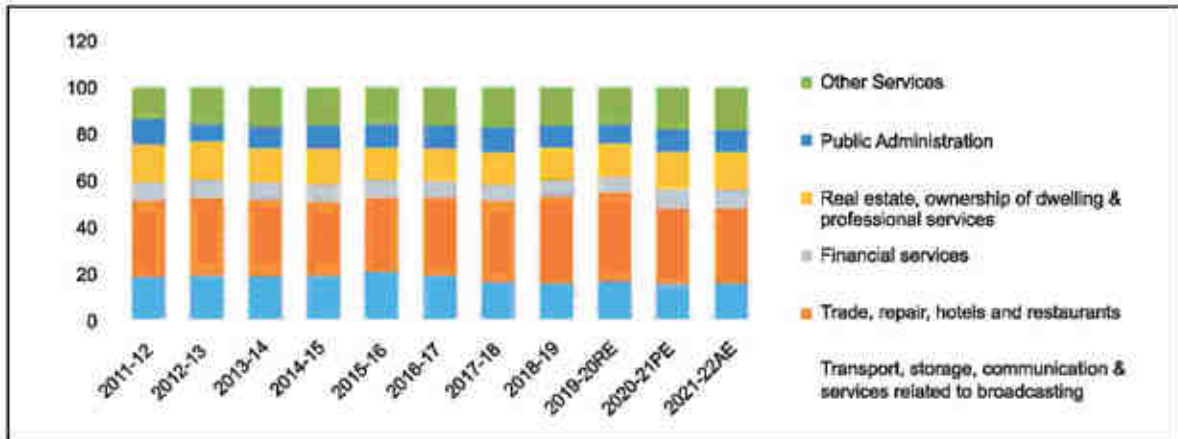
cation, & services related to broadcasting which contribute, on average, around 17.85% to Tertiary Sector. Their share reduced to 15% in 2021-22. Since the beginning of COVID-19 pandemic, the financial services sector has improved its share to 8.77% in 2020-21PE (Figure 20)

**Fig.20: Sectoral Composition of Tertiary Sector (%)**



Source: Department of Economics and Statistics, Government of Uttarakhand

**Fig.20: Sectoral Composition of Tertiary Sector (%)**



Source: Department of Economics and Statistics, Government of Uttarakhand

### 2.4 Banking Sector:

Financial services play an important part in the economy. It consists of different activities such as banking, investment, and insurance. The banking sector acts as an intermediary between the savers and lenders. These activities increase the investment level in the economy which further raise economic growth and welfare. At this critical point in time when the pandemic has affected all areas of life, it is essential to have an efficient banking sector.

According to a report submitted to the Chief Minister on 4th June 2021, a total of 53,092 migrants have returned to the State between 1st April and 5th May 2021. Majority of the migrants used to work in the

hospitality sector and had lost their jobs during the second wave. The State government has implemented several schemes to help and encourage the migrants to start a new livelihood. Some of the schemes are given below:

- 1. Water, Sanitisation, and Hygiene (WASH) refinance scheme:** The National Bank for Agriculture and Rural Development (NABARD) to help the rural areas to lead a better life has announced INR 800 crore refinance scheme. This loan will be available from the commercial banks, regional rural banks, NBFCs-MFIs, and cooperative banks.

2. **Watershed and Wadi Projects special refinance scheme:** NABARD through watershed and wadi projects will provide additional financial help to activities related to primary, secondary, and tertiary sectors. This scheme will raise the capital formation in farming sectors.
3. **To encourage Micro-food Processing Enterprises special refinance scheme:** This scheme will provide financial help and generate employment with special focus on women entrepreneurs and aspirational districts. The beneficiaries will get loans at a concessional rate and the banks providing the loans will in return get help in refinance.

Table 3 provides the key indicators of all the scheduled commercial banks as on December 2021. There are around 2413 branches in the State i.e., an increase of 0.5 per cent from March 2021. The total advances have experienced a rising trend in the last couple of years. From March 2021 to December 2021, there is 3.7 per cent increase in total advances.

The credit to deposit ratio (CD ratio) for the State has shown a declining trend from March 2020. A falling ratio imply excess liquidity because of higher deposits and fewer credit market alternatives. Higher deposits with the banking system will drive down the nominal

**Table 3: Key Indicators (All Scheduled Commercial Banks including RRBs in UK), as on Dec 2021 (INR crores)**

SL No.	PARTICULARS	AS ON MAR 2019	AS ON MAR 2020	AS ON MAR 2021	AS ON DEC 2021	RBI B. MARKS
1.	DEPOSITS @	129251	141234	159856	170143	
	*	12794	11983	18622	10287	
	**	10.99	9.27	13.19	6.44	
2.	ADVANCES INCLUDING INVESTMENT	75465	75813	82314	93733	
3.	CREDIT+INVESTMENT TO DEPOSIT RATION	58.39	53.68	51.49	55.09	
4.	ADVANCES (WITHIN STATE) (CS)	59694	62397	66466	69827	
	ADVANCES (FROM OUTSIDE STATE) (CU)	10818	10501	10758	10255	
	RIDF	6729	7393	7920	8246	
	TOTAL ADVANCES (CS+CU+RIDF)	77242	80291	85143	88329	
	*	10502	3049	4852	3186	
	**	15.74	3.95	6.04	3.74	
5.	C.D. RATIO (%) WHOLE STATE	59.76	56.85	53.26	51.91	60%
	RURAL	68.00	63.00	63.00	63.00	
	SEMI-URBAN	55.00	53.00	48.00	47.00	
	URBAN	57.00	55.00	50.00	48.00	
6.	PRIORITY SECTOR ADVANCES (PSA)	35168	31874	34514	38978	
7.	SHARE OF PSA IN TOTAL ADVANCES (%)	58.91	51.08	51.96	55.82	40%
8.	AGRICULTURE ADVANCES	11316	10686	11063	13502	
9.	SHARE OF AGRICULTURE ADV. IN TOTAL ADV. (%)	18.96	17.13	16.64	19.34	18%
10.	MICRO & SMALL ENTERPRISES (MSE) ADV.	16304	14675	16707	18127	
11.	SHARE OF MSE ADV. IN TOTAL ADV. (%)	27.31	23.52	25.14	25.96	
12.	ADVANCES TO WEAKER SECTION	9077	7767	9947	9596	
13.	SHARE OF WEAKER SECTION ADV. IN TOTAL ADV. (%)	15.21	12.45	14.97	13.74	10%
14.	DIR ADVANCES	18.19	6.63	6.77	8.71	
15.	SHARE OF DRI ADV. IN TOTAL ADV. (%)	0.03	0.01	0.01	0.01	1%
16.	ADVANCES TO WOMEN	4421	4810	8014	8441	
17.	SHARE OF WOMEN ADV. IN TOTAL ADV. (%)	7.41	7.71	12.06	12.09	5%
18.	ADVANCES TO MINORITIES	5635	6734	6055	5707	
19.	SHARE OF MINORITIES ADV. IN TOTAL ADV. (%)	9.44	10.79	9.11	8.17	
20.	BRANCH NETWORK (In Nos.)					
	A. RURAL	1133	1144	1148	1158	
	B. SEMI URBAM	609	593	577	567	
	C. URBAN / METRO	609	629	676	688	
	TOTAL NUMBER OF BRANCEHS	2351	2366	2401	2413	

\* GROWTH DURING THE YEAR

\*\* % GRPWTJ DURING THE YEAR

CS CREDIT AS PER PLACE OF SANCTION

Source: 80<sup>th</sup> SLBC Book

interest rate which will lower the purchasing power of the depositors after adjusting the inflation rate.

The shares of priority sector and agricultural advances out of total advances have declined since March 2019. As the pandemic has badly hit the unorganized sector, lower credit disbursal will have an adverse impact on the section in this sector. Also, with rising non-performing assets (NPAs), the public sector banks are sceptical in lending and are focusing more on promising projects. However, shares of micro and small enterprise (MSE), women, and weaker sections advances out of total advances have increased in the last nine months.

**Table 4: Sectorial Profile of Credit Deployment (2020-21), amount in INR lacs**

Sector	Outlay	Achievement	Percentage
Crop Loan (a)	7,18,077	3,64,884	51%
Term Loan (b)	5,11,782	2,06,282	40%
Farm Sector (a) + (b)	12,29,859	5,71,166	46%
Non-Farm Sector	10,45,354	7,10,128	70%
Other Priority Sector	3,85,870	1,31,505	34%
Total	26,61,082	14,32,799	54%

Source: 80<sup>th</sup> SLBC Book

### 2.5 Fiscal Developments:

Similar to the financial services, the fiscal policy also plays an important role in the economy. The fiscal policy consists of several tools like budget, taxation, and government spending/purchase, which affect investment, consumption, and disposable income. As the year was not normal, government spending was expected to rise, which would eventually put pressure

The sectorial profile of credit deployment for the year 2021-22 show that banks have achieved 54 per cent of total credit target for the year. In most of the areas, the banks have failed to reach the target loan advances. Only in the non-farm sector, the banks achieved 86 per cent while in other areas like crop loan, term loan, and other priority sectors the achievement is less than 40 per cent. The State government must take necessary steps to ensure that people are able to access credit as per need (see Table 4).

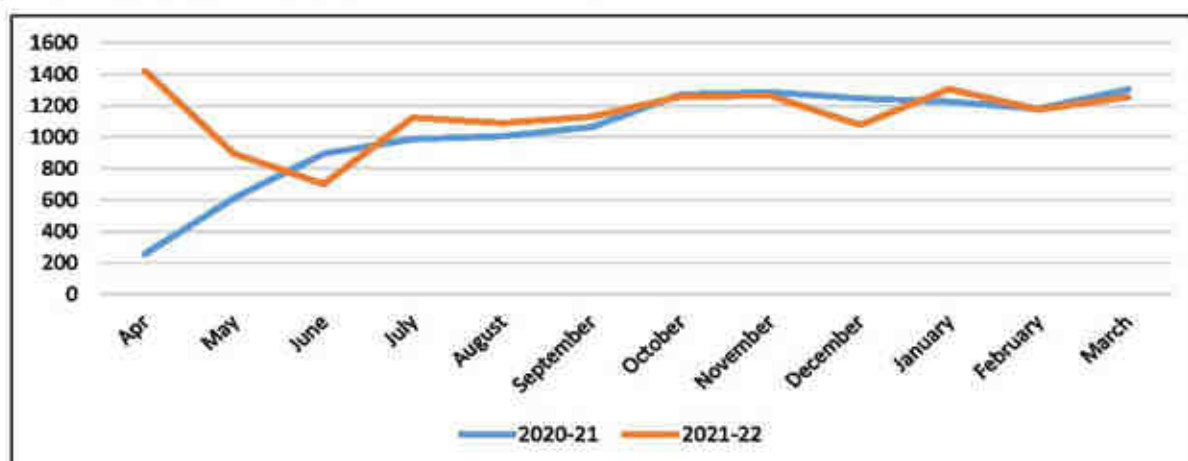
on fiscal deficit and other macroeconomic variables. Rising fiscal deficit is often seen as bad for the economy. If rising capital expenditure like infrastructure is the reason behind increasing deficit, then the economy will benefit in the long run.

The total expenditure of the State for 2021-22BE was at INR 57,400 crores and for 2020-21RE stood at INR 51,343 crores, which are 10 per cent and 8 per cent increase from the financial year 2019-20 respectively. Increasing government spending without rising revenue will create a budget deficit situation. The State budget for the year 2021-22BE had estimated a revenue surplus of INR 115 crore but due to the pandemic the estimate was revised to INR 3,080 crore of revenue deficit which is 1.27 percent of GSDP in 2020-21. The State government must take necessary steps to improve tax collections or improve the quality of fiscal deficit.

### 2.5.1 GST Collection:

One of the major sources of State government's revenue is tax collections. From Figure 22, it is evident that during the second wave (between April and May 2021) there is a fall in the revenues from GST. Again, in December 2021 there was a dip when the COVID-19 cases again started to rise. Thus, for the financial year 2021-22, the revenue collection fluctuated more than the previous financial year.

**Fig.22: UK GST Revenue Collection in 2021-21 and 2021-22**



Source: Goods and Services Tax Council

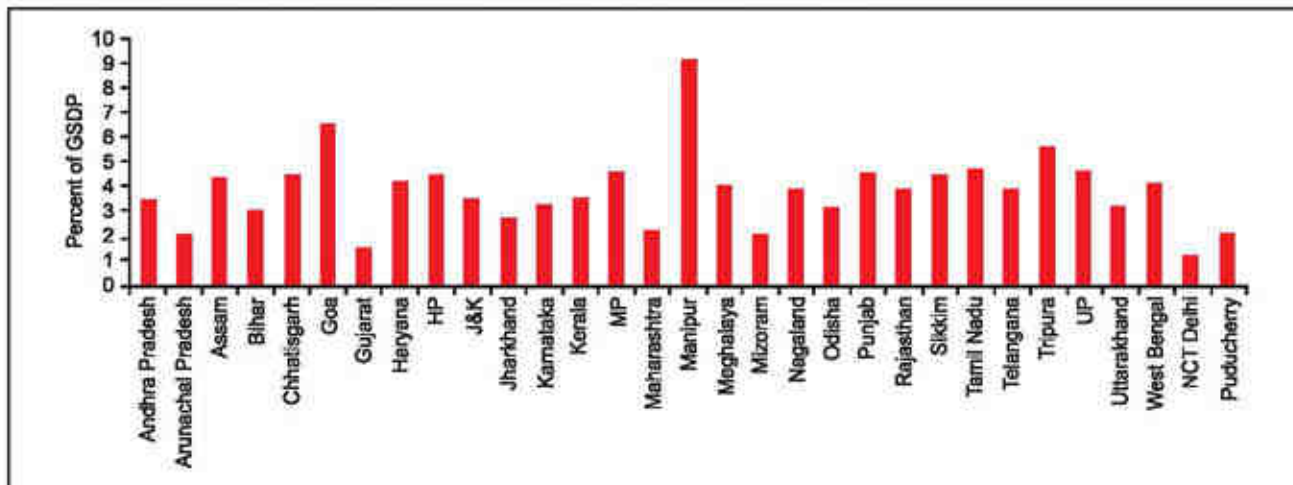


### 2.5.2 Fiscal Deficit:

Due to the pandemic, it is expected that the fiscal deficit would increase due to rise in government spending. Almost half of the States in the country have reported gross fiscal deficit-GSDP ratio to be at or more than 3 per cent. It is important to note that in

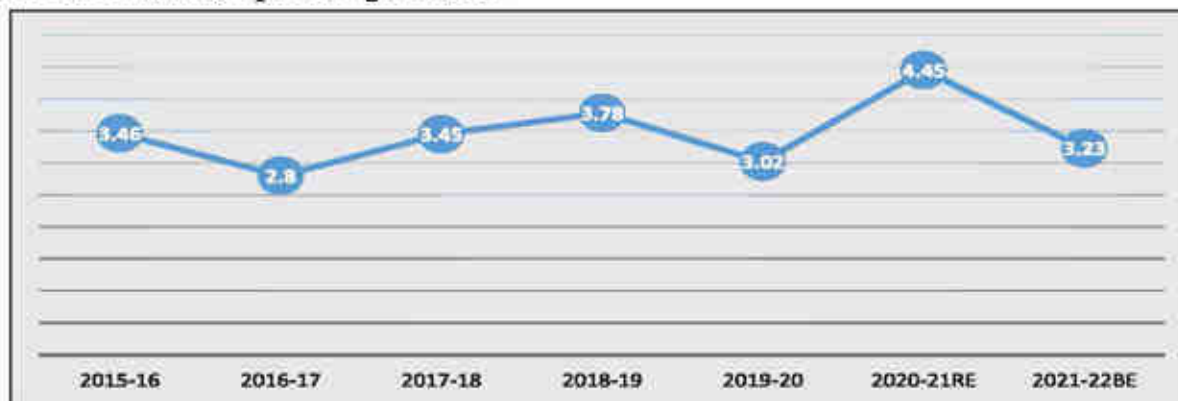
Figure 23, there are some States which have prepared the budget at the start of the pandemic. For these States, the revision number will be on the higher side. For instance, Uttarakhand's fiscal deficit was 3.23 per cent of GSDP in 2021-22BE (see Figure 24).

**Fig.23: State-wise Gross Fiscal Deficit (per cent of GDP) in 2021-22 BE**



Source: RBI report on fiscal position of State Government 2021-22

**Fig.24: Fiscal Deficit as a percentage of GSDP**



Source: UK ES 2021-22 and PRS India

Looking at the COVID situation, the central government has allowed the States to raise their fiscal deficits up to 5% of GSDP in 2020-21. The 15th Finance Commission also recommends achieving a fiscal deficit target of 3% by 2026. Several factors like rise in oil prices, future war, different variants of the virus, etc., will determine the stress on State finances, which make any predictions difficult.

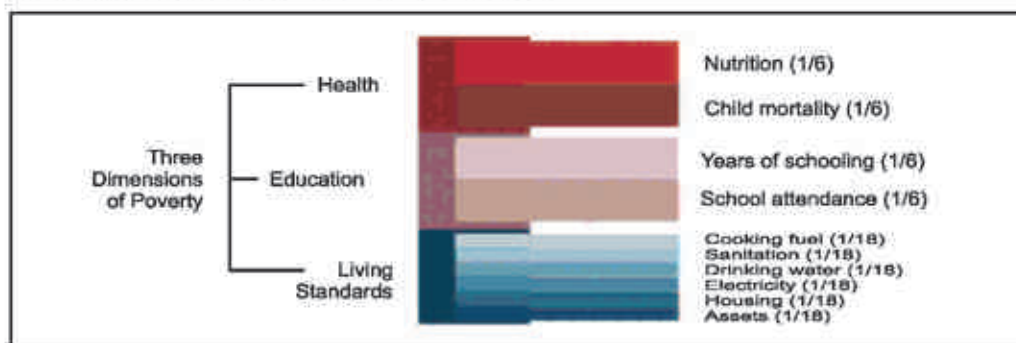
### 3. Reduction in Poverty and Standard of Living Index Status:

In the contemporary time, we use a common method called multidimensional poverty index (MPI) to measure poverty. A commonly accepted measure to calculate MPI is the Alkire-Foster (AF) method which uses dual cut-off method to identify whether a person is poor or not. In the first order cut-off, a deprivation

score is calculated using different types of deprivation an individual may encounter. In the second order cut-off, analysis is done to identify who is poor and calculate the multidimensional poverty index.

There are three dimensions and ten indicators with different weights (Figure 25). In order to compute the MPI, one requires identification and aggregation. For identification, each person's deprivation score is calculated and if the score is greater than or equal to a poverty cut-off, then the person is identified as multidimensionally poor. For aggregation there are two indicators – headcount ratio and intensity. The MPI is then calculated by multiplying the headcount ratio and intensity of poverty. The headcount ratio informs about the number of people who are poor and the intensity provides information about poor are the poor.

**Fig.25: Dimensions and Indicators of Poverty for MPI**



Source: OPHI (2018), Report. Oxford Poverty and Human Development Initiative, University of Oxford.

Using individual level data from National Family Health Survey (NFHS)- 4, 2015-16 one can calculate MPI at the national and State level. At the national level, around 25% population is multidimensional

poor and this number rises to 32% for rural India. For Uttarakhand, around 17.72 percent population is multidimensional poor and around 21.94% for rural area

**Table 5: MPI in India and Uttarakhand**

MPI in India			
	Headcount Ratio (H)	Intensity (I)	MPI (HXI)
Rural	0.3275	0.4378	0.1555
Urban	0.0881	0.4525	0.04
Overall	0.2501	0.4713	0.118

MPI in Uttarakhand			
	Headcount Ratio (H)	Intensity (I)	MPI (HXI)
Rural	0.2194	0.4378	0.096
Urban	0.0989	0.4682	0.046
Overall	0.1772	0.4437	0.079

Source: Department of Economics and Statistics, Government of Uttarakhand

Tables below show district-wise MPI for both rural and urban areas. For overall MPI, Almora district has the highest headcount ratio of 25.65%, which implies a

higher share of population is multi dimensionally poor as compared to other districts. It is to be noted that this number is higher than the national average.

### 3.1 Good Governance Index 2020-21:

District Wise Multidimensional Poverty			
District Name	Headcount Ratio (H)	Intensity (A)	MPI (HXI)
Almora	25.55	40.34	0.103
Haridwar	24.76	47.26	0.117
Uttarkashi	24.28	44.51	0.108
Udham Singh Nagar	23.20	45.62	0.106
Champawat	22.41	44.77	0.100
Bageshwar	19.99	41.08	0.082
Tehri Garhwal	19.53	40.64	0.079
Chamoli	16.78	41.32	0.069
Pithoragarh	13.96	40.06	0.057
Rudraprayag	13.91	40.28	0.056
Nainital	13.41	43.74	0.059
Pauri Garhwal	11.93	40.26	0.048
Dehradun	6.88	45.42	0.031
State average-UK	17.72	44.37	0.079

In case of rural parts of the State, Haridwar has the highest headcount ratio of 29.55%, followed by Almora. The MPI is below the national average.

Similarly, for the urban parts of the State, Champawat has the highest headcount ratio of 20.90%, which is higher than the national average.

### District Wise Multidimensional Poverty (Rural)

District Name	Headcount Ratio (H)	Intensity (A)	MPI (HXI)
Haridwar	29.55	47.08	0.139
Almora	27.71	40.38	0.122
Udham Singh Nagar	26.68	45.69	0.121
Uttarkashi	26.13	44.48	0.116
Tehri Garhwal	23.72	40.64	0.096
Champawat	22.68	44.23	0.100
Bageshwar	20.62	41.06	0.085
Chamoli	20.08	41.32	0.083
Pithoragarh	16.86	41.06	0.069
Nainital	16.45	43.15	0.071
Rudraprayag	14.91	40.28	0.060
Pauri Garhwal	13.85	40.06	0.055
Dehradun	12.29	44.64	0.055
Rural Uttarakhand	21.94	43.78	0.096

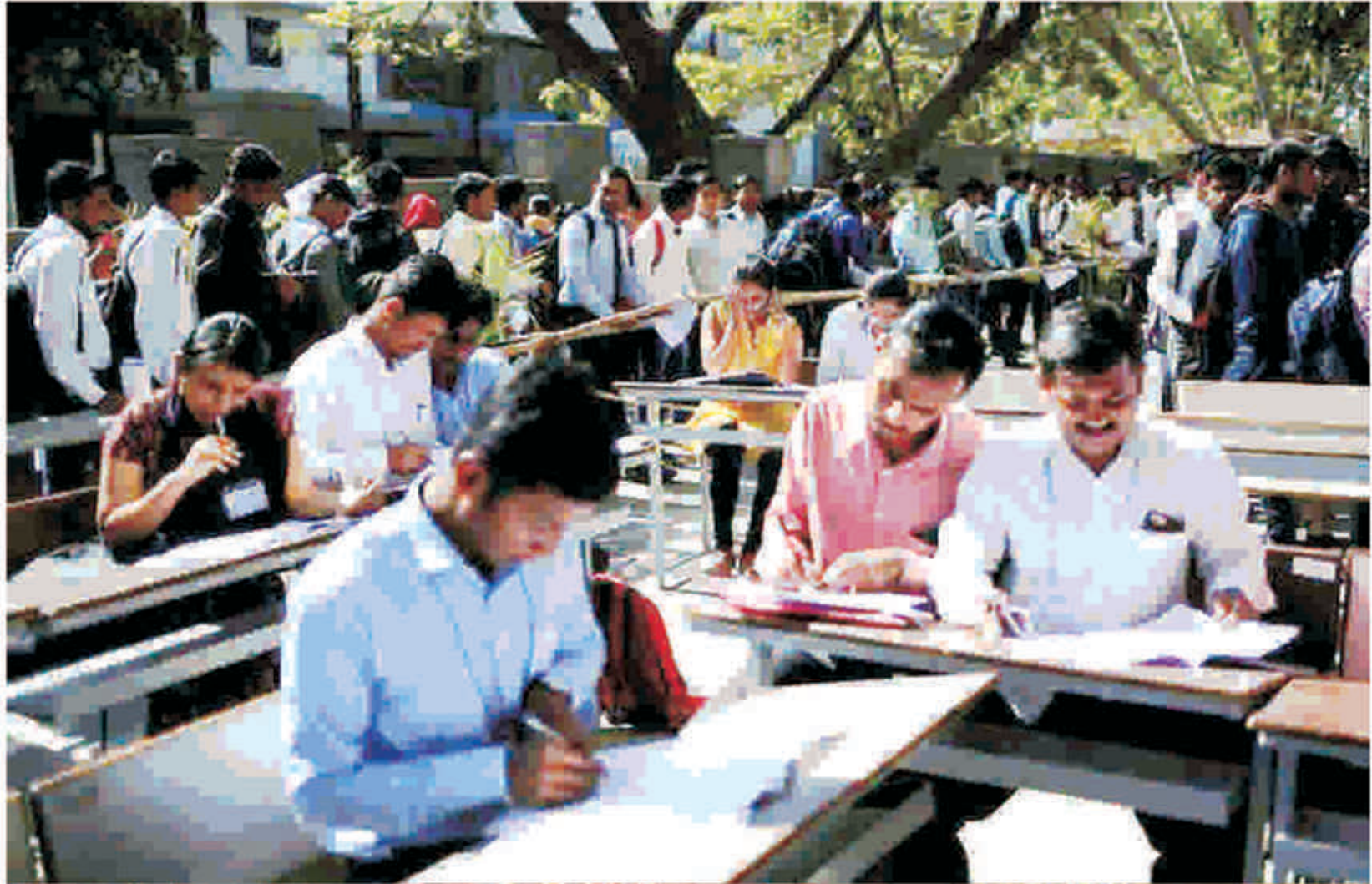
### District Wise Multidimensional Poverty (Urban)

District Name	Headcount Ratio (H)	Intensity (A)	MPI (HXI)
Champawat	20.90	48.11	0.101
Haridwar	17.98	47.68	0.086
Udham Singh Nagar	17.62	46.16	0.081
Nainital	9.18	45.20	0.041
Dehradun	3.64	46.99	0.017
Bageshwar	3.46	44.05	0.015
Almora	2.98	36.41	0.011
Pauri Garhwal	1.86	48.00	0.009
Uttarkashi	1.64	51.19	0.007
Tehri Garhwal	0	0	0.000
Chamoli	0	0	0.000
Pithoragarh	0	0	0.000
Rudraprayag	0	0	0.000
Urban Uttarakhand	9.89	46.82	0.046

#### 3.1 Good Governance Index 2020-21:

The Good Governance Index, GGI 2021 is introduced to measure the governance quality of the States and UTs. The framework covers 10 sectors and 58 indicators. Uttarakhand has performed well and ranks third in the GGI among other hill States and Northeast States. The State has scored 4.84 which is marginally lower than the score of 4.87 received in 2019. The State

has improved in sectors like Agriculture & Allied Sector, Public Health, Social Welfare & Development, and Judiciary & Public Safety. Uttarakhand stands first in the category (score of 0.560) of Citizen Centric Governance which is measured using the following indicators – enactment of Right to Services Act by the States, grievance redressal status, and government services provided online to citizens



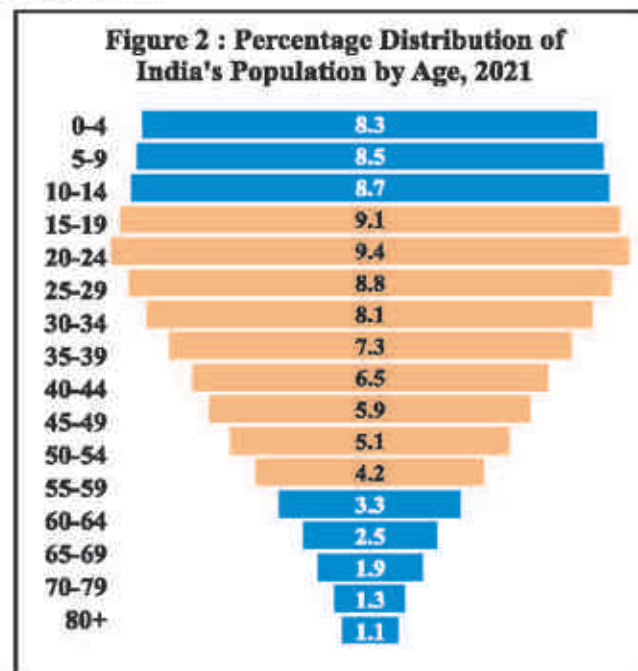
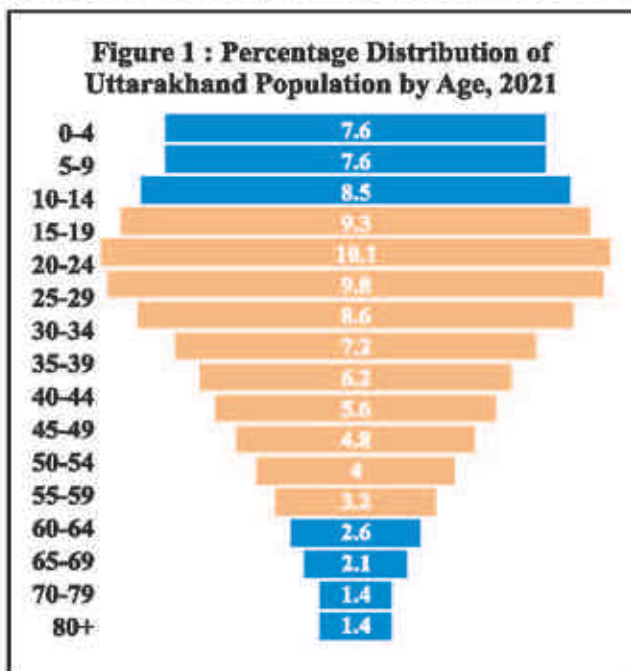
## Employment and Labour Market Situation In Uttarakhand

This chapter presents an overview of Uttarakhand's labour force, workforce, employment, and unemployment situation based on critical indicators like Labour Force Participation Rate, Work Participation Rate, and Un-Employment Rate<sup>4</sup>. For this purpose, data from the Periodic Labour Force Survey (PLFS: July 2019-June 2020) and the various round of Employment and Unemployment Survey (EUS) by NSSO for 15 years and above age group based on Usual Status (Principal Status + Subsidiary Status)<sup>5</sup> has been used.

### Demographic Profile of Uttarakhand:

Demographically Uttarakhand is in an advantageous state as 65.6 percent of the State's population is in the working group (15-59 years) compared to 64.4 percent at all India level. Moreover, youths (15-29 years) constitute 29.2 percent of the total population of the State as compared to 27.3 percent at all India level (See figures 1-4).

### Age Structure & Dependency Ratio in Uttarakhand vis-à-vis India



Source: National Population Commission, MoH & FW, GoI

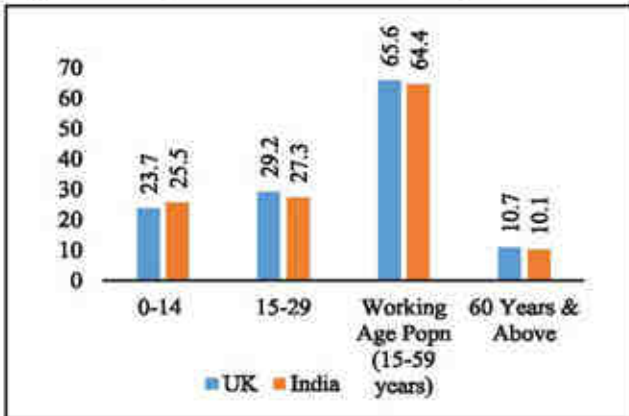
<sup>4</sup> **Labour Force Participation Rate (LFPR)** is the share of population in a given age group which is either working or looking for a job. **Work Participation Rate (WPR)** is the share of population which is working. **Unemployment Rate (UR)** is the percentage of unemployed persons in the labour force.

<sup>5</sup> The reference period for usual Status approach is 365 days preceding the date of the survey.

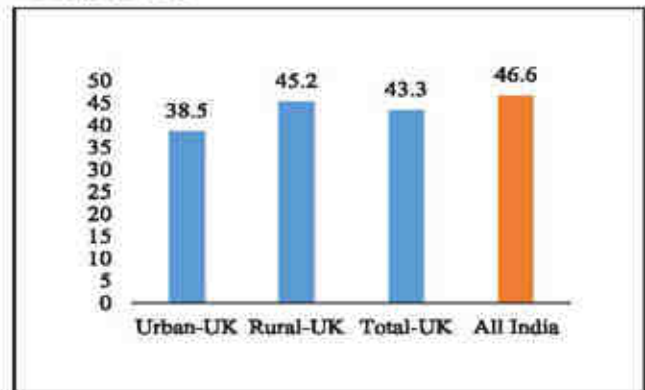
The dependency ratio<sup>6</sup> in Uttarakhand at 43.3 % is lower than the dependency ratio of 46.6 % at the all-India level (see figure 4). A comparatively higher population in the working-age group and a lower dependency ratio place the State in an advantageous position to benefit from its young demography. The

Economic Survey 2021-22 in the subsequent chapters outlines interventions and strategies to help the State reap its demographic dividend by providing a roadmap of productive and decent employment for its working-age population.

**Figure 3: Age Structure UK vs India, 2021**



**Figure 4: Dependency Ratio, Uttarakhand and India, 2019-20**



**Labour Force Participation Rate:**

Labour Force Participation Rate:  $\{(no\ of\ employed\ persons + no\ of\ unemployed\ persons) / working\text{-}age\ population\} * 100$

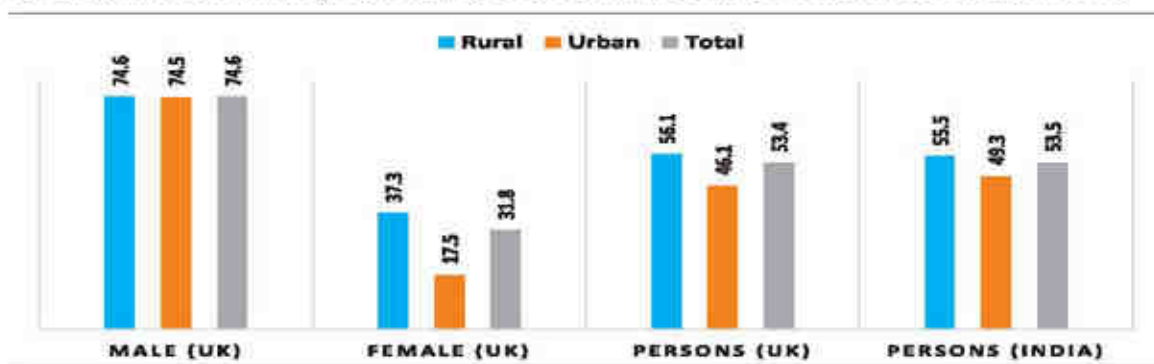
Labour Force Participation Rate (LFPR) is the share of the population in a given age group either working or looking for a job. Persons who were either 'working' (or employed) or 'seeking or available for work' (or unemployed) constitutes the labour force. The data on LFPR is crucial information to formulate employment policy, determine training needs, and calculate the expected working lives of the male and female populations and the rates of accession to and retirement from economic activity.

reference period of PLFS were considered as 'not in labour force'. Persons under this category are students, those engaged in domestic duties, rentiers, pensioners, recipients of remittances, those living on alms, infirm or disabled persons, too young persons, prostitutes, etc. and casual labours not working due to sickness.

Persons who were neither 'working' nor 'seeking or available for work' for various reasons during the

The PLFS 2019-20 reported that 53.4 percent of the total adult population (15+ years) in Uttarakhand are in the labor force almost similar to the LFPR of 53.5 percent for 15+ years age-group at all India level (see figure 5 & 6).

**Figure 5: Labour Force Participation Rate (15 Years and above), Uttarakhand & India, 2019-20**



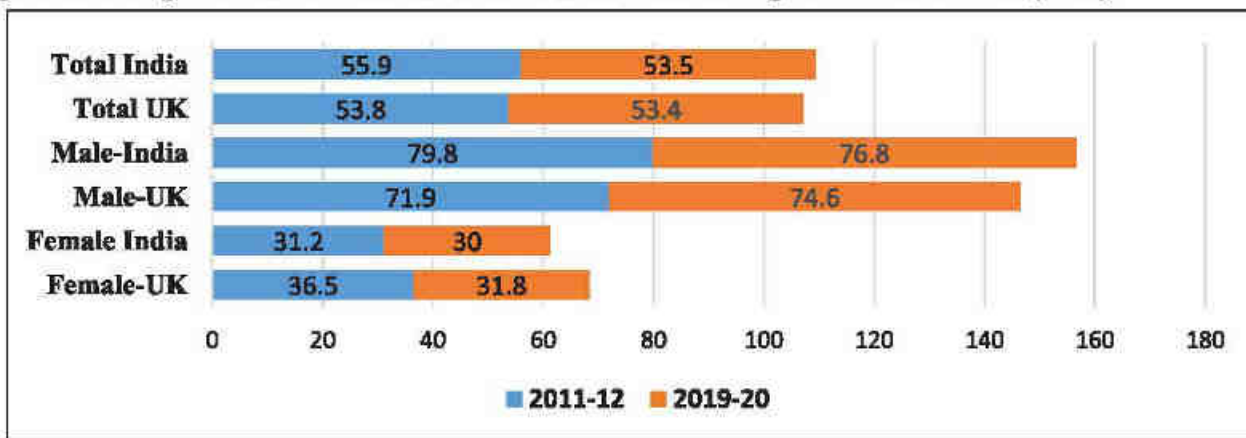
Source: PLFS 2019-20

<sup>6</sup> Dependency ratio relates the number of children (0-14 years old) and older persons (65 years or over) to the working age population. A low dependency ratio puts low pressure on the working age population and hence result better economic growth and poverty reduction.

### Key observations on LFPR in Uttarakhand

- The total LFPR in Uttarakhand at 53.4 percent is similar to total LFPR at all India levels and has remained almost similar during 2011-12 to 2019-20.
- The data on the gender-wise distribution of LFPR shows a significant gap of 42.8 percentage points between the Male LFPR at 74.6 % and Female LFPR at 31.8 %. The Male LFPR is more than double of Female LFPR in the State.
- The Male LFPR for rural, urban, and total Uttarakhand is almost the same at 74 percent. The Male LFPR has increased by 2.7 percentage points from 71.9 % in 2011-12 to 74.6 % in 2019-20.
- The State's Rural-Female LFPR (37.3 %) is twice its urban-Female LFPR (17.5 %). The Female LFPR has reduced by 4.7 percentage points from 36.5 % in 2011-12 to 31.8 % in 2019-20.

Figure 6: Change in LFPR in Uttarakhand vis-a-vis India during 2011-12 to 2019-20 (in %)



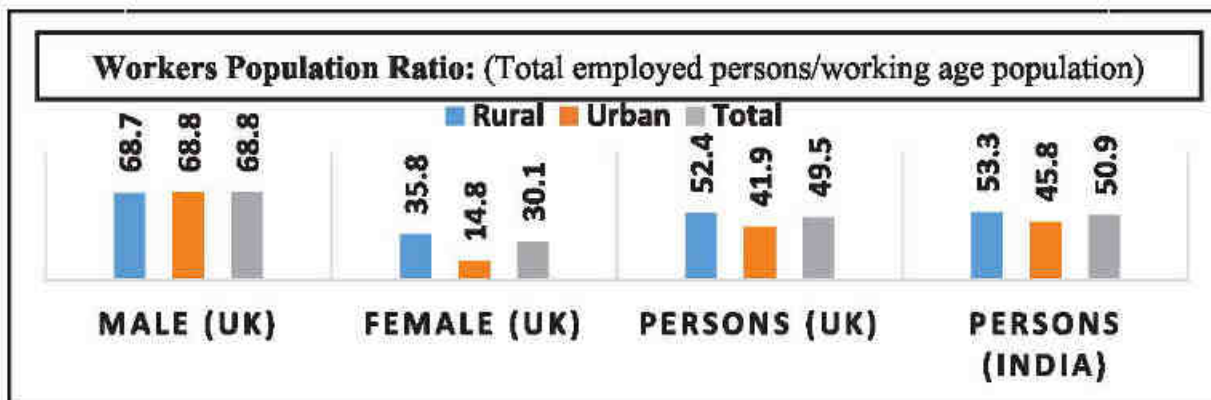
Source: For 2011-12- EUS, 2019-20- PLFS

### Worker Population Ratio:

Worker Population Ratio (WPR) is the share of the population in a particular age group that is working

(Work Force). The difference between the Labour Force and Workforce provides the figure for the total unemployed.

Figure 7: Workers Participation Ratio (15 years and above) (in %)

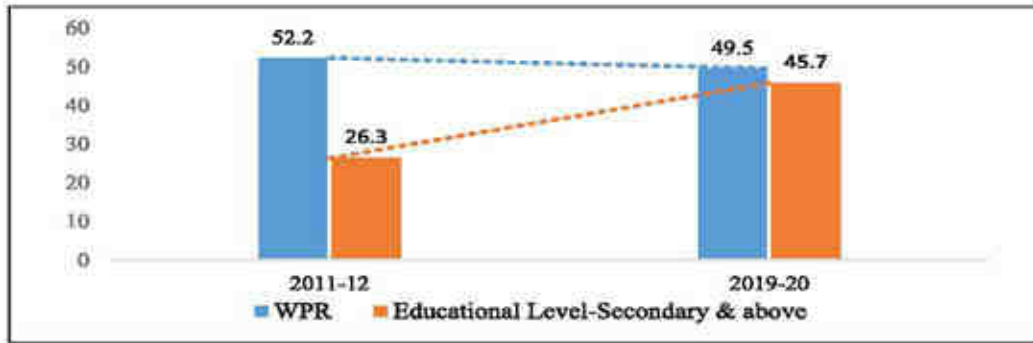


Source: PLFS, 2019-20

### Key Observations on WPR in Uttarakhand:

- The WPR in Uttarakhand at 49.5% is almost like the WPR of 50.9% at all India level.
- Similar to the trend in LFPR, the Male WPR in Uttarakhand at 68.8 percent is more than double its Female WPR at 30.1 percent. Moreover, the rural Female WPR is almost 2.5 times the urban Female WPR (see figure 7).
- The WPR in Uttarakhand has declined by 2.7 percentage points from 52.2% in 2011-12 to 49.5% in 2019-20. Reductions in the WPR can be attributed mainly to increased participation in education, which is reflected through a steady increase in the percentage of the adult population with educational level secondary and above in the period 2011-12 to 2019-20 (see figure 13).
- The percentage of persons with educational status secondary and above increased by 19.4 percentage points from 26.3% in 2011-12 to 45.7% in 2019-20 (see figure 8).

**Figure 8: Change in Workers Participation Rate & Percentage of Persons With Educational Level Secondary and Above (15 years & above)**



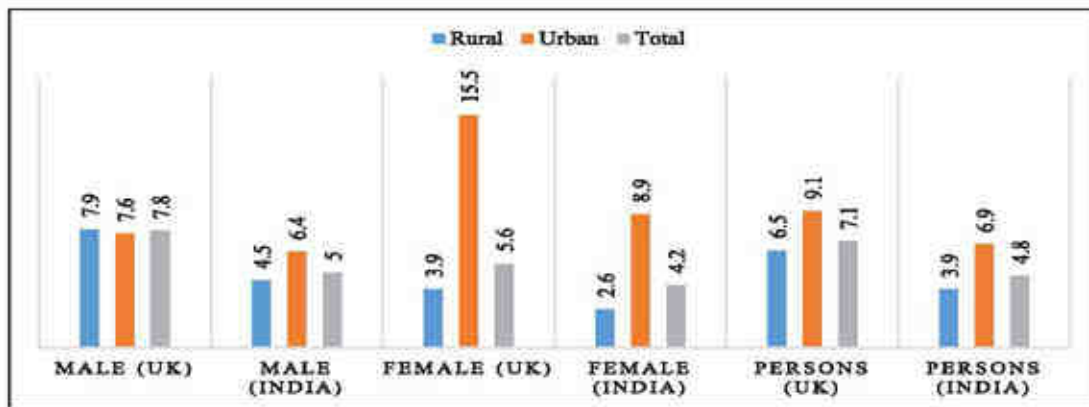
Source: For 2011-12- NSSO, 2019-20- PLFS

**Unemployment Rate:**

The Unemployment Rate (UR) is defined as the percentage of persons unemployed among the persons in the labour force. Persons who, owing to lack of work, had not worked but either sought work through employment exchanges, intermediaries, friends or

relatives or by making applications to prospective employers or expressed their willingness or availability for work under the prevailing conditions of work and remuneration, were considered as those 'seeking or available for work' (or unemployed) under PLFS

**Figure 9: Unemployment Rate (in %) in Uttarakhand vis-a-vis India (15+ years), 2019-20**



Source: PLFS 2019-20

**Key Observations on Unemployment Rate in Uttarakhand:**

- i. The unemployment rate in the State at 7.1 percent is considerably higher than the unemployment rate of 4.8 percent at all India level. At disaggregated level also, the UR in the rural-urban areas and for male-female in the State is higher than the corresponding national averages.
- ii. The Urban UR in the State at 9.1 percent is considerably higher than the Rural UR in the State at 6.5 percent.

- iii. The data on the gender-wise distribution of UR reveals that the Female UR in Uttarakhand at 5.6 percent is considerably lesser than the Male-UR at 7.8 percent.
- iv. The Urban Female-UR at 15.5 percent is almost double the Urban Male-UR at 7.6 percent.
- v. The Urban Female-UR is almost 5 times the Rural Female UR. The most likely explanation for this phenomenon is that in rural areas female workers get absorbed in agricultural activities

**Trends in LFPR, WPR, and UR as per Educational Status:**

The LFPR, WPR, and UR vary greatly across persons with different general educational levels.<sup>7</sup> With an increase in educational status, the State witnessed a steady rise in its unemployment rate (see Figures 10 and 11).

- i. Graduates have the Highest Unemployment Rate in the State at 21.9%. Also, the unemployment rate for persons with secondary and above education at 12.6% is higher than the State's total unemployment rate of 7.1%. Several available reports on the

<sup>7</sup>General educational level refers to the highest level of education successfully completed



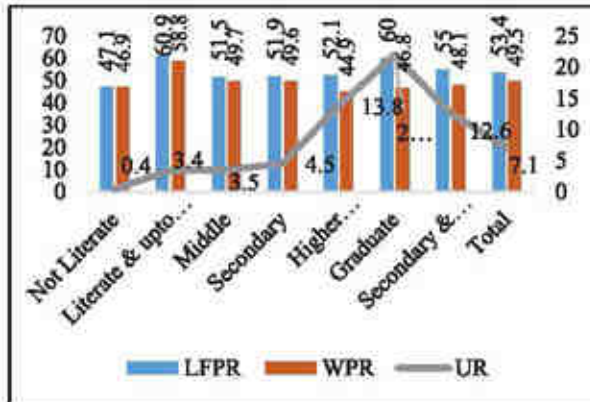
aspiration of youths suggest that one of the primary reasons behind the high unemployment rate among graduates is their preference for government jobs and less interest in other available jobs/self-employment opportunities.

ii. There is also an apparent dichotomy between the Urban-Rural Unemployment rate with people having higher educational status. The UR for

graduates at 24.1% in rural Uttarakhand is considerably higher than that in Urban Uttarakhand at 19.2%.

iii. Available literature suggests that due to the prominence of the services sector in urban areas, urban graduates are absorbed in the job market exhibiting a lesser unemployment rate than the graduates in rural areas.

**Figure 10: LFPR, WPR & UR According to General Educational Level for Adults (15 years and above) in UK, 2019-20**

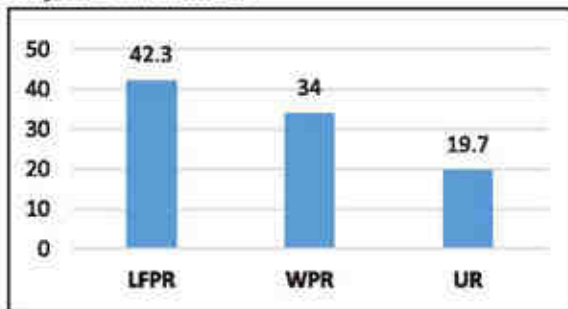


Source: PLFS 2019-20

### Unemployment Situation Among Youths (15-29 years)

The Unemployment Rate among the youths has shown an increasing trend in the last few years. Moreover, the

**Figure 12: LFPR, WPR, UR among Youths (15-29 years) in Uttarakhand**



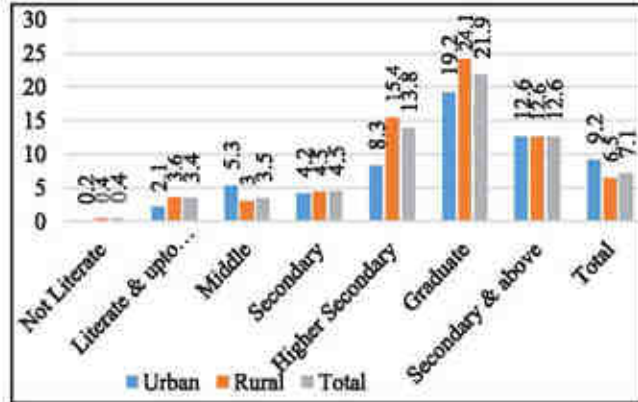
Source: PLFS 2019-20, NSS-2004-05/2011-12

### Economy-Employment Situation

#### Employment in Different Sectors

This section covers the distribution of workers in various sectors of the economy in Uttarakhand vis-à-vis the gross value added (GVA) by various sectors (viz. primary, secondary, and tertiary) in Uttarakhand's

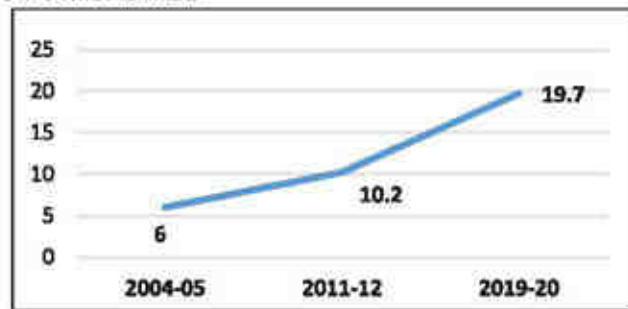
**Figure 11: Urban-Rural Variation in Unemployment Rate as per Educational Status in Uttarakhand, 2019-20 (in %)**



Source: PLFS 2019-20

Youth Unemployment Rate in the State at 19.7% is almost double the Unemployment Rate for the total population (7.1%) (see Figures 12 & 13).

**Figure 13: Unemployment rate trend among youths in Uttarakhand**

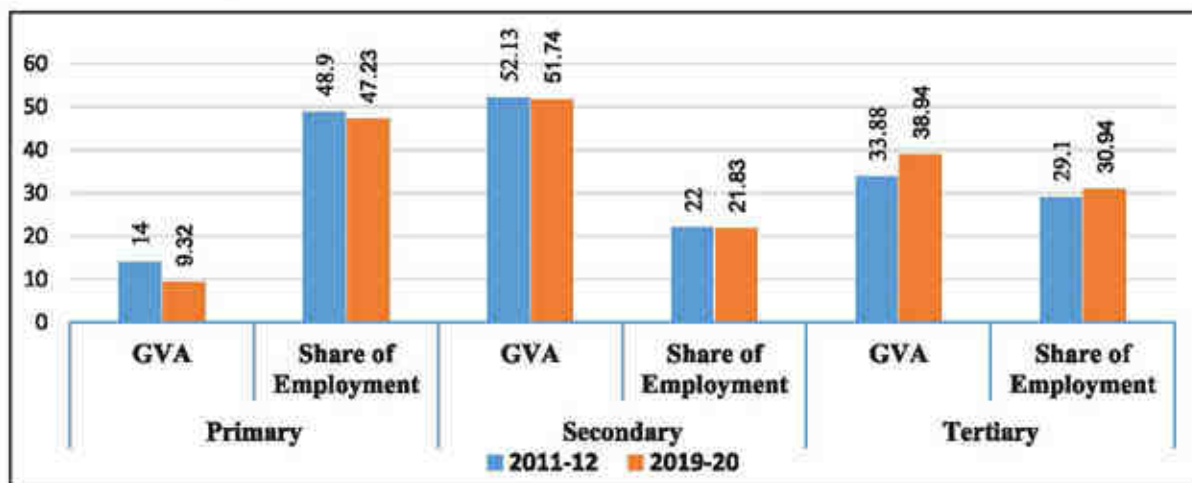


economy. The data on the distribution of workers in various sectors of the economy in Uttarakhand is computed from PLFS 2019-20 data on the classification of work. The data on GVA by various sectors has been obtained from the Department of Economics and Statistics, Government of Uttarakhand.<sup>8</sup>

<sup>8</sup> Accessed from DES, GoUK

[https://des.uk.gov.in/files/GSDP\\_Estimates\\_2019-20\\_\(3Years\).pdf](https://des.uk.gov.in/files/GSDP_Estimates_2019-20_(3Years).pdf)

**Figure 14: Gross Value Added (GVA) at Constant Prices (2011-12) Vs Share of Employed Person-Primary, Secondary and Tertiary Sector in Uttarakhand**



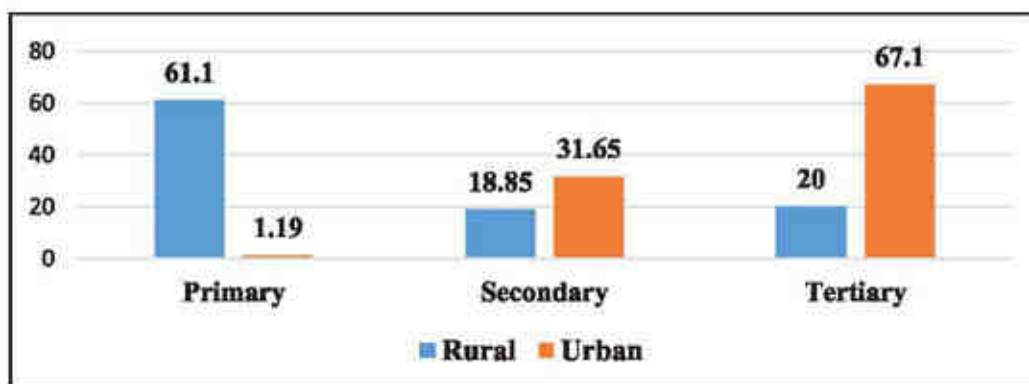
Source: GVA- DES, GoUK; Share of Employment- PLFS 2019-20, EUS 2011-12

- The PLFS 2019-20 reported that around half (47.23%) of the Uttarakhand's workforce is still engaged in the primary sector (Agriculture, Forestry and Fishing + Mining, and Quarrying) activities. However, the gross value added (GVA) by the primary sector to the state economy in the same year was just 9.32%. It means that in Uttarakhand there are more people in the primary sector (especially agriculture) than necessary. It is a situation where people are working but all of them are made to work less than their potential, generally known as disguised employment.
- Moreover, while the GVA by the Primary sector has reduced from 14 percent in 2011-12 to 9.32 percent in 2019-20, the share of persons employed in the primary sector has remained the same at around 48 percent.
- The secondary sector which majorly includes manufacturing and construction activities adds the highest gross value (51.8 percent) to the State's economy and engages around 22 percent of the workforce. *The low employment to GVA ratio in the secondary sector indicates the presence of capital-intensive industries in Uttarakhand.* The GVA by secondary sector and share of total workers involved in the sector have almost remained the same during 2011-12 to 2019-20.
- The GVA by the tertiary sector (majorly includes services activities) has increased from 33.9 percent in 2011-12 to 39 percent in 2019-20, while the share of the persons engaged in the sector has remained at around 30 percent in the same period. *Services sector has been identified as a growth driver in Uttarakhand owing to the presence of tourism and education sub sectors.*

**Gross Value Added Per Worker:**

In 2019-20 the gross value added per worker in agriculture was around INR 38297, in the manufacturing sector it was INR 17,10,342, in the construction sector INR 3,56,486, and in the Services sector, it was INR 5,05,028.

**Figure 15: Urban-Rural Divide in share of persons employed in various Sectors of Employment, Uttarakhand, 2019-20 (in %)**



Source: 2019-20-PLFS; 2011-12-EUS

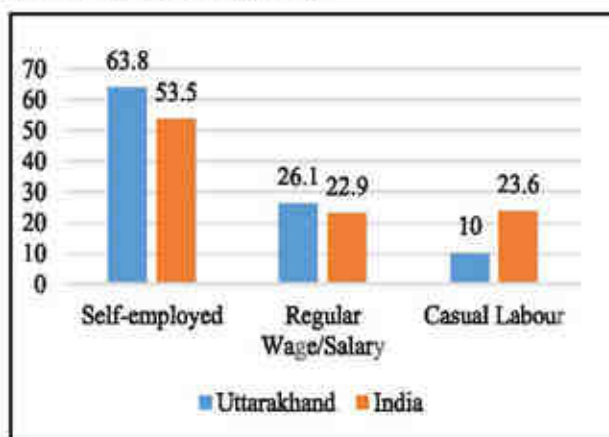
The above analysis highlights three key points about the economy-employment relationship in Uttarakhand:

- i. The economic potential of the primary sector in Uttarakhand is still untapped, given its mere 9.32% contribution in the GVA to the economy. The primary sector engages around half of the workforce in Uttarakhand; thus, it is urgent need to increase the economic productivity of the sector to provide productive and decent employment to the workforce engaged in the sector.
- ii. The secondary sector is the most productive sector given its GVA and employment contribution.

### Broad Status in Employment of Workers in Uttarakhand:

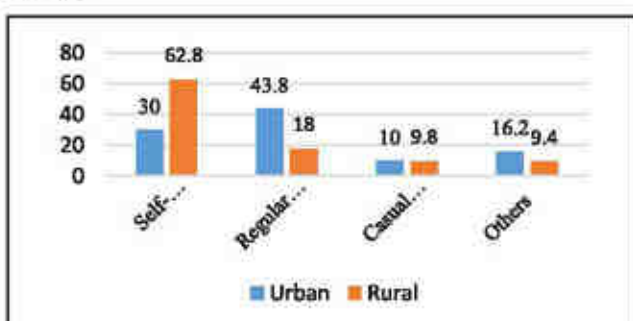
Self-employment remains a pre-dominant work status in Uttarakhand, with around 64% of workers in the State reporting self-employed status, which is

Figure 16: Employment Status for Uttarakhand and India, 2019-20 (in %)



Source: 2019-20-PLFS; 2011-12-EUS

Figure 18: Source of Major Income of households in Uttarakhand by status in Employment, 2019-20 (in %)



Source: PLFS 2019-20

Experts from NITI Aayog have highlighted that a higher GVA by the secondary sector and lower workforce engagement is not a negative trend.

- iii. NITI Aayog at various platforms has highlighted that the services sector poses one of the highest potentials for employment generation especially in education and tourism.
- iv. Employment in the primary sector is dominant in rural areas with more than 60 percent of the workers engaged in primary sector activities. A considerably greater share of workers in urban areas is engaged in secondary and tertiary sectors activities as compared to rural areas (see Figure 15).

significantly higher than the national average of self-employed<sup>9</sup> workers at 53.5% (see figure 16). The proportion of people involved in self-employment has fallen from 69% in 2011-12 to 63.8% in 2019-20 (see figure 17).

Figure 17: Change in Employment Status in Uttarakhand in the period 2011-12 to 2019-20 (in %)

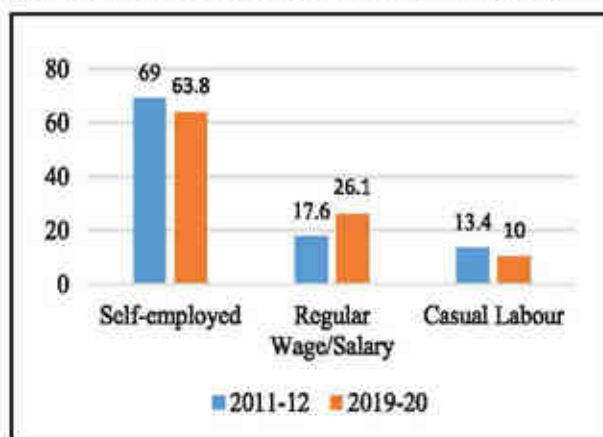
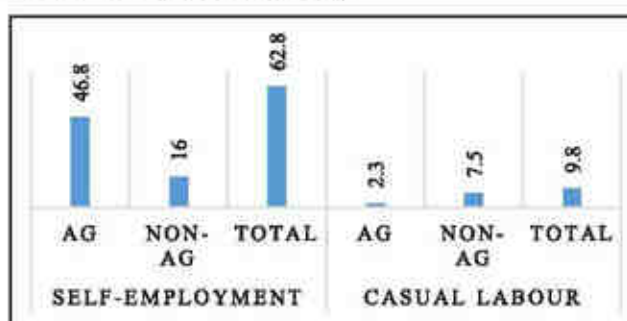


Figure 19: Disaggregated data for Rural Households Reporting Self-Employment & Casual Labour status in Rural UK, 2019-20 (in %)



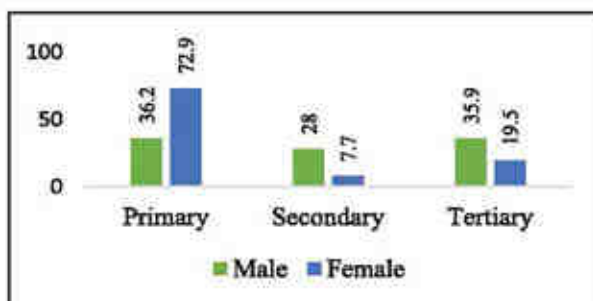
<sup>9</sup> PLFS 2019-20 defined Self-Employed as Persons who operated their own farm or non-farm enterprises or were engaged independently in a profession or trade on own account or with one or a few partners are deemed to be selfemployed in household enterprises. The remuneration of the self-employed consists of a non-separable combination of two parts; a reward for their labour and profit of their enterprise

The share of regular wage/salary employment<sup>10</sup> shot up to 26.1% in 2019-20 from 17.6% in 2011-12. The share of workers in casual labour shows a declining trend from 13.4% in 2011-12 to 10% in 2019-20 (see figures 16 & 17). Self-employment is predominant in rural areas with 62.8% of households reporting self

#### Male-Female Dichotomy in the Three Sectors of Employment & Broad Status of Employment:

Female workers (72.9%) are predominantly engaged in the primary sector in the State whereas merely

**Figure 20: Percentage distribution of Male-Female Workers in the Primary, Secondary and Tertiary Sector**

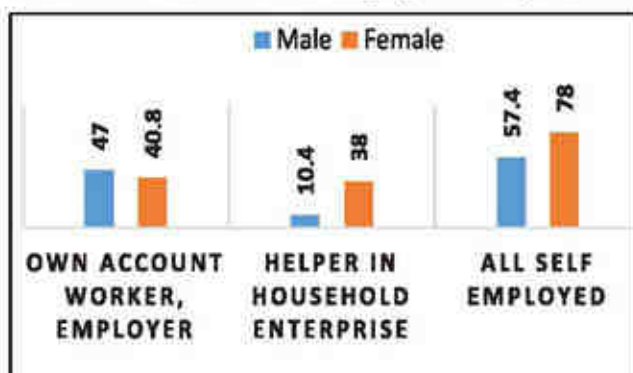


Source: PLFS 2019-20

Female workers (72.9%) are predominantly engaged in the primary sector in the State whereas merely 36.2% of the male workers are engaged in the primary sector. After the primary sector, the female workers are majorly engaged in the tertiary sector (19.5%), followed by the secondary sector.

If we look at the employment status-wise disaggregated data for male and female workers, 78.8% of women workers reported their status as self-employed compared to just 57.4% of male workers in self-employment. Moreover, a significantly lesser

**Figure 22: Percentage Distribution of Male & Female Workers with Self Employed Status, 2019-20**



<sup>10</sup> Includes persons who worked in others' farm or non-farm enterprises and, in return, received salary or wages on a regular basis (i.e., not based on daily or periodic renewal of contract).

<sup>11</sup> Self-employed persons who were engaged in their household enterprises, working full or part time and did not receive any regular salary or wages in return for the work performed were considered as helpers in household enterprise.

<sup>12</sup> Accessed from [https://main.mohfw.gov.in/sites/default/files/Population %20Projection%20Report%202011-2036%20-%20upload\\_compressed\\_0.pdf](https://main.mohfw.gov.in/sites/default/files/Population%20Projection%20Report%202011-2036%20-%20upload_compressed_0.pdf) on 29.09.2021

-employment status as compared to 30% of the households in urban areas. A closer look at the self-employment data in rural areas showcases that self-employment in rural areas is led by self-employment in agricultural activities (see figures 18 and 19).

36.2% of the male workers are engaged in the primary sector. After the primary sector, the female workers are majorly engaged in the tertiary sector (19.5%), followed by the secondary sector (7.7%) (see figure 20).

**Figure 21: Distribution of Male-Female workers by broad status in employment, 2019-20 (in %)**



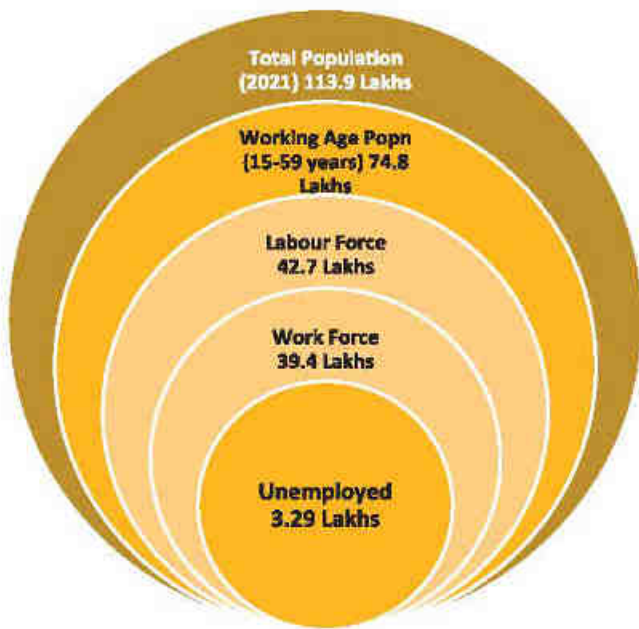
share of female workers is in regular wage/salaried employment (see figure 21). Within the self-employment status, a considerable share of female workers (38%) is working as helpers in a household enterprise<sup>11</sup> as compared to a 10% of the male workers engaged as helpers (see figure 22). The helpers do not receive any salary or wages in return for their work. The data presented in figures 20, 21, and 22 showcase that female worker primarily contributes to the disguised employment phenomena in the primary sector in Uttarakhand.

#### The Scale of Employment/ Unemployment in Uttarakhand:

This section presents the actual number of employed and unemployed persons in Uttarakhand. Estimating actual numbers is crucial to determine the scale of intervention required to provide decent and productive employment and skill development opportunities to unemployed persons. The actual numbers of employed and unemployed persons were calculated using LFPR, WPR, and UR from PLFS-2019-20 and the projected population of Uttarakhand for the year 2021 by the National Commission on Population, MoH & FW, GoI.

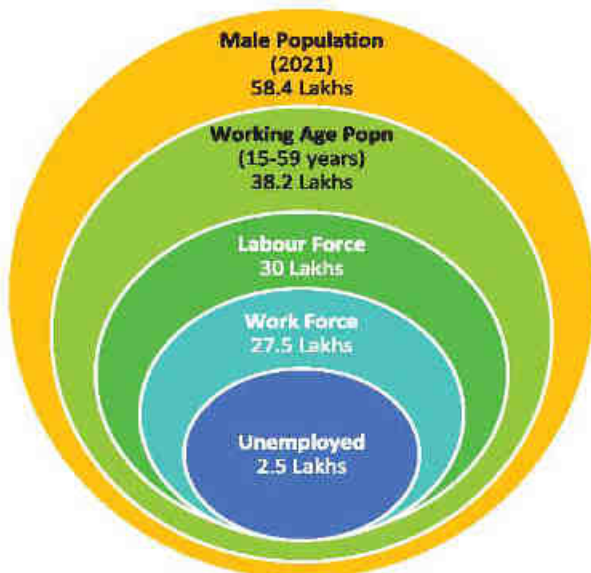
<sup>12</sup> The total projected population of Uttarakhand for the year 2021 stands at 1,13,99,000 (113.9 lakhs), out of which 74,82,000 (65.6%) are in the working-age group of 15-59 years.

**Figure 23: Projections for the Total Population**

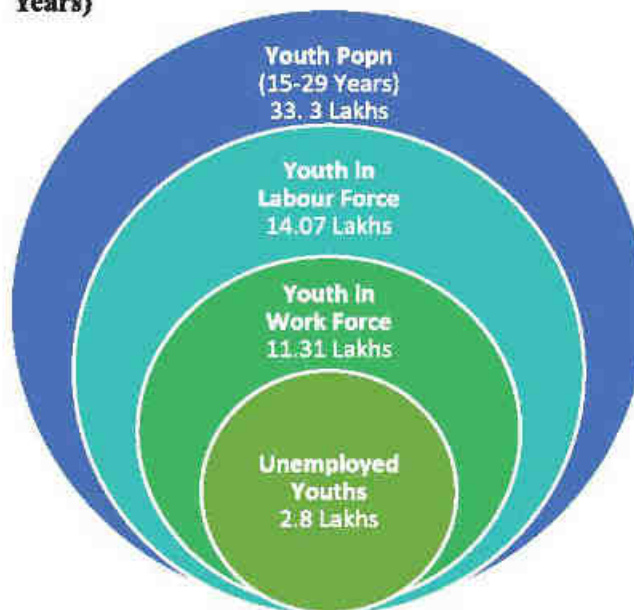


1. The total projected population of Uttarakhand in 2021 stands at 113.9 lakhs, out of which around 74.8 lakhs are in the working-age group (15-59 years).
2. Out of the 74.8 lakhs people in the working-age group, 42.7 lakhs (53.4%) people chose to participate in the labour force.
3. Out of the total labour force of 42.7 lakhs person, 39.4 lakhs people (49.5% of the working-age population) are working. The working population constitutes the workforce.
4. Out of the 42.7 lakhs person in the labour force, 3.29 lakhs person (7.1%) are reported as unemployed.

**Figure 25: Projections for Male Population**

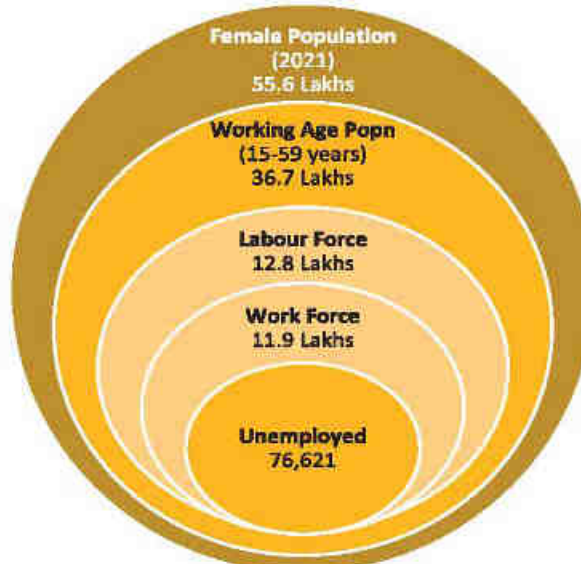


**Figure 24: Projections for Youth Population (15-29 Years)**



1. The total population of Youths (15-29 years) in Uttarakhand stands at 33,28,508, which is 29.2% of the State's total population.
2. Out of the 33.3 lakhs youths in the State, 14.07 lakhs youth (42.3%) are in the labour force. The low participation rate of youths in the labour force is due to their involvement in educational activities.
3. Out of the 14.07 lakhs youth in the labour force, 11.31 lakhs are working.
4. Out of the 11.03 lakhs youth in the State who chose to participate in the labour force, 2.8 lakhs youth reported themselves as unemployed.

**Figure 26: Projections for Female Population**



*Note: Figures 25 & 26 provide gender disaggregated data of figure 23 i.e., the total population*

1. The total male population in Uttarakhand stands at 58,40,000 (51.2% of the total population).
2. Out of the total 58.4 lakhs male population in the State, 38.2 lakhs males (65.4%) are in the working-age group.
3. Out of total males in working-age group (38.3 lakhs), PLFS 2019-20 reported that 30 lakhs males are participating in the labour force.
4. Further, out of the total males in the labour force, 27.5 lakhs are working and constitute the workforce.
5. A total of 2.5 lakhs males in the labour force are unemployed in the State.

1. The total female population in Uttarakhand stands at 55,60,000 (48.8% of the total population).
2. Out of the total 55.6 lakhs female population in the State, 36.7 lakhs females (66%) are in the working-age group.
3. Out of total females in working-age group (36.7 lakhs), PLFS 2019-20 reported that 12.8 lakhs females are participating in the labour force.
4. Further, out of the total females in the labour force, 11.9 lakhs are working and constitute the workforce.

### Education and Skill Profile of Labour Force in Uttarakhand:

#### Education Profile:

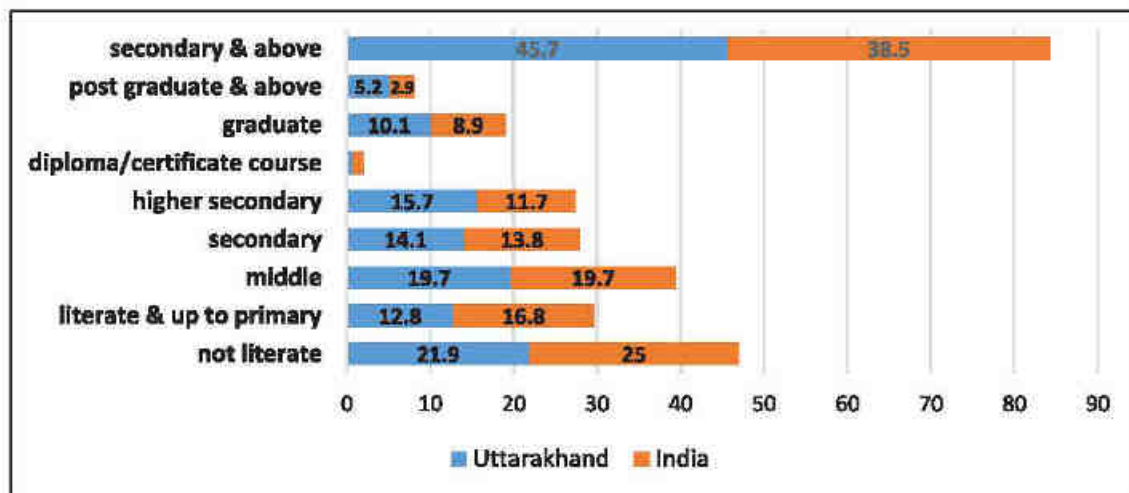
The skill level and educational achievements are directly related to the degree of employability of the labour force. It is thus imperative to understand the distribution of labour force in Uttarakhand as per skill and educational levels.

The PLFS 2019-20 reported that around 45.7% of the persons of age 15 years and above in Uttarakhand have the educational status of secondary and above which is considerably higher than the corresponding national average of 38.5%. Around 10.1% of the persons in labour force in

Uttarakhand holds a graduate degree. Moreover, around 21.9% of the persons in the labour force are not literate, which is comparatively better than the corresponding national average of 25%.

The data presented in Figure 27 shows that Uttarakhand is better placed in terms of the education status of its workers, especially at the higher educational levels. A study commissioned by Government of Uttarakhand<sup>13</sup> in 2021 found that the median and average income of workers increases with increase in educational level.

**Figure 27: Percentage Distribution of Persons of age 15 Years and Above by Highest Education Level Completed**



Source: PLFS 2019-20

#### Skill Profile :

The National Skill Development Corporation (NSDC) conducted a state-wide survey in Uttarakhand in 2018 to assess the distribution of labour force by skill levels. The survey categorized people in the labour force into three distinct groups by their skill levels, namely:

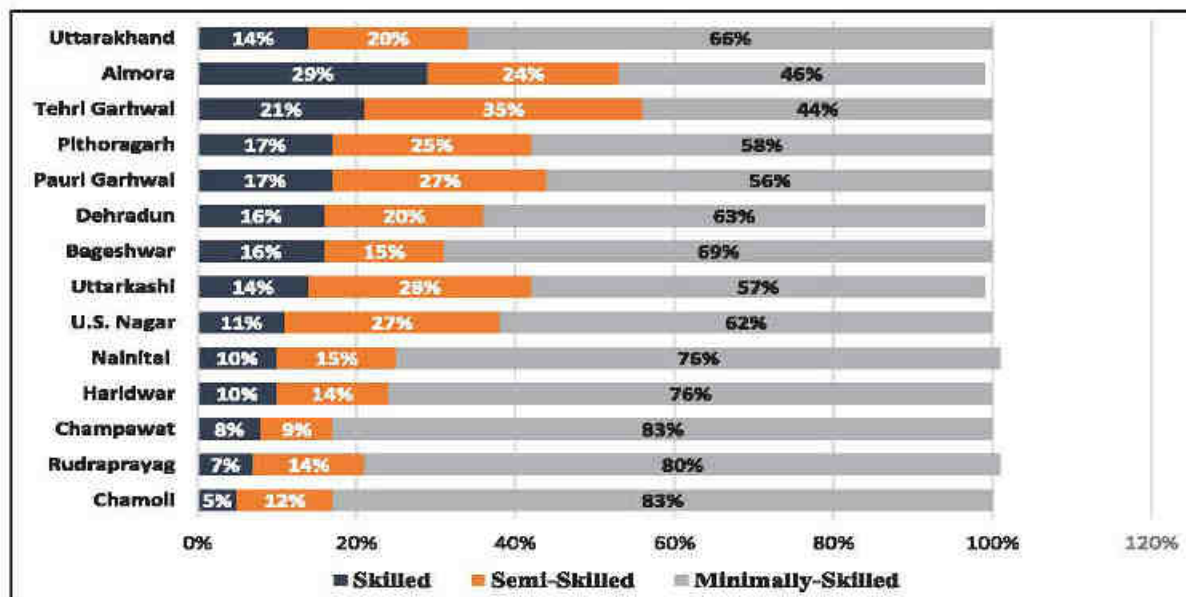
1. **Skilled:** One who can work efficiently exercising considerable independent judgment and discharging his duties with responsibility, possessing a thorough and comprehensive knowledge of the trade, craft, or industry in which he/she is currently employed.

<sup>13</sup> Uttarakhand Skill Gap Study, Dept. of Rural Development, GoUK, Sept 2021

ii. Semi-Skilled: One who does work generally of a defined routine nature wherein the major requirement is not so much of the accountability and skill but for the proper discharge of duties assigned to him/her, where important decisions are made by others.

iii. Minimally Skilled: One who does operations that involves the performance of simple duties, which require the experience of little or no independent judgment or previous experience although familiarity with the occupational environment is required.

**Figure 28: Distribution of Labour Force by Skill Levels in Uttarakhand, 2018**



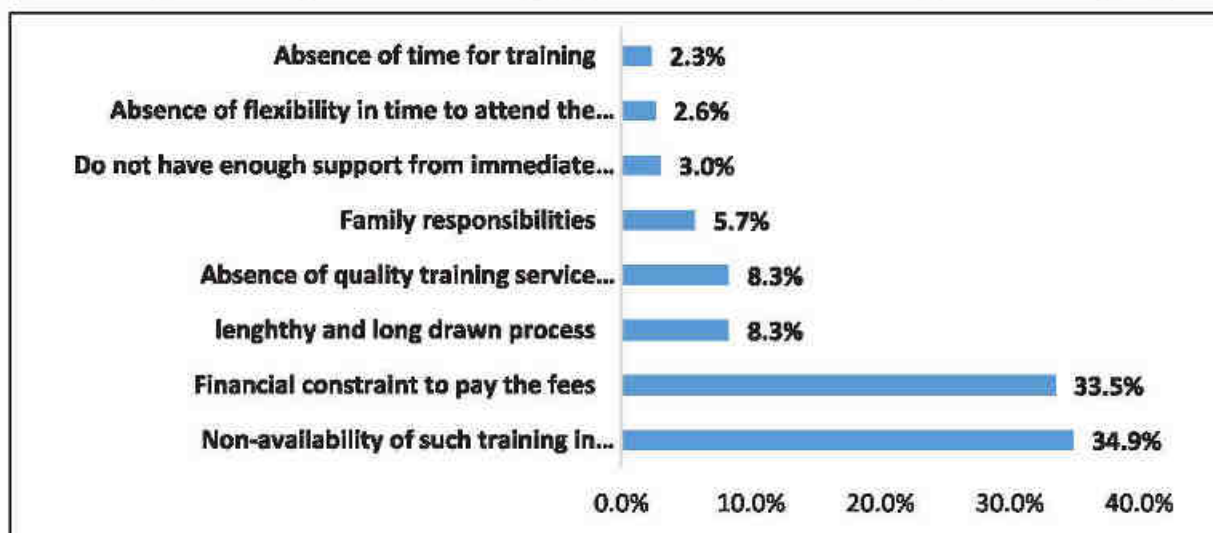
Source: NSDC 2018

- It is evident from Figure 28 that in Uttarakhand mere 14% of the persons in the labour force are skilled, 20 percent are semi-skilled, and 66% are minimally skilled.
- Almora district has the highest skilled labour force (29%), followed by Tehri at 21% and Pithoragarh at 17%. Chamoli district has the lowest percentage of the skilled labour force at 5% followed by

Rudraprayag at 7%, Champawat at 8%, and Haridwar and Nainital at 10%, respectively.

- Around 1/5th of the labour force in the State is semi-skilled, which provides a window for the State to recognize the Prior Learning (RPL) of the semi-skilled workers and facilitate their transition into the skilled category

**Figure 29: Major Challenges/Constraints Stopping Candidates from Accessing Skill Training Programme**



Source: Uttarakhand Skill Gap Study, Dept. of Rural Development, GoUK, Sept 2021

It is evident from Figure 29 that 34.9 percent of the candidates cited 'non-availability of such training in the neighbourhood' as the major reason behind candidates not being able to access skill training in Uttarakhand. Financial constraint is the second major reason behind candidates not choosing skill training followed by time duration and quality aspects of the skill training.

Figure 29 highlights two main interventions areas to ensure skill training among interested candidates:

- i. Increasing and ensuring accessibility/ availability of training centres.
- ii. Reducing the cost of skill training or providing some sort of financial assistance to the interested candidates.

#### Way Forward:

Government of Uttarakhand is committed to ensuring productive and decent work for all its populacc, especially the youth. The State Government has initiated schemes to encourage self-employment across the sectors like Rural Development, Urban Development, Tourism, MSME, Agriculture and allied sectors.

Keeping with the times, Uttarakhand Government has released policies like MSME Policy 2015, Mega Industrial Policy 2015, Ayush Policy 2018, Homestay Policy 2018, Film Policy 2015, Micro and Mini Hydel Policy 2015, Aroma Park Policy 2018, IT Policy 2018, PPP Policy 2019, Paragliding Policy 2018, Tourism Policy 2018, Pine Needle and Biomass Policy 2018, Solar Energy Policy 2018, Start-Up Policy 2017, Biotechnology Policy 2018, Hemp Policy, Chief Minister YP Policy 2019, CM Internship policy 2019, Mukhyamatri Swarojgar Yojna 2020, Uttarakhand Growth Centre Scheme 2018, etc. to promote entrepreneurship and employment.

The above-mentioned schemes and policies have placed Uttarakhand on a rapid economic growth trajectory. From being mainly dependent on the primary sector at its formation, Uttarakhand's economy has now become dominated by the manufacturing and service sectors.

- ✓ To reap the benefits of this progress and transformation, Government of Uttarakhand needs to focus on interventions to increase the labour force participation rate, especially by encouraging more women to join the labour force, skilling of its workforce, and preparing entrepreneurs in the services and food processing sectors.
- ✓ Phasing out redundant skilling courses that are not in demand in the market should be ensured along with benchmarking of existing relevant courses as per industry standards and demand.
- ✓ New market-driven skilling courses should be initiated through skill development schemes, ITIs, and Polytechnics. Moreover, along with regular subjects in secondary, senior secondary, and higher education courses, some modules on entrepreneurship should also be taught to the students.
- ✓ Skill training should be made mandatory to avail benefits under the Self-Employment Schemes of the Government. For example, if under Mukhyamantri Swarojgar Yojna, a candidate applies for a grant to start a dairy, the candidate must undergo skill training in animal husbandry/ dairy farming or must register for Recognition of Prior Learning (RPL).
- ✓ For youths who opt for entrepreneurship/self-employment opportunities and have completed skill training with adequate scores, comprehensive hand-holding support in terms of stipend could be provisioned for a fixed period.
- ✓ The government departments should prepare a framework for encouragement of budding entrepreneurs that goes beyond the traditional beneficiary approach of government schemes, to create entrepreneurs in thematic intervention areas such as Agri-preneurs, Eco-preneurs, MAP-preneur, Tourism-preneurs and Dairy-Preneurs (Panch-preneurs). This could be ensured through coverage of potential beneficiaries in a totality approach by a convergence of schemes of different departments.
- ✓ The growth centre scheme should be utilized to connect the Primary and Secondary sector activities in areas of food processing, medicinal and aromatic plants (MAP) etc.



## Role of Employment Laws, Regulations and Policies

*"It the labour indeed that puts the difference in everything"*

*John Locke*

Labour is a fundamental building block in economics which requires vigilant regulation. This is because the productivity of labour is deeply intertwined with the quality of regulation which ascertains an equitable mix of protection of labour rights and increasing economic productivity and competitiveness. Though there is no universal way to ensure this balance, but India through the New Labour Law Codes has built a new edifice that pivot labour economics towards better balance. These Codes addresses the lacunas of previous Labour law Legislations while simultaneously creating a roadmap and boundaries in which the present and future labour economics is going to function. This Chapter delves into an economic analysis of various important aspects of these Labour Law Codes and its economic implications for the State of Uttarakhand.

### I. INTRODUCTION:

The labour law regime since the inception has been entangled in a web of multiple labour legislations. There were a plethora of labour laws covering various facets of labour issues such as factories, mines, plantations, transport, shops and commercial establishments, industrial housing, safety and welfare, wages, social security, industrial relations, employment and training, emigration, compensation insurance etc. Both the Centre and the State had the power under Art. 245 of the Indian Constitution read with Schedule VII. Entry 55 in List I (Union), Entry 22, 23, 24 in List III (Concurrent List) cover the subjects in relation to labour.<sup>14</sup>

In furtherance of this legislative power, centre enacted about 52 Labour legislation, with 29 laws enacted around core labour law legislation and there were more

than 100 state legislations. These laws evolved over a period of time in response to two main needs. In the first place, they reflected certain needs of individuals; society and the nation based on the Fundamental Rights guaranteed by the Constitution. For example, Article 19 guarantees freedom of speech and expression, freedom to form Association or Unions and freedom to practice any profession or to carry on any occupation, trade or business, subject to reasonable restrictions that may be imposed by law on the exercise of these freedoms. Article 23 prohibits traffic in human beings and forced labour and Article 24 prohibits employment of children in factories etc.

These are constitutionally binding and are reflected in the labour laws. In addition, the Directive Principles of State Policy in Part IV of the Constitution are fundamentals in the governance of the country, and it shall be the duty of the State to apply these principles in

<sup>14</sup> List I: Entry 55; List III: Entry 22 (Trade Unions, Industrial and labour Disputes); Entry 24 (Welfare of labour including conditions of work, provident funds, employers' liability, workmen compensation, invalidity and old age pensions and maternity benefits); Entry 25 (Education, including technical education, medical education and universities, subject to the provisions of entries 63, 63, 65, 66 of List I; vocational and technical training of labour)

making laws. The principles enshrined in Articles 39, 41, 42, 43, 43-A are the basic pillars for formulating the policy for our workers. Further these legislations were enacted to promote the economic policy of the Government.

The labour laws were also influenced by important Human Rights and the conventions and standards that have emerged from the United Nations and the International Labour Organization. These include the Right to: work of one's choice; against discrimination; prohibition of child labour; just and humane conditions of work; social security; protection of wages; redressal of grievances; organize and form trade unions; collective bargaining and participation in management.

However, it was observed that even after 73 years of Independence, approximately 90% of workers work in the unorganized sector did not have access to all the social securities. The Second National Commission of Labour had submitted its report in 2002 which said that there was multiplicity of Labour Laws in India and therefore, recommended that at the Central level 4 to 5 labour codes in the context of emerging economic environment involving rapid technological changes, globalization of economy, liberalization of trade and industry, international competitiveness and the need for bringing the existing laws in tune with the present and future labour market needs and demands. Despite

these recommendations, for various socio-economic and political reasons, these recommendations continued to be a dead letter till 2014.

Under the idea of "Sabka Sath Sabka Vikas" promoted by Hon'ble Prime Minister, the brainstorming on Labour Code were fast tracked and extensive discussions were held before initiation of Labour Reforms by Ministry of Labour and Employment. Initially, as a part of Government's pre-legislative consultative policy, the Ministry uploaded all the draft Labour Codes on its website for stakeholders and public consultation. During 2015 to 2019, the Ministry organized 9 tripartite discussions in which all the Central Trade Unions, Employers' Associations and representatives of State Governments were invited to give their opinions/suggestions on Labour reforms.

After extensive consultation, The Government of India, through a notification on August 2019 and September 2020, has set the stage for a landmark reform in the Indian labour law landscape wherein 29 separate labour laws made way for 4 new acts comprising a modern labour code which is designed to improve the working conditions and wages of labour and enhance the ease of doing business in the country. (Hereinafter referred to as the 'Labour Codes' together). It consolidated the following legislations:

S.N	Consolidated New Labour Laws	Old Labour Laws	
1.	<b>Code on Wages, 2019</b>	1.	The Payment of Wages Act, 1936
		2.	The Minimum Wages Act, 1948
		3.	The Payment of Bonus Act, 1965
		4.	The Equal Remuneration Act, 1976
2.	<b>Industrial Relations Code, 2020</b>	1.	The Industrial Dispute Act, 1947
		2.	The Trade Unions Act, 1926
		3.	The Industrial Employment (Standing Orders) Act, 1946
3.	<b>Code on Social Security, 2020</b>	1.	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
		2.	The Employees' State Insurance Act, 1948
		3.	The Employees' Compensation Act, 1923
		4.	The Maternity Benefits Act, 1961
		5.	The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
		6.	The Cine Workers Welfare Fund Act, 1981
		7.	The Payment of Gratuity Act, 1972
		8.	The Unorganized Workers' Social Security Act, 2008
		9.	The Building and Other Construction Workers' Welfare Cess Act, 1996

S.N	Consolidated New Labour Laws	Old Labour Laws	
4.	Occupational Safety, Health and Working Condition Code, 2020	1.	The Factories Act, 1948
		2.	The Plantations Labour Act, 1951
		3.	The Mines Act, 1952
		4.	The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955
		5.	The Working Journalists (Fixation of Rates of Wages) Act, 1958
		6.	The Motor Transport Workers Act, 1961
		7.	The Beedi and Cigar Workers (Conditions of Employment Act) 1966
		8.	The Contract Labour (Regulation and Abolition) Act, 1970
		9	The Sales Promotion Employees (Conditions of Service) Act, 1976
			The Inter-state Migrant Workmen (Regulation of Employment) Act, 1981 The Cine-Workers and Cinema Theatre-Workers (Regulation of Employment) Act, 1981
		11	The Dock-Workers (Safety, Health and Welfare) Act, 19 86
		12	The Building and Other Construction Workers (Regulation of

The Codes have been enacted but are not yet in force. Essential provisions will be introduced in delegated legislation. Labour is a concurrent subject under the constitutions and both the central and State government are required to frame rules. Only after such rules have come into force will the new codes be implemented. Every state is in the process of formulating and enacting their rules in relation to these laws. It is a comprehensive exercise which would require revisiting the entire jurisprudence of existing regulations and rules.

For the State of Uttarakhand after its formation in 2000 majority of the legislation, which were existent in U.P were adapted and whenever required changes were tailor made for the State through notifications and circulars. After the enactment of Labour Codes, the State of Uttarakhand need to revisit all the Rules, Regulation, Notification and Circulars.

This is a great opportunity for Uttarakhand to create a balance between economic growth and labour and employee protection. If enacted in time, the State will become a front runner in labour reforms which will cascade into brining new investments.

These legislations along with the Labour Codes will form the bulwark of labour law regulation. The way these legislations implemented will be pivotal in determining the economic and industrial progress, which will be made by the State of Uttarakhand.

The much-needed modernisation of labour laws is an opportunity for the government and business to move away from a prescriptive top-down approach to a more consultative and sustainable effort to address the core issue of protecting human rights of workmen. Further, their enforcement comes at a time when companies are increasingly being judged on their sustainable business and human rights (BHR) policies by regulators, courts and civil society.

However, in addition to the new Codes, the following legislations along with multiple other would continue to exist.

1	The Uttarakhand (U.P.) Labour Welfare Fund Act, 1965
2	The Bonded Labour System (Abolition) Act, 1976
3	The Uttarakhand (U.P). Industrial Peace (Timely Payment of Wages Act) 1978
4	The Child Labour Prohibition and Regulation Act, 1986
5	The working journalist and other newspaper employees (condition of service) and Miscellaneous Provision Act, 1955.
6	The Dookan Aur Vanijya Adhistan Adhiniyam, 1962
7	The Uttarakhand (U.P.) Industrial Peace (Timely Payment of wages Act), 1978

## II. CODE ON WAGES, 2019

### Overview:

The State Government has undertaken an economic analysis of law in formulating the relevant draft rules for the Labour Codes. It has determined the economic implication of provision of law or a Code and how certain provision will impact the behaviour of different stakeholders. In general parlance a provision or Code would be considered efficient when it enhances the utility (welfare or even happiness) of a society to the maximum extent possible, given the changes which are being envisaged.

However, in a society people, organizations have opposite or different interest, therefore often an action might be beneficial to one stakeholder and not others. This creates competing interests and thus Government has to make consistent efforts to enable protection of each interests. The next section discusses the important aspect of the labour code and its economic implication on the State of Uttarakhand. The CW 2019 amends and consolidates the following laws relating to wages and bonus payments:

The Payment of Wages Act, 1936 (POWA)

The Minimum Wages Act, 1948 (MWA)

The Payment of Bonus Act, 1965 (POBA)

The Equal Remuneration Act, 1976 (ERA)

### Applicability

In the old labour regime while the ERA extended to all types of employment, other labour laws on wages applied only to specific categories of employees. The POWA applied to employees drawing monthly wages of up to INR 24,000, the MWA applied to scheduled employments and the POBA applied only to employees employed in certain establishments earning a monthly salary of INR 21,000 or less.

This specific limit to application of these laws created hurdles for both the businesses and the labours. The businesses were overburdened with compliances which often created procedural complexity and forced companies to invest resources to ensure these compliances. It was compounded with the excessive discretion that labour authorities, which in certain situations resulted in increased instances of nepotism. This often disincentivized the businesses and prevented the congenial environment for economic development and even resulted in the low Ease of Doing Business of World Bank Ranking (India Ranking was abysmally low at 142 amongst 190 nations).

The laborers being oblivious of their legal right were the worse sufferers and were exploited by the

employees. Despite the laws the majority did not receive any benefits especially in the unorganized sectors. The cascading effect was experienced even in the State of Uttarakhand, a large section of workers working in MSME did not get benefits. The twin stakeholder problem concerning the employee and the employers created multiple strains in good labour governance for State Government. Any solution or scheme only enabled patchy solutions and did not foster any structural changes. However, the new CW, 2019 changed this. The CW will apply requirements on wage payment and minimum wages uniformly across all employees regardless of wages, type of employment or sectors. This structural application of uniformity will signal changes across various industries in the State economy and will liberate all the stakeholders towards good labour governance.

### A. Definition of Wages

The existing labour laws, including the POWA, MWA and POBA, have varying definitions of 'wages', and this has caused unnecessary complexity.

The CW 2019 will provide a single definition of 'wages'. The code defines 'wages' to mean all remuneration including basic pay, dearness allowance (i.e. allowance to mitigate against inflation and calculated at a percentage of an employee's salary) and retaining allowance, but does not include (amongst others):

- a) Bonus payable under any law, which does not form part of the remuneration payable under the terms of employment;
- b) The value of any house-accommodation;
- c) Contribution paid by the employer to any pension or provident fund, and the interest;
- d) Conveyance allowance or the value of any travelling concession;
- e) Sum to defray special expenses;
- f) House rent allowance;
- g) Remuneration payable under any award, settlement or order of a court or Tribunal;
- h) Overtime allowance;
- i) Commission payable to the employee;
- j) Gratuity payable on the termination of employment;
- k) (k) Retrenchment compensation or other retirement benefit payable to the employee or any ex-gratia payment made to him on the termination of employment.

If the payments excluded under (a) to (i) exceed 50% of the remuneration, the amount which exceeds such 50%, is deemed as 'wages'. The definition has been made simple and the exclusion criteria reduces discretion of the Labour Department and fosters a greater legislative clarity for all the stakeholders and thereby increases economic efficiency.

### Payment of Wages:

Upon termination of employment by the employer, the POWA requires employers to pay wages for certain categories of employees before the expiry of the second working day from the date of termination. The POWA is silent on the timeframe for payment of wages in other cases of employment termination. This was often the largest cause of labour litigation.

The untimely payment was a significant deterrent for employee leaving the organization. The limited grounds for which timely payment was mandatory created a significant regulatory gap for employers to bypass the existing legislative requirements. These employers being at more dominant position, coerced the employees causing significant financial loss and mental strain to any employee departing from the organization against the consent of the employers.

The CW 2019 will introduce a two-day timeline for making wages payments in the event that an employee is removed, dismissed, retrenched, resigns or becomes unemployed due to the closure of an establishment. This timeline applies to all employees. The fixed timeline for all the employers would reduce negative externality and latency effect for employee desiring transition from one organization to the other.

### Minimum Wages

Currently, the MWA requires the payment of minimum wages only for prescribed categories of employees in specified industries. Under the CW 2019, the central government will fix the applicable 'floor wage', considering the minimum living standards of workers and factors such as geographical location. The appropriate government (for private establishments, the State Government) will then fix the minimum wages payable to all employees. The minimum wage cannot be lower than the floor wage. If the existing minimum wage fixed by the appropriate government is higher than the floor wage, the minimum wages cannot be reduced. The minimum wage will be reviewed and revised at intervals not exceeding five years.

This localised approach for fixing minimum wage through floor wage will ensure that appropriate government will evaluate the conditions of labour in their State and then determine the wages accordingly to meet needs of employers and rational wages for workers keeping the cost of living a decent life. This is a significant way of achieving the Directive Principal goals envisaged under Art. 43 of Constitution of India which states the following: “*The State shall endeavour to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of*

*life and full enjoyment of leisure and social and cultural opportunities”.*

This will also allow the State Government to factor localised condition to determine floor wages. Though the State of Uttarakhand has not yet formulated the rules and method to determine the floor wage, however, whenever it does, it will have a significant impact in determining labour cost and business attractiveness.

The code of wages is applicable to all establishments (irrespective of sector or number of wages drawn by their workers). This moves away from the current position where wage regulations apply only to a list of 'scheduled employment' identified by each state government. Consequently, the benefits of a minimum wage will now be uniform and apply to a broader spectrum of workers, thereby affecting all industries located in the State of Uttarakhand.

### B. Same Pay for Same Work

The ERA prohibits discrimination on the ground of gender with respect to wages by the same employer for the same work. However, the ERA specifies gender as male and female and is not gender inclusive.

The CW 2019 will retain the prohibition on discrimination but explicitly ensures protection in respect of any gender (i.e. the binary definition will be removed).

In particular, CW 2019 prohibits discrimination in matters relating to payment of wages in respect of the 'same work or work of a similar nature done by any employee'. This term is defined as work which:

- requires the same skill, effort, experience and responsibility;
- is performed under similar working conditions by employees; and
- the difference required for employees of any gender, is not of practical importance in relation to the terms and conditions of employment.

The codification what constitutes 'same work' will nudge companies and organization to inculcate the principal of '*right to equality*' envisaged under the Indian Constitution.

### Statutory Bonus

The POBA requires payment of a statutory bonus for employees drawing wages not exceeding INR 21,000 per month. The CW 2019 will require the appropriate govt. (for private establishments, the State government) to fix the wage threshold.

Additionally, the POBA sets out circumstances where employees are disqualified from receiving statutory

bonus. The CW 2019 will retain these exceptions but will also add a new ground for disqualification on the basis of dismissal due to a finding of sexual harassment.

The legislative freedom given to Appropriate Government (State of Uttarakhand) to determine what constitutes statutory bonus will usher greater regulatory and policy freedom to State Govt./s to consolidate and converge labour policy to the larger macro-economic policy of the State.

The State of Uttarakhand became a pioneer in drafting the Draft Rules on Code of Wages, 2019. The Draft Rules proposed to be made in exercise of the powers conferred by Sec. 67 of the Code on Wages 2019 (29 of 2019) read with Section 24 of the General Clauses Act, 1897 (10 of 1897). These draft rules, if enacted, are meant to suppress the Uttarakhand Payment of Wages Rules, 1936 and Uttarakhand Minimum Wages Rules, 1952. Some significant changes which have been brought are:

#### ***Factors to Determine Minimum Wages***

Rule 3 of the Draft Rules are meant to calculate the minimum rate of wages to be determined by the appropriate govt. under sub-section (5) of section 6, the minimum rate of wages shall be fixed on the day basis keeping in view the certain criteria.<sup>15</sup> These changes will allow the State to fix minimum wages. The said rules under Rule 4 also lay down institutional criteria to determine the norms for fixation of rate of wages and instructs the State government to divide the concerned geographical area into three categories, the metropolitan area, non-metropolitan area and the rural area, and further constructs the formulation of a technical committee to advising the State Government in respect of skill categorization.<sup>16</sup>

<sup>15</sup> Rule 3(1) I) the standard working class family which includes a spouse and two children apart from the earning worker; an equivalent of three adult consumption units; (II) A net intake of 2700 calories per day per consumption unit; (III) 66 meters cloth per year per standard working class family; (IV) Housing rent expenditure to constitute 10 per cent of food and clothing expenditure; (V) Fuel, electricity and other miscellaneous items of expenditure to constitute 20 percent of minimum wage; and (VI) Expenditure for children education, medical requirement, recreation and expenditure on contingencies to constitute 25 percent of minimum wage. 2) when the rate of wages for a day is fixed, then, such amount shall be divided by eight for fixing the rate of wages for an hour and multiplied by twenty six for fixing the rate of wages for a month and in such division and multiplication the factors of one-half and more than one-half shall be rounded as next figure and the factors less than one-half shall be ignored.

<sup>16</sup> i) Secretary/Principal Secretary, Labour - Chairperson; (ii) Labour Commissioner – Member Secretary (iii) Secretary Law to the Government of Uttarakhand – Member (iv) Joint/Additional Labour Commissioner- Member (v) Joint Secretary/ Deputy Secretary Labour- Member (vi) A representative from the Department of Employment, Skill Development and Entrepreneurship not below the rank of Deputy Director, Government of Uttarakhand, dealing with skill development - Member; (vii) Two technical experts in wage determination as nominated by the State Government -Members

<sup>17</sup> (i) The Chairperson ; (ii) Two Members of State Legislature ; (iii) Add. Secretary, Labour Uttarakhand (Member); (iv) Labour Commissioner, Uttarakhand (Member-cum-Secretary)(v) Two members each of whom, shall be a professional in the field of wages and labour related issues ; (vi) One Member who is or has been a presiding officer of an Industrial Tribunal Constituted by the State Government.

The State Government shall, on the advice of the technical committee referred to in sub-rule (2), categorize the occupations of the employees into four categories that is to say unskilled, semi-skilled, skilled and highly skilled by modifying, deleting or adding any entry in the categorization of such occupations specified in Schedule E of the draft rules. The technical committee referred shall while advising the State Government take into account, to the possible extent, the national classification of occupation or national skills qualification frame work or other similar frame work for the time being formulated to identify occupations. These changes will allow better integration of the State with national labour movement and changes.

#### ***(ii) Time Interval For Revision of Dearness Allowance***

Rule 5 of the draft rules endeavours that the cost-of-living allowance and the cash value of the concession in respect of essential commodities at concession rate shall be computed once before 1st April and then before 1st October in every year to revise the dearness allowance payable to the employees on the minimum wages.

#### ***(iii) Constitution of State Advisory Board***

Rule 19 envisages that for the purpose of advising the State Government in the matters of the fixation and revision of minimum rates of wages and other matters under this Act and for coordinating the work of the Advisory Boards, the State Government shall appoint a State Advisory Board which shall consist of persons to be nominated by the State Government representing employers and employees in the Scheduled employments and independent persons.<sup>17</sup>

#### **(iv) Timely Payment of Wages**

Rule 42 casts a duty on every employer to issue wage slips, electronically or other wise to the on or before payment of wage every month. This is a welcome change from the Payment of Wages Act which had stated that no wage period shall be more than 30 days.

Rule 45 bridges the gap for contract employee and stipulates where the employees are employed in an establishment through contractor, then, the company or firm or association or any other person who is the proprietor of the establishment shall pay to the contractor the amount payable to him or it, as the case may be, before the date of payment of wages. This change will allow all the workers independent of whether they are working as employees or contractual worker to get timely payment. Previously there was no time period prescribed for payment to be made to contractual workers, which led to excessive exploitation.

These are significant changes which will allow better determination of wages and improve the quality of jobs for all the inhabitants of Uttarakhand.

### **III. Industrial Relation Code, 2020**

#### **A. Overview**

The IRC 2020 amends and consolidates the following:

- i. The Industrial Dispute Act, 1947 (IDA);
- ii. The Trade Union Act, 1926;
- iii. The Industrial Employment (Standing Orders) Act, 1946 (SOA)

#### **B. Applicability**

Currently, the ISA applies to “workmen”. Under the IDA, a workman is defined as a person who is employed to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for fire or reward but excludes a person who is employed: (i) Mainly in managerial or administrative capacity; or (ii) in a supervisory capacity and draws a salary exceeding INR 10,000/months or exercises functions mainly of a managerial nature.

The IRC 2020 will apply to “workers”. The definition of a “worker” is similar to that of a “workman”, but has been expanded to include: Journalist as defined in the Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955; sales promotion employees as defined in the Sales Promotion Employees (Condition of Service) Act, 1976; and persons employed in a supervisory capacity and earning less INR 18,000 per month.

This is an important step towards consolidation of laws. The definition of workers which were fragmented across various legislation would now be

under Umbrella definition of workmen. The businesses who be liberated from extensive labour compliances and notices and would comply with this comprehensive definition of workman.

#### **Lay Off, Retrenchment and Closure**

Currently, the IDA requires industrial establishment with 100 or more workers to obtain prior permission from the government for lay off, retrenchment or closure of an industrial undertaking.

The INC 2020 will increase this thread hold. Only industrial establishments with 300 or more workers will be required to obtain prior permission from the government for layoffs, retrenchments or closure of an industrial undertaking.

This will be a significant step in ensuring a smooth closure of small businesses. In the earlier regime even when the company had become insolvent, it took a lot of time to close all the businesses operations. Now with this change, non-profitable and small businesses would be able to exit easily. This will facilitate healthy competition and development of economic ecosystem at macro level especially in Uttarakhand where majority of the businesses are smaller than 300 employees.

#### **Standing Order**

Currently, the SOA requires industrial establishments with 100 or more workers (50 or more workers in certain States) to implement and register “Standing Orders”. Standing Orders are a set of rules relating to prescribed matters such as leave and holidays, working hours, and disciplinary action for misconduct, which have statutory force once certified by the appropriate Labour Commissioner.

The IRC 2020 will limit the requirement to implement and register Standing Orders to industrial establishments with 300 or more workers. These changes will reduce the regulatory hurdle that small businesses faced on ground. This will allow these businesses to flourish without much interference by labour Departments. In Uttarakhand the State need to facilitate IEC (Information, Education and Communication) amongst small businesses to educate them about these changes and ensure that it becomes the part of the standard business practices.

#### **Reskilling Fund for Retrenchment**

The IRC 2020 will introduce a new obligation for employers undertaking retrenchment. Employers will now be required to make a one-time payment to a government reskilling fund, which will be used to rain retrenched workers. For every retrenched worker, the required payment is equal to 15 days' of the worker's wages. This is in addition to the employer's other

payment obligations to the workers on retrenchment. This is in furtherance of welfare obligation of the State under Part IV of the Constitution of India (Directive Principal of the State Policy). The establishment of this new fund address the issue of retrenchment through an alternative mechanism and also allows the small businesses to exit from the market. The true effect of the provision will depend on the rules which will be framed to facilitate the use of this fund. The rules should be facilitating the transfer of due amount to retrenched worker in simple and transparent way. Uttarakhand has great opportunity to create an ecosystem for the protection of labour interests by establishing a transparent and accountable Fund Management System.

#### *Preference Fund for Retrenchment*

Currently, the IDA requires employers to give a retrenched workman who is a citizen of India, the opportunity to offer themselves for re-employment. This obligation to give preference for re-employment is retained in respect of workers under the IRC 2020 but will be limited to within one year from the retrenchment. The Sunset (time bound) effectiveness of the clause will maximise their employee welfare and producers' profit.

Therefore, under Industrial Relation Code, 2020, while more employees will fall within the definition of workers, employers will have greater flexibility in managing their workers. This is because of the changes in the requirement to obtain prior government approval for layoffs, retrenchment or closure of an undertaking, as well as the changes in the requirement to implement Standing Orders. Employers should review the composition of their workforce to assess the number of employees who will fall within the definition of "workers" and consider the impact on their obligations under the IRC 2020.

Further under the current labour regime, there is limited clarity as to which union can formally negotiate with the management. In addition, the multiplicity of unions within an establishment often leads to infighting. Further, settlements are only binding on the union participating in the negotiation. To remedy this, the IRC now obligates establishments to recognise any

trade union as a 'negotiating union' if it is supported by at least 51 per cent of the workers. This will be the sole union with the power to negotiate with the management on behalf of all workers. This is a significant step in consolidating and legislatively streaming the voice of the labours.

The State Government of Uttarakhand proposes to make in exercise of the power, conferred by section 99 of the Industrial Relation Code, 2020(35 of 2020) read with section 24 of the General clauses Act, 1897 (10 of 1897) to suppress the following: (i) UP industrial Disputes Rules 1958; (ii) UP industrial Employment (standing order) Rules, 1946; (iii) The UP Trade Union Regulations; (iv) Industrial Tribunal and Labour Courts Rules of Procedure 1967' (under sec. 5C of the UP industrial Disputes Act, 1947). It makes the following changes.

#### *(i) Constitution of Works Committee*

Rule 3(2) envisages the number of members constituting the committee shall be fixed so as to afford representation to the various categories, groups and class of workers engaged in, and to the sections, shops or departments of the establishment.<sup>18</sup>

Under Rule 4, it has been stated that the Grievance Redressal Committee shall consist of equal number of members representing the employer and the workers, which shall not exceed ten. The representatives of the employer shall be nominated by the employer and shall, as far as may be possible, be officials in direct touch with or associated with the working of the industrial establishment, preferably the heads of major department of the industrial establishment. The representatives of the workers shall be nominated by the registered Trade Union. In case where there is no registered trade union the members may be chosen by the workers of the industrial establishment.<sup>19</sup> The Rule 15 mentions certain acts that do not apply to Trade Union such as: (a) the Societies Registration Act, 1860; (b) the Co-operative Societies Act, 1912; (c) the Multi-State Co-operative Societies Act, 2002; (d) the Companies Act, 2013; and

(e) any other corresponding law relating to co-operative societies for the time being in force in any

<sup>18</sup> Provided that the total number of members of the works committee shall not exceed twenty: Provided further that the number of representatives of the worker in the works committee shall not be less than the number of representatives of the employer therein

<sup>19</sup> Provided that there shall be adequate representation of women workers in the Grievance Redressal committee and such representation shall not be less than the proportion of women workers to the total workers employed in the industrial establishment: Provided further that the tenure of the members of the Grievance Redressal committee shall be co-terminus with the tenure of the members of the registered Trade Union: Provided further that in the absence of registered Trade Union, the tenure of members of Grievance Redressal committee shall be for a period of two years from the date of the constitution of the Grievance Redressal committee industrial establishment:



State, shall not apply to any registered Trade Union and the registration of any such Trade Union under any of the aforementioned Acts shall be void.

Rule 46 states that the notice of strike referred to in sub-section (1) of section 62 shall be given to the Plant Head or Manager of an industrial establishment in Form-Q which shall be duly signed by the Secretary and five elected representatives of the registered Trade Union endorsing the copy thereof electronically or otherwise to the concerned conciliation officer, Regional Deputy Labour Commissioner, Labour Commissioner and State Government. In the absence of a trade union seven representatives of workers shall give the notice.

Moreover, under Rule 48, it has been given that if any employer desires to retrench any worker employed in his industrial establishment who has been in continuous service for not less than one year under him then, such employer shall give notice of such retrenchment, in Form-S to the State Government, the concerned Conciliation Officer and Regional Deputy Labour Commissioner and the Labour Commissioner of the State through email or by registered post.

Rule 22 lays down the right of minors to membership, stating that any person who has attained the age of fourteen years and is employed in a non-hazardous industry may be a member of a registered Trade Union subject to any rules of the Trade Union, and may, subject to as aforesaid enjoy all the rights of a member.

#### **(ii) Duty of Payment After Retrenchment**

Rule 57 lays down the manner of utilization of funds under sub-section (3) of section 83. It states that every employer who has retrenched a worker or workers under this Code, shall, within ten days, at the time of retrenching a worker or workers shall electronically transfer an amount equivalent to fifteen days of last drawn wages of such retrenched worker or workers in the account (name of the account shall be displayed on the website of the State Labour Department) to be mentioned by the State Government. The fund so received shall be transferred by the Regional Deputy Labour Commissioner to each worker or workers' account electronically within forty five days of receipt of funds from the employer and the worker shall utilize such amount for his re-skilling. The employer shall also submit the list containing the name of each worker retrenched, the amount equivalent to fifteen days of wages last drawn in respect of each worker along with their bank account details within ten days of

retrenching the worker or workers to enable the State Government to transfer the amount in their respective account.

## **IV THE CODE ON SOCIAL SECURITY 2020**

### *Overview*

An Act to amend and consolidate the laws relating to social security with the goal to extend social security to all employees and workers either in the organized or unorganized or any other sectors and for matters connected with Social Security. Given the change in working patterns few new definitions have been introduced.

#### *(I) Fixed Term employment*

Fixed term employment was not defined under earlier labour legislations. The Code defines it as engagement of an employee on the basis of a written contract of employment for a fixed period.

#### *(II) Gig Worker*

Gig workers are persons who performs or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship.

#### *(III) Homebased Worker*

Are persons engaged in, the productions of goods or services for an employer in his home or other premises of his choice other than the workplace of the employer, for remuneration, irrespective of whether or not the employer provides the equipment, materials or other inputs?

The concept of gig workers and platform workers are new concepts and cover persons engaged in work that was not previously covered by traditional social security. If implemented properly, this will cover many previously unprotected workers and bringing them under basic social security cover.

The central government shall frame and notify, from time to time, suitable welfare schemes for unorganized workers on life and disability cover; health and maternity benefits; old age protection; education; provident fund; employment injury benefit; housing; educational schemes for children, skill upgradation or workers; world age homes; funeral assistance etc.

### *Key Highlights*

**i. Applicability and Beneficiary:** The section on Provident Fund (PF) is applicable to all establishments with 20 or more employees as opposed to certain scheduled establishments. Employee State Insurance

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Provided further that the tenure of the members of the Grievance Redressal committee shall be co-terminus with the tenure of the members of the registered Trade Union:

Provided further that in the absence of registered Trade Union, the tenure of members of Grievance Redressal committee shall be for a period of two years from the date of the constitution of the Grievance Redressal committee

(ESI), Gratuity and Maternity Benefit are applicable to all establishments with 10 or more employees & establishments carrying on hazardous activities. Building or other construction work now additionally excludes works employing less than 10 workers or residential construction work of up to INR 50 lakhs. Social security is also intended to be extended to the unorganized sector, gig and platform workers. Also allows for voluntary adoption of the provisions where establishments do not meet the thresholds mentioned for PF and ESI.

ii. **Wage Definition:** Wages, which is being made uniform now, include all remuneration except for certain specific allowances such as conveyance, HRA, overtime, commission, bonus and the consistent social security contributions and gratuity with a caveat that the excluded components cannot exceed 50% of the total salary paid. Any exclusions in excess of 50% shall be treated as wages. This concise definition of wages now removes the ambiguity in the earlier definition, especially in PF, on what components are required for purpose of calculating contributions.

iii **Gig Economy:** Every unorganized worker, gig worker or platform worker shall be required to be registered to get covered under the above welfare scheme. This is a welcome step especially considering the rise in Gig Economy.

iv **Provident Fund:** The contributions paid by the employer to the fund shall be 10 % of the wages payable towards each of the employees (whether employed by him directly or by or through a contractor). The employee's contribution shall be equal to the contribution payable by the employer in respect of him/her and may, if any employee so desires, be an amount exceeding 10 % of the wages, subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payable under the Code. The Code reduces employers' contribution from 12% to 10% but there is a possibility to bring it back to 12%.

v **Creche Facilities** – SS Code clarifies that common creche facilities may be opted for by establishments having 50 or more employees.

vi **Employee State Insurance (ESIC):** ESIC benefits will now also extent to all enterprises in hazardous industries, Banks and mines, Plantation (on voluntary basis). As a measure to protect the social security of the employers, if the employers fails to register/pay contributions ESI will extent the benefits but recover the cost of such benefits from the employer.

vii **Gratuity** – While gratuity is still payable to all employees who have completed at least 5 years of

continuous service with the company, the SS Code also allows for payment of gratuity on a pro-rata basis for fixed-term employees. Further, the threshold years for working journalists have been reduced to 3 years. Gratuity payments could increase if the basic salary amount in salary structures is not 50% of the gross salary.

viii **Authorities under the SS Code** – The authorities under the SS Code are: Board of Trustees of Employee Provident Fund, Employees' State Insurance Corporation, National Social Security Board for Unorganised Workers, State Unorganised Workers' Social Security Board and State Building Workers Welfare Boards.

ix **Aggregators** – The concept of 'Aggregator' has been introduced and means a '*digital intermediary or a marketplace for a buyer or user of a service to connect with the seller or the service provider*'. Aggregators are intended to help fund schemes for the unorganized sector, gig and platform workers with a 1-2% contribution of their annual turnover. Identified Aggregators in the SS Code are: Ride sharing services; Food and grocery delivery services; Logistic services; E-marketplace (both market place and inventory model) for wholesale/ retail sale of goods and/or services (B2B/B2C); Professional services provider; Healthcare; Travel and hospitality; Content and media services; Any other goods and services provider platform.

x **PF Appeals** – The deposit for filing an appeal has been reduced from 75% to 25% of the ordered amount.

xi **Penalties** – Stricter penalties have been imposed, especially for repeat offenders. However, opportunity is provided for rectification of non-compliance prior to initiation of any proceedings.

xii **Employees Compensation:** The appropriate Govt. definition is not available for the purpose of employee's compensation. In case of death or injury causes to any worker or a member of his family because of the collapse of a house provided by the employer in a plantation and the collapse is not solely and directly attributable to a fault on the part of any occupant of the house or to a natural calamity. The employer shall be liable to pay compensation under Section 76 and the Sixth Schedule. It further gives Funeral Expenditure of Rs. 15,000.

xiii **Building and other construction workers:** The building and construction work shall not include the construction work carried out in the factory or mine. The building and construction shall not include construction work carried out for a residential purpose and if the cost of such construction is less than ₹50 lakhs (Currently it is ₹10 Lakhs).

**xiv Inspector:** The Role of the Inspector is changes to inspector and facilitator. This is a welcome step towards good governance from the Inspector Raj.

**xv Penalty:** There is an increase in Penalty in case of violation of the provisions of this code. However, as an important measure, prior to prosecution an opportunity to be provided to the employer for corrective action.

The consolidation and improvement of social security laws under one umbrella and the extension of social security measure to businesses of the new age economy are a significant step in enabling the fulfilment of a number of ILO (International Labour Organization) Conventions.

The Draft Rules proposed by the State of Uttarakhand are to be made in exercise of the powers conferred by Sections 154, 155 and 158 of the Code on Social Security, 2020 (36 of 2020) read with section 24 of the General Clauses Act, 1897 (10 of 1897). These draft rules, if enacted, are meant to suppress the following Orders and Rules (i) The Uttarakhand (U.P. Maternity Benefit Rules, 1983) Adaptation and Modification Order, 2002; (ii) The Uttarakhand (U.P. Payment of Gratuity Rules, 1975) Adaptation and Modification Order, 2002; (iii) The Uttarakhand Building and Other Construction Workers (Regulations of Employment and Conditions of Service) Rules, 2005 (iv) Building and Other Construction Workers' Welfare Cess Rules, 1998; (v) Unorganized Workers' Social Security Rules, 2009. Some of the significant changes which will help in achievement of better quality are as follows:

#### **Social Security Board**

Rule 3 lays down the manner of exercising the powers and performance of the functions by the State Social Security Board under sub-section (1), the manner of nomination of members, their term of office and other conditions of service, procedure to be followed in the discharge of their functions and manner of filling vacancies and under subsection (4) and time, place and rules of procedure relating to the transaction of business under subsection (6) of section 6. It has formulated the following Boards:

- i. State Social Security Board for Unorganised Workers.

- ii. State Social Security Board for Gig Workers and Platform Workers.

#### **Maternity Related Benefits**

A woman employed in a establishment and entitled to maternity benefit shall give notice to her employer in a manner prescribed under Form-XI and the employer shall make payment of the maternity benefit and any other amount due under the Code to the woman concerned, or, in case of her death before receiving such maternity benefit or amount, or where the employer is liable for maternity benefit under the second provision to subsection (3) of section 60, to the person nominated by the woman or the nominee.

Rule 15 lays down that in every establishment where fifty or more women employees are ordinarily employed, there shall be provided and maintained a creche for the use of children under the age of six years of such women. Such creche shall provide adequate accommodation with lighting, ventilation and shall be maintained in a clean and sanitary condition. The creche shall be under the charge of women trained in the care of children and infants. The creche facility shall be located within the establishment or at an appropriate distance from the establishment such that it is easily accessible to the women employees including a woman employee working from home.

Rule 19 says that Every employer, within sixty days of commencement of his work or payment of cess, as the case may be, furnish to the Assessing Officer.

Rule 26 envisages that every eligible unorganized worker, or any category or sub-category of unorganized worker under section 113 shall be required to be registered with Aadhaar, on self-declaration basis in the form on the portal, as specified by the State Government or the Central Government, as the case may be.

The appropriate rules formed by the State of Uttarakhand will usher a shift towards a great social security protection of all the Stakeholder. This will also create a head way for the State of Uttarakhand to create an ecosystem to nurture both the owners of businesses and employees and will improve the quality of jobs.

## **V. OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020**

### **A. Overview**

The Code amends and consolidates the following legislation:

- the Factories Act, 1948;
- the Contract Labour (Regulation and Abolition) Act, 1970 (CLRA);

- the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;

- the Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955;
- the Working Journalists (Fixation of Rates of Wages) Act, 1958;
- the Motor Transport Workers Act, 1961;
- the Sales Promotion Employees (Condition of Service) Act, 1976;
- the Mines Act, 1952;
- the Dock Workers (Safety, Health and Welfare) Act, 1986;
- the Plantations Labour Act, 1951;
- the Beedi and Cigar Workers (Conditions of Employment) Act, 1966; and
- the Cine Workers and Cinema Theatre Workers Act, 1981.

### **B. Coverage**

This code will apply to all "establishments". The term "establishment" includes a place where any business is carried out in which 10 or more "workers" are employed. The term "worker" generally refers to blue collar workers and is defined as a person employed to do manual, skilled/unskilled, technical, operational, clerical or supervisory work but excludes, among others, those employed in a supervisory capacity earning at least INR 18,000 per month. As per aforementioned Industrial Relations Code 2020, the term "workers" will now replace the term "workman". While the two terms are generally similar, the latter has a narrower definition as it excludes those employed in a supervisory capacity earning above INR 10,000 per month.

While the coverage of the OSH Code depends on the number of workers employed, certain provisions of the OSH Code apply to all employees of the establishment. These provisions include the employers' duty to provide a safe working environment, the obligation to issue appointment letters and the duty to notify the relevant authorities in the event of a workplace accident that leads to death or serious bodily injury to an employee.

### **C. Registration**

To consolidate the multiple registration requirements under various laws, the OSH Code will introduce a 'one registration' requirement. In essence, all establishments to which the OSH Code applies, and which come into existence after the commencement of the OSH Code have to register electronically with the officer to be appointed by the appropriate government (for private entities, this will be the State government). The timeframe to register is 60 days from the date the OSH Code takes effect.

### **D. Mandatory Appointment Letter**

The OSH Code will require establishments to issue a letter of appointment to every employee within three

months after the OSH Code takes effect, unless where the employee has already been issued such letter.

The content and the form of the letter of appointment will be prescribed by the appropriate government (for private entities, this will be the State government).

### **E. Working Hours**

Currently, working hours are regulated by different statutes, depending on the nature of the enterprise and where it is located. For instance, under the Factories Act, the prescribed number of working hours is 9 hours per day and 48 hours per week. The OSH Code will prescribe uniform working hour requirements which apply across all establishments. In particular, no worker may be required or allowed to work for more than eight hours a day. There are specific requirements which apply to certain establishments such as mines and to certain types of workers such as motor transport workers.

### **F. Contract Labour**

Businesses have increasingly relied on contract labour to free themselves of labour compliances and regulatory restrictions on hiring/firing workers. Contract workers have often suffered from lack of job security, assured wages and social security, faced precarious working conditions, and their rights have not been enforced on an equal footing with permanent employees.

Currently, the use of contract labour is regulated by the CLRA. The CLRA generally applies to: establishments with 20 or more contract labour; and contract labour providers who employ or had employed 20 or more contract labour, on any day of the preceding 12 months. Under the OSH Code, the requirements on the use of contract labour will only apply to:

- establishments employing 50 or more contract labour; and
- contract labour providers who employ or had employed 50 or more contract labour, on any day of the preceding 12 months.

Additionally, under the OSH Code, an establishment must not use contract labour in their core activities, subject to the following exemptions:

- the normal functioning of the establishment is such that the activity is ordinarily done through contractor.
- the activities are such that they do not require full time workers for the major portion of the working hours in a day or for longer periods; or
- any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time.
- In the Code, the following are not considered core activities, if the establishment is not set up to carry out such activity:
  - sanitation works;

- watch and ward services including security services;
- canteen and catering services;
- loading and unloading operations;
- running of hospitals, educational and training institutions, guest houses, clubs and the like where they are in the nature of support services of an establishment; courier services which are in nature of support services of an establishment;
- civil and other constructional works, including maintenance;
- gardening and maintenance of lawns and other like activities;
- housekeeping and laundry services, and other like activities, where these are in nature of support services of an establishment;
- transport services including ambulance services and
- any activity of intermittent nature even if that constitutes a core activity of an establishment

### **G. Agreement for Labour**

Employers should review their workforce structure to assess who will be deemed to be "workers" and whether they will consequently be considered "establishments" to which the OSH Code will apply. For OSH Code employers will have to consider how to comply with the new requirements. In particular, employers in the State of Uttarakhand should keep a look out to see whether the State Government has issued the draft rules, which will give clarity on the form and content of the mandatory appointment letter and whether any employment contract already issued will satisfy the requirement. This will require the employers to also review their use of contract labour and assess that they are not being used for the core activities.

This enables business to retain and terminate the employee at a pace which is optimal for the businesses to become more efficient. However, it has its own demerits, as often there are complications regarding the rights of labour force. This is because the relation between the employer and the employee is unequal, and this inequality becomes more prominent in situations where the employees are semi-skilled and unskilled. The limited bargaining capacity they had would be further limited by the extended freedom which has been provided to the Employers in the new code to terminate the contract of the employee.

### **H. Expanded Coverage Under Safety Laws**

The Codes themselves are a move to expand BHR coverage in certain areas. As discussed previously, the occupational safety and health code now applies to all establishments with 10-plus workers (and all hazardous establishments). A number of provisions expand liability (and consequently the avenues of

recourse for accidents and defaults), including: holding the principal employer (rather than the contractor) primarily responsible for providing welfare facilities for contract labour and inter-State migrant labour; holding both the owner and the occupier jointly and severally liable for maintenance of factory premises (unlike the current position which places the onus solely on the owner); and incorporating duties and liabilities of specialists (architects, designers, machinery installers/suppliers/importers, etc.) in the project management and supply chain. Further, there is an increased penalty (both monetary fine and term of imprisonment of company officers) for violating safety provisions resulting in an accident. Better health raises productivity by a reduction in absenteeism and by a prolongation of the working life during which the State economy will reap the benefit of the education and training the worker has received and will eventually drive the State economy towards a better net growth.

### **I. Prosecution of Senior Management**

In previous labour law iterations and amendments, there was a significant gap between senior management/board (reporting and sanctioning) and actual on-the-ground compliance. The traditional role of the board and senior management in the context of workplace safety and social security was limited to signing off on compliance handled by mid-level management. Unless there was a major safety incident or union activism, senior management would, with a few exceptions, remain distant from BHR issues. These new versions of the Codes, while introducing significant changes conceptually, do not provide the board or key managerial personnel with new impetus to actively participate in the formulation of impactful BHR strategy beyond technical compliance.

That said, the government has made some effort to recognise the critical link between BHR and senior management/the board. In addition, there are various parallel developments and requirements that add to the pressure on businesses to accept the regulations as baseline and do more to demonstrate their willingness to engage on these issues. The State of Uttarakhand while framing rules in its capacity should not prohibit such prosecution. This will create a deterrence to ensure that employee do not violate these new provisions of law.

### **J. More Robust Disclosure**

The Indian Ministry of Corporate Affairs (MCA) has released a fulsome set of guidelines on responsible business conduct and format for comprehensive business responsibility reporting, which take into consideration global developments in non-financial sustainability reporting. The reporting format requires disclosures on key BHR aspects in granular and disaggregated detail, with respect to sustainable

sourcing, human rights protections, permanence of/diversity in workforce, stakeholder complaints, bribery and corruption, community development projects, environmental impact assessment of operations etc. The State government can take a cue from this and make relevant changes in the disclosure requirement.

The following draft rules, which the Central Government proposed to make in exercise of powers conferred by Section 133 of the occupational Safety, Health and working conditions code, 2020 read with section 24 of the General Clauses Act, 1597 and in supersession of the- (i) The Uttarakhand (U.P. Factories Rules, 1950) Adaption and Modification order, 2002; (ii) The Uttarakhand (U.P. Factories Welfare Officers Rules, 1955) Adaption and Modification order' 2002 (iii) The Uttarakhand (U.P. Factories Safety Officers Rules, 1984) Adaption and Modification order' 2002 (iv) The Uttarakhand (U.P. Factories Control of Industrial Major Accident Hazards Rules, 1996) Adaption and Modification order, 2002 (v) The Uttarakhand (U.P. Contract Labour (Regulation and Abolition Rules, 1975) Adaption and Modification order, 2002; (vi) The Uttarakhand (U.P. Inter-State Migrant workmen Regulation of Employment and Conditions of Service Rules 1983) Adaption and Modification order, 2002, (vii) The Uttarakhand Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005. Some of the important changes are as follows:

**(i) Registration of Certain Establishment:**

Rule 3 envisages that the employer of every establishment shall apply for registration on the official web portal of the State Government by furnishing details of the establishment, ownership, type of building and other construction work or manufacturing Process and other details as specified in Form 01 annexed with the rule. The applicant shall also upload the requisite documents on the official web portal of State government. It shall be the responsibility of applicant for the veracity of all the information and uploaded documents on the said portal. Any change in the ownership, management or

any particular furnished in Registration Form 01 submitted on the said portal, shall be updated by the employer as early as possible but within thirty days of such change.<sup>20</sup>

**Duties of Employer and Employees for health of the Employee**

Under Section 6(c), it has been laid down that the employer shall ensure a health examination of every employee who has completed forty-five years of age, at least once in every twelve months. The employee who had met an accident resulting in a serious bodily injury shall also be examined so. The employees shall also be medically examined within 15 days of their induction or prior to employment. The expense of such examination shall be born by the employer.

The health examination shall be conducted by a qualified medical practitioner. Records of such annual examination shall be maintained in Form-03 as a Health Register and if the conducted examination is for new employment, it shall be maintained in Form-04 as a Certificate of fitness. Findings of such examination shall be shared with the concerned employee.

The health examination shall include –

- a. Full medical and occupational history;
- b. Clinical examination with particular reference to-
  - i) General Physical examination; (ii) Vision - it shall include visual acuity and funduscopy examination;
  - (iii) Hearing – audiometry test, if required ; (iv) Breathing –Pulmonary function test or X ray, if required.; (v) Spine - Adequately flexible for the job concerned.; (vi) General - Mental alertness and stability with good eye, hand and foot coordination.
- c. Complete blood count test; and any other test or examination which the qualified medical practitioner considers necessary

Rule 9 states that when any worker in an establishment contracts any disease specified in third schedule, the manager of the factory shall send a notice electronically or otherwise in Form-07 to Inspector-cum-Facilitator, Chief Inspector-cum-Facilitator and Chief Medical Officer<sup>22</sup> of the district within seven

<sup>20</sup> Provided that in accordance with provisions of Part VII of Chapter XI of the Code for the purpose of the approval of plan and issuing a licence for a factory defined in section 2(1) (w) or section 81, the manner of online application with other requisite Forms, fee and documents is prescribed in Part IV of Chapter IX of the rule. The applicant shall pay the fee online along with the application

<sup>21</sup> Provided that the employees engaged in hazardous Process or dangerous operations shall be examined after every six month or earlier in accordance with the provisions specifically provided in the code or rule for the same

<sup>22</sup> If any qualified medical practitioner attends on a person who is or has been employed in a establishment and who is or is believed by the qualified medical practitioner, to be suffering from any disease specified in the Third Schedule of the Code , he shall forthwith send a report electronically or otherwise to Chief Inspector-cum-Facilitator stating:-

- a) The name and full postal address of the patient,
- b) The disease from which he believes the patient to be suffering, and
- c) The name and address of the factory in which the patient is or was last employed

days from the date on which it comes to the knowledge of the employer or manager of the establishment.

**(ii) Formulation State OSH Board**

Rule 15 (1) envisions the responsibility of the board for securing the health, safety welfare of employees in factories and establishments without prejudice. The board has been vested with multiple responsibilities.<sup>23</sup>

**(iii) Safety Committee-**

Rule 18 establishes constitution of safety committee in every establishment wherein 250 or more employees are ordinarily employed or which carried on any Process of operation declared to be dangerous under section 82 of the Code or which carried on 'hazardous Process' as defined under section 2(1)(b) of the Code a Safety Committee shall be constituted.

The functions and duties of the Safety Committee shall include Assisting and cooperating with the management in achieving the aims and objectives outlined in the 'Health and Safety Policy' of the establishment; Dealing with all matters concerning health safety and environment and to arrive at solutions to problems encountered, also creating safety awareness amongst all employees and undertaking educational, training and promotional activities.

The rule requires that the committee should discuss reports on safety, environment and occupational health surveys, safety audits, risk assessment, emergency and disaster management plans and implementation of the recommendations made in the reports and carry out health and safety surveys and identify causes of accidents. It should also look into any complaint made on the likelihood of an imminent danger to the safety and health of the employees and suggesting corrective measures; and lastly, review the implementation of the recommendations made by it.

**(iv) Working Hours and Overtime**

Rule 20 lays down Daily and weekly working hours of an employee.

**1) Daily hours-** No employee shall be required or allowed to work in an establishment for more than eight hours in any day: Provided that total number of hours of work may be extended up to ten hours in pursuance of provisions of section 27 and rule made thereunder and subject to the conditions prescribed therein.

**2) Weekly hours-** No employee shall be required or allowed to work in an establishment for more than 48 hours in any week<sup>24</sup> and any worker works on the first day and has had a holiday on one of the three days immediately before it, that first day shall, for the purpose of calculating his weekly hours of work, be included in the preceding week.

**3). Overtime:** Rule 22 says that an employee may be allowed to work overtime upto 2 hours in any working day. There shall be no overlapping of shifts for such hour of overtime and an employee will not be allowed to work on overtime more than 4 days in one stretch in any week.

It is the duty of the Employer to ensure that such extra hour will not affect the health and safety of worker adversely owing to engagement in Dangerous operations or Hazardous Process and for any such overtime, supervision of work, health and safety of workers shall not be compromised. The worker shall be intimated in writing or electronically for such hours of overtime before he starts working for such hour.

**(v) Study of Inter-State Migrant worker**

Rule 49 states that the State government may at any time as it deems necessary may or shall if directed by Central Government, conduct a study of Inter-State Migrant Worker from State of Uttarakhand or to the State of Uttarakhand. The manner of such study, composition of study team and other matters shall be such as decided by State Government.

It has been laid down under Rule 47 that the contractor shall pay to the migrant workman the return fare from the place of employment to the place of residence in the home-state of the migrant workman on the expiry of the

<sup>23</sup> (a) Minimizing accidents, gas leakage, fire, etc in the factories. For this purpose the board may prescribe the procedure and frequency of inspection, mock drills and enquiry of all serious accidents. b) The board shall review all such accidents in any establishments where five or more persons have died.

(c) preparation and submission of the annual report to the Government on the activities of the Board; (d) proper maintenance of accounts; (e) collection of contributions to the fund and other charges; (f) appoint Committees for disposal of the business of the Board or for advice in various matters pertaining to the objects of the Board; (g) hear and deal with the complaints; (h) secure the fulfilment of any contract and agreement entered into; (i) authorize any person to enter into negotiations and execute contract and to rescind and vary all such contracts; (j) open account with the Bank and authorize officers of the Board to operate on them as well as draw, accept, endorse and execute cheques, bills of exchange etc. on behalf of the Board; (k) lay down rules for affixation and safe custody of common seal of the Board; (l) invest the fund money and deposits within Nationalized Banks, Government securities or in institutions wholly owned by the Government; (m) Delegate from time to time all or any of its powers to the Secretary or any other officer of the Board as may be necessary for the efficient administration of the affairs of the Board.

<sup>24</sup> Provided that total number of hours of work may be extended upto 60 hours in accordance with the provisions of section 27 and rule made thereunder and subject to the conditions prescribed therein.

period of employment<sup>25</sup>. If the migrant worker is employed for more than six months, s/he shall be given journey allowance which will be equivalent of to-and-fro fare i.e., from place of employment to place of residence, after expiry of every six month. The fare shall not be less than second class railway ticket of shortest distance and the journey allowance shall be paid by the principal employer in advance electronically, as far as practicable.

#### **vii. Health and Safety Policy**

Section 75 envisages that the occupier of every factory, except as provided for in sub-rule (2), shall prepare a written statement of his policy in respect of health and safety employecs at work.

Rule (4) The Health and Safety Policy of the top management to health, safety and environment and compliance with all the relevant statutory requirements; (b) Organizational set up to carry out the declared policy clearly assigning the responsibility at different levels; and (c) arrangements for making the policy effective. The rules state that in particular, the Policy should specify the following - (a) arrangements for involving the employees ; (b) intention of taking into account the health and safety performance of individuals at different levels while considering their career advancement ; (c) the responsibility of the Contractors, sub-Contractors, transporters and other agencies entering the premises ; (d) a resume of health and safety performance of the factory in its Annual Report; (e) relevant techniques and methods such as safety audits and risk assessment like Hazard study etc and other safety techniques for periodical assessment of the status on health, safety and environment and taking all the remedial measures ; (f) its intentions to integrate health and safety, in all decisions including those dealing with purchase of plant, equipment, machinery and material as well as selection and placement of personnel ; (g) arrangements for informing, educating and training and retraining its employees at different levels and the public, wherever required. These changes will bring a transformational change in the quality of job experience of all the employee.

Notwithstanding the above, the Codes have been criticised for aspects that are ambiguous or remain unremedied, such as raising the threshold for applicability of contract labour benefits (from establishments employing 20-plus workers to those employing 50- plus workers), empowering the

government to change the threshold for applicability of social security schemes and exempting establishments from the applicability of the code on industrial relations, with no parameters set out for such exemption. The code on occupational health and safety covers establishments with 10- plus workers (except for hazardous industry) thereby eliminating a large number of important regulatory provisions for enterprises with smaller operations – whereas safety laws are arguably basic protections that should cover all workers. It is important to recognize the ground realities where companies merely comply with the laws and lack the broader interest to fight against inequality and extending employment opportunities to the marginal sections of the society. Such an apathy towards social inclusion including in recruitment and selection hardly creates fair opportunities for the marginal sections. In the State of Uttarakhand while enacting the draft rules and subsequently implementing this regard it is imperative to ensure that safety is prioritized.

The Annual report Ministry of Labour and Employment states that 1, 97, 128 migrants have returned to Uttarakhand during the pandemic. These individuals will significantly contribute towards the increase in available local workforce. These individuals are better trained and skilled to contribute towards increasing the GDP of the State. The State of Uttarakhand is being integrated in the Shram Suvisha Portal. Data is being shared and LIN is being allotted to the establishments covered by the State labour enforcement agencies. This will ensure that convergence of law occurs concurrently with its enforcement and practical implementation. These changes are paramount in a hilly State of Uttarakhand where there is a significant outward distress and aspirational migration. The integration will allow them to be part of the registered labour force and may pave way for extension of legal benefits even in unorganized sector. Going forward, the State need to increase the ICE Programmes for capacity building and spreading awareness about the changes; Conduct continuous workshops to train employers and employees about the changes being brought about the labour codes and their rules therein; Integrate better orientation and awareness promotion in employment schemes by giving benefits to the employers; Carry on periodic programmes for evaluation of policies which are mandated under the Draft Rules and the four labour codes; Integrate these changes brought by the labour rules into the existing policies and schemes; Conduct regular Azadi ka Amrit Mohotsav like training programmes for awareness of

<sup>25</sup> and also on his - (a) Termination of service before the expiry of the period of employment for any reason whatsoever; (b) Being in-capacitated for further employments on account of injury or continues ill-health duly certified as such by a registered medical practitioner.



occupational safety and health in different districts of the State; Ensure a shift from inspector regime to a regulatory labour regime; Increase access and inclusivity to the marginal sections of the Society by ensuring the timely and regular implementation of the labour codes and the rules framed under them; It is also imperative that these draft rules are discussed and enacted into rules for proper implementation.

## CONCLUSION

Regulations, while a good starting point, are often compliance driven and reactive – prescribing remedial measures once an incident/accident occurs. The Codes make a genuine effort to move away from this practice, as is evident from the significant conceptual changes that they introduce. This has helped them to build employee morale, brand recognition and, ultimately, shareholder confidence to emerge as leading employers of choice with an outstanding global reputation.

It is imperative that the State of Uttarakhand makes a consistent proactive effort to enact these Draft rules under the Labour Code. It is an important opportunity for the State to ensure that it create rules and regulation which further facilitate and built of the strong measure that the Labour Code envisage.

The State must ascertain that application of these new Labour Code and Rules framed thereunder are able to shape the different stakeholder expectations and to get them 'on the same page' to create an ecosystem that protects the interests of the labours while simultaneously nudging businesses to maximize profits. The State is uniquely placed to protect and promote the Constitutional goal under Art.39<sup>26</sup> and increase representation, access and interaction of all stakeholders thereby reducing the fault lines existent in the labour economics of the State and creating roadmap for the State economy to flourish and improve the job quality of the workforce.

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<sup>26</sup> Certain principles of policy to be followed by the State: The State shall, in particular, direct its policy towards securing:

- (a) that the citizens, men and women equally, have the right to an adequate means to livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
- (d) that there is equal pay for equal work for both men and women;
- (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
- (f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment





## Chapter 5

# Youth, Skills, MSMEs, Entrepreneurship & Employment

### Introduction:

According to the National Commission on Population (2020) projections, approximately 27.2 percent of the national population in 2021 was in the age group of 15-29 years (youth). Uttarakhand in the same year had a higher percentage of population in the same age group at 29.2 percent. Thus, the largest segment of the State's demographic structure is the young people poised to enter the labour market. To reap the benefits of this demographic dividend, it is critical to ensure that this group is highly skilled to meet the requirements in the primary, secondary and tertiary sectors of the State's economy.

Multi-dimensional policies and programmes are required at the State level to reform the education sector and to provide in-demand skills to this future workforce. At the same time, the workforce in the age group of 30-64 requires skill upgradation to keep pace with the changing nature of work and demands of the employers. A large percentage of this workforce may be increasingly inclined towards self-employment. This trend needs to be supported and encouraged through especially tailored policy initiatives and well-designed programmes, implemented effectively by dedicated institutions, having well trained teams who reach out and extend their efforts to each district, block and village of the State.

The recent changes in technology due to automation and artificial intelligence have forced the workers to

switch the way they work and acquire new skills. The pandemic has only accelerated this process. The change in the means of work introduced new challenges of acquiring skills to work online. For instance, look at the case of online teleconsultations in the health sector. These required doctors to answer patients' questions related to health from remote locations. To be able to diagnose online, the doctors required additional training and good communication skills. Due to the availability of this service, people living in rural and semi-urban places with limited medical facilities reaped benefits from this service. In India, around seventy-five thousand patients per day, used the online consultations by July 2021 through The National Telemedicine Service (eSanjeevani). Apart from doctors, nurses and ASHA workers can also be trained to assist in the sessions. However, there are some challenges like the availability of internet on using the service. Despite the shortcomings, several healthcare groups and governments including Government of Uttarakhand are stepping up programmes to widen and deepen the reach of this service, which would require the workforce to upgrade their skills to meet the growing need.

This type of change to keep up with the changes in work requirements, requires robust and responsive re-skilling and up-skilling eco-system built jointly by government and private sector covering primary, secondary and tertiary sectors of the State's economy.

27 Report of the Technical Group on Population Projections (2020), Census of India 2011.

[https://main.mohfw.gov.in/sites/default/files/Populationpercent20Projectionpercent20Reportpercent202011-2036percent20-percent20upload\\_compressed\\_0.pdf](https://main.mohfw.gov.in/sites/default/files/Populationpercent20Projectionpercent20Reportpercent202011-2036percent20-percent20upload_compressed_0.pdf)

28 McKinsey Global Institute (2017):

<https://www.mckinsey.com/featured-insights/future-of-work/jobs-lost-jobs-gained-what-the-future-of-work-will-mean-for-jobs-skills-and-wages>

**The Existing Policy Framework in Uttarakhand:**

The State has promulgated several policies which impact youth, skill development, employment, MSMEs and start-ups. Following these policies have a more direct impact on youth, employment, MSMEs and Start-Ups in the State:

- ✓ Uttarakhand State Sports Policy 2021
- ✓ Uttarakhand MSME Policy 2015
- ✓ Uttarakhand Start-Up Policy 2018
- ✓ Uttarakhand Education Policy

The State is implementing several other policies, which impact youth, skilling, entrepreneurship and employment. These are:

- ✓ Uttarakhand Tourism Policy 2018
- ✓ Mega Industrial & Employment Policy 2015
- ✓ Bio-Technology Policy 2018-23
- ✓ Uttarakhand Aerospace & Defence Industrial Policy 2020
- ✓ Special Integrated Industrial Incentive Policy 2008 (Hill Policy) as Amended in 2011.

There is a gap in the policy framework and a need for formulation of policies with specific focus on Youth and Skill Development to meet the current and future development needs. The Skill Development Policy is in the making since 2018 and requires to be finalised and implemented in tandem with MSME, Tourism and Education Policies.

**SECTION – 1****SKILLS DEVELOPMENT**

Uttarakhand Government approved a policy for youth aimed at imparting employment-oriented training to them, in 2011. The policy was first of its kind in the State. The policy aimed to benefit nearly 40 lakh youths of the State. Under the policy, every government department would allocate some funds with the Youth Welfare Department acting as a nodal agency for the purpose. A Youth Commission was envisaged to be formed. The policy categorised youths in three age groups of 13-18 years, 19-25 years and 26 to 35 years. Initially, ten lakh youths were targeted to be given employment-oriented vocational training in various fields to enable them to earn their livelihood. There is a need to revisit the Youth Policy 2011 and fine tune the same to the current and future needs of youth. The State government is implementing several programmes, schemes and initiatives addressing the development and welfare needs of youth, skilling of the workforce, promotion of MSMEs, support to entrepreneurship and start-ups.

While the existing policies, programmes and schemes are comprehensive and well designed and supported by detailed guidelines and tools for implementation, following measures are suggested, to optimise the results of the same:

- ▶ Capacity development of the implementing departments and their district and sub-district level functionaries in terms of ability to promote the utilisation of the existing programmes and schemes and to facilitate the provisions of the same by the neediest.
- ▶ Introducing a strong element of accountability amongst the functionaries towards successful implementation.
- ▶ Strengthening concurrent monitoring systems with stronger use of technology and utilisation

of the feedback for timely remedial steps and course correction at local level, in addition to higher level interventions, which may be delayed.

- ▶ Periodic (suggested quarterly) thematic reviews of progress of programmes and schemes associated with youth, employment, skilling, entrepreneurship, MSMEs and start-ups led by nodal departments.
- ▶ Regular review of policies, and design of programmes and schemes to maintain their relevance and ability to keep up with emerging challenges and fast changing external factors.
- ▶ Sharing of resources, such as databases of beneficiaries amongst concerned departments using technology, to improve targeting of most needy, and prevent duplication, overlap and wastage of resources.

**Development Goals 2030. These are:**

Target 4.4 is to increase by 75 percent the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

S.No	Indicator	Baseline 2016-17	Target 2030
4.4a	Number of students taking technical education in poly technics	20,600	50,000
4.4b	Placement Linked skill training capacity in the State under DDU	5000	150,000
4.4c		131	200
4.4d		NA	500

Source: Uttarakhand Vision 2030. DES, GoUK & SDG Department Wise Indicators 2020-21

While the targets set for 2030 are challenging, they are achievable with a focussed approach. Achievement so far is encouraging ranging from nearly 17% youth being placed as compared to the target and 32%. National Skill Development Corporation (NSDC) conducted a skill gap study for Uttarakhand in 2017, which estimated the demand for manpower in different sectors. Table 1 shows that the demand for manpower is higher in Agriculture among different sectors and it is projected that 2.4 million will be needed by 2022. The demand for manpower in the Manufacturing industry grew by 54.90 percent from 2012 to 2017 and is

expected to grow by 56.64 percent in 2022. Likewise, manpower demand is projected to increase by 53.05 percent in 2022 for the Tourism industry. The projection also shows that the Education & Skill Development sector will require 0.45 million human resources. The human resources requirement will also increase in the Construction, Transportation, Public admin., Food Processing, Healthcare, Real estate & Banking Services, Auto & Auto Components, Postal and Communication, Banking, Financial Services & Insurance, Metal & Mining, Electricity, Gas and Water, and Unorganized sectors in the future.

**Table 1: Sector-Wise Human Resource Requirement**

Human Resource Requirement (Demand) by a Sector			
Sector	2012	2017	2022
Agriculture	2,140,711	2,280,878	2,439,839
Tourism, Travel, Hospitality and Trade	300,642	450,462	689,444
Manufacturing	286,683	444,090	695,644
Education & Skill Development	192,803	296,652	456,437
Building, Construction & Real Estate Services	213,632	275,924	356,380
Transportation, Logistics, Warehousing & Packaging	72,582	124,788	214,989
Public Administration	126,431	136,172	146,663
Food Processing	72,413	117,360	191,542
Healthcare	76,978	116,814	177,710
Real Estate and Banking services	72,082	88,607	108,941
Auto & Auto components	36,348	58,675	95,539
Unorganised Sector	54,333	61,370	69,317
Postal and Communication	47,491	57,197	68,928
Banking, Financial Services & Insurance	44,331	51,187	59,508
Metal and Mining	39,767	47,779	57,546
Electricity, Gas and Water	29,950	34,511	39,896
<b>Total</b>	<b>3,807,179</b>	<b>4,642,466</b>	<b>5,868,322</b>

Source: Skill Gap Study, NSDC, 2017

The skill gap study for Uttarakhand, 2017, also breaks down the human resource requirement by skill level-wise (see Table 2). In the Agriculture sector, 70 percent minimally skilled, 20 percent semi-skilled, and 10 percent skilled human resources will require in 2022. The Manufacturing industry will need 36.6 percent minimally skilled, 37.4 percent semi-skilled, and 25.8 percent skilled human resources. The Industries like

Food Processing, Metal & Mining, Building Construction & Real Estate Services, and Tourism will require minimally and semi-skilled human resources by 80 percent, 71 percent, 97 percent, and 65.6 percent, respectively. The Education & Skilled, Healthcare industry will require predominantly skilled human resources by 100 percent and 91 percent, respectively.

**Table 2: Skill Level-Wise Human Resource Requirements For Different Sectors**

Sector	2017				2022			
	Minimally Skilled	Semi-Skilled	Skilled	Total	Minimally Skilled	Semi-Skilled	Skilled	Total
Agriculture	1,596,615	456,176	228,088	2,280,878	1,707,887	487,968	243,984	2,439,839
Food Processing	93,888	-	23,472	117,360	153,234	-	38,308	191,542

Sector	2017				2022			
	Minimally Skilled	Semi-Skilled	Skilled	Total	Minimally Skilled	Semi-Skilled	Skilled	Total
Metal and Mining	24,606	9,317	13,856	47,779	29,636	11,222	16,688	57,546
Manufacturing	165,659	162,803	115,628	444,090	254,705	260,814	180,126	695,644
Transportation, Logistics, Warehousing & Packaging	23,812	10,698	-	34,511	27,528	12,368	-	39,896
Building, Construction & Real Estate Services	223,498	44,148	8,278	275,924	288,668	57,021	10,691	356,380
Auto & Auto Components	18,972	25,035	14,669	58,675	30,891	40,763	23,885	95,539
Electricity, Gas, Water	86,104	38,684	-	124,788	148,342	66,646	-	214,989
Postal, Communication	-	15,443	41,754	57,197	-	18,611	50,317	68,928
Banking, Financial Services & Insurance	-	13,821	37,367	51,187	-	16,067	43,441	59,508
Real Estate and Banking Services	71,772	14,177	2,658	88,607	88,242	17,431	3,268	108,941
Public Administration	28,815	92,253	15,103	136,172	31,035	99,360	16,267	146,663
Education & Skill Development	-	-	296,652	296,652	-	-	456,437	456,437
Healthcare	-	-	116,814	116,814	-	14,217	163,493	177,710
Tourism, Travel, Hospitality and Trade	226,743	68,269	155,450	450,462	338,764	113,630	237,050	689,444
Unorganised Sector	18,411	24,548	18,411	61,370	20,795	27,727	20,795	69,317
<b>Total</b>	<b>2,578,895</b>	<b>975,372</b>	<b>1,088,200</b>	<b>4,642,466</b>	<b>3,119,727</b>	<b>1,243,845</b>	<b>1,504,750</b>	<b>5,868,323</b>

Source: Skill Gap Study, NSDC, 2017

Policy Response of the above-mentioned study is underway and a State Skill Development Policy under finalisation may aim to demand driven job avenues. Skills to be imparted to the local youths may be strictly in keeping with the employment demand of different areas or districts. The strategy would be to ensure that skilled local youths are able to get employment in areas they hail from.

Youth may be trained in different skills in demand, in cottage industry, micro, small or medium enterprises and unorganised sector as well, which would lead to skills training for trades such as plumbers, mechanics, carpenters, masons, steel fabrication and other construction related activities. Youth may also be trained modern farming, horticulture, organic farming, tourism related activities.

It is also planned to deploy training and certification agencies to enable youth to secure jobs or be self-employed.

One of the unique characteristics of workers in Uttarakhand is high mobility, which also contributed to the fast-economic growth of the State. However, the overall job growth in the State has been negative since 2005 and the share of workers with salaried jobs

remains quite low. The non-farm sectors of Uttarakhand's economy are not creating enough jobs to absorb the growing size of its population that is not in school. This is especially so for the State's women, whose participation in the labour force has been declining since 1994.

To catch up with the growing industry demands the State aims to increase the pool of skilled workers by 650,000 over the next five years.

**Skill Development in Uttarakhand:** To achieve the Uttarakhand Vision 2030 goals, the State government is organizing technical and profession training schemes for youth and adults to enable them to get their preferred jobs. Uttarakhand Skill Development Mission (UKSDM) was launched in 2013 to coordinate multiple programmes and schemes aimed at skilling the workforce of the State. Through its programmes, free training is given to youth in rural and urban areas. Some of these are briefly outlined below.

Government of Uttarakhand (GoUK) is implementing various skill development initiatives for the youth. There are three types of skilling interventions underway having varied durations:

- ❖ Short-term training (STT): These are the courses ranging from 3-6 months of skill-oriented training
- ❖ Medium-term training (MTT): The duration of these courses ranges between 12-36 months
- ❖ Technical Education / Long-term courses (TE/LTT): The duration of these courses ranges from 12-36 months and the training is provided by Industrial Training Institutes (ITIs), polytechnics, engineering colleges, etc.

A recent study report (State Report – Uttarakhand Skill Gap Study - September 2021) by the Department of Rural Development, Government of Uttarakhand reveals the following interesting findings related to status of skills development youth aspirations in the State.

1. 4.7% of the State's population (aged 15 years and above) have undergone vocational training of some kind. This is lesser than the national average of 5.4% population of the same age group.
2. The current apprenticeship scheme generally favours public sector institutions, mainly due to their need for trainees in large numbers; however, such apprenticeships do not transition into employment prospects for the trainee, as the recruitment process by the public sector institutions delay/prevent regularisation of the apprentices as full-time employees.
3. Currently, training service providers are largely catering to entry-level mass jobs like Tailoring or Embroidery, BPO/ Call centre operations, etc. Majority of training courses offered at present are in the Apparel & Textile, Telecom and Electronics industries. There is requirement for skilled workers with higher competency levels, in the Engineering and Food Processing industries among others.
4. Over 65% of the female respondents engaged in economic activities earned ₹15,000 per month or less indicating that they were either engaged in low skilled jobs or the employers were not paying commensurate with their skills.
5. There is a trend of increasing formalisation in jobs with increased education qualification, with 60% of the graduates employed in wage / salaried employment.
6. Scarcity of local jobs was the major reason (about 39% cited) for being in the status of Not in Education Employment or Training (NEET).
7. 94.3% of the NEET category respondents expressed their interest in working again and 86% were actively looking for job.
8. The respondents expressed their interest largely (47.8%) for salaried employment in public sector while 18.5% expressed their interest of working in private sector. The key factors determining their career aspirations were job security (29.8%), good income (28.2%) and job location close to hometown (20.3%).
9. About 65% respondents expected salaries more than INR 20,000 per month.
10. 35% respondents were interested to study beyond their present level of education
11. 41% respondents believed that they could achieve their career goals by continuing their education while 30% felt it can be achieved by vocational/ skills training.
12. Internet and online job platforms (30%) were the most frequently used sources to look for job opportunity.
13. Lack of jobs in the vicinity of their residence, pressure related to getting married, lack of career guidance, are identified as major challenges in pursuing desired careers.
14. Youth perceive relevant work experience, soft skills, and certified technical skills as key factors that determine employability and employment.
15. Education and skill development were the priority areas to work among the respondents. Other priority areas cited were security, agrobusiness, banking financial services & insurance, electronic & IT hardware, tourism & hospitality and healthcare services. Below figure demonstrates the percentage wise preference of sectors.
16. Only 38.8% of the respondents were aware about the skill development training programmes conducted by Government.
17. 14.4% respondents have undergone any type of training in the past. The respondents who had undergone formal training have taken it mostly from the private training service provider (30.8%) followed by Government ITI (17.9%), NGO led training (11.4%).
18. 55.7% of respondents reported that they wanted job within their district and 29.3% wanted to do job anywhere within Uttarakhand.
19. There is a requirement for strengthening the availability of labour market information and counselling services.
20. The respondents reported that the reason for migration was unavailability of local opportunities. Key reasons for work related migration were unable to find employment in hometown (67.9%), got employment in different region (13.5%), business purpose (6.5%) and better working condition (3.3%).
21. Lack of requisite core skills, candidates' disinterest and attitude are the major challenges faced by the employers in the recruitment and retention of workforce.
22. 55% of the total employers said that their existing workers had skill gap at entry level.
23. Employers of manufacturing industries observed that, the youth prefer service sector

- jobs in industries like Education and Healthcare, BFSI, and Tourism and Hospitality.
24. As per the employers, key challenges in recruiting from vocational programs was the mismatch in skills acquired vis-à-vis industry requirement, and their lack of exposure to or experience in working environment due to absence of internships and apprenticeships under the vocational programs.
  25. The youth also found the harsh working conditions and lack of amenities including sanitation and transport in many industries as a major deterrent to work in the manufacturing sector.
  26. English Communication was a major challenge among workers in the services sector. Soft skills, interpersonal skills, teamwork, and attitude are other major challenges across all sectors.
  27. Training service providers, District officials, and industries highlighted dearth of good quality trainers for both soft skills and job-specific technical skills. The centralised model of 'Sector Skill Councils' being responsible for training and certifying trainers and assessors made it hard for the stakeholders to access good quality trainers and assessors.
  28. Though industries are willing to collaborate with the Govt. for skill development and vocational initiatives, simplification of processes was urgently required in apprenticeship and short-term skill development programs.
- The study estimated incremental remand for skilled workers within the State till 2026. The results of the estimate are reproduced in the table below.

#### Estimated Incremental Demand Uttarakhand (2022-2026)

Sub-Sectors	Skilled Workforce	Semi-Skilled Workforce	Total
Manufacturing	16,042	32,084	48,125
Education, Health and Other Services	35,024	12,509	47,533
Construction	7,595	18,989	26,584
Banking, Financial Services & Insurance	10,764	5,382	16,146
Tourism & Hospitality	3,897	7,551	11,448
Trade (Retail & Wholesale)	2,374	8,218	10,592
Logistics	2,271	5,450	7,721
Agriculture & Allied Sectors	2,166	4,332	6,498
Real Estate & Professional Services	3,702	1,851	5,553
Communication / IT & ITES	2,818	1,409	4,228
Electricity / Water Supply / Mining	986	1,497	2,483
<b>Total</b>	<b>87,640</b>	<b>99,271</b>	<b>1,86,910</b>

Source: State Report – Uttarakhand Skill Gap Study - September 2021, DoRD, GoUK

**Pradhan Mantri Kaushal Vikas Yojana (PMKVY 2.0) (2016-2020):** The objective of the scheme was to equip the youth with industry-appropriate skill training to improve their livelihood. After the training, the individuals were assessed and certified under Recognition of Prior Learning (RPL). The table below provide the progress of the scheme in the State since 2016. From Table 3, the total enrolment increased between 2018 and 2019, but then decreased in 2020. The students have received training in several sectors

and some of the popular sectors where the enrolment was high were Electronics, Logistics, Tourism and Hospitality, and Apparel (see Figure 3). The district wise data (see Table 4) reveal that most of the enrolment (i.e., above 6,000) has happened in four districts – Dehradun, Udham Singh Nagar, Nainital, and Haridwar. However, going by the placement record then districts like Chamoli, Udham Singh Nagar, and Tehri Garhwal were able to place 40 percent and above enrolled students.

**Table 3: Yearly Summary PMKVY 2.0**

Fin Year	Total Enrolled	Trained	Assessed	Passed	Certified	Placed
2017-18	270	270	267	252	252	55
2018-19	13251	13098	12207	10891	10891	5673
2019-20	19463	19290	17672	16197	16143	6231
2020-21	15285	15277	13975	12320	12008	5748
2021-22	120	60	60	59	59	42
<b>Total</b>	<b>48389</b>	<b>47995</b>	<b>44181</b>	<b>39719</b>	<b>39353</b>	<b>17749</b>

Source: UKSDM



Figure 1: Sector Summary Under PMKVY 2.0 (Source: UKSDM)

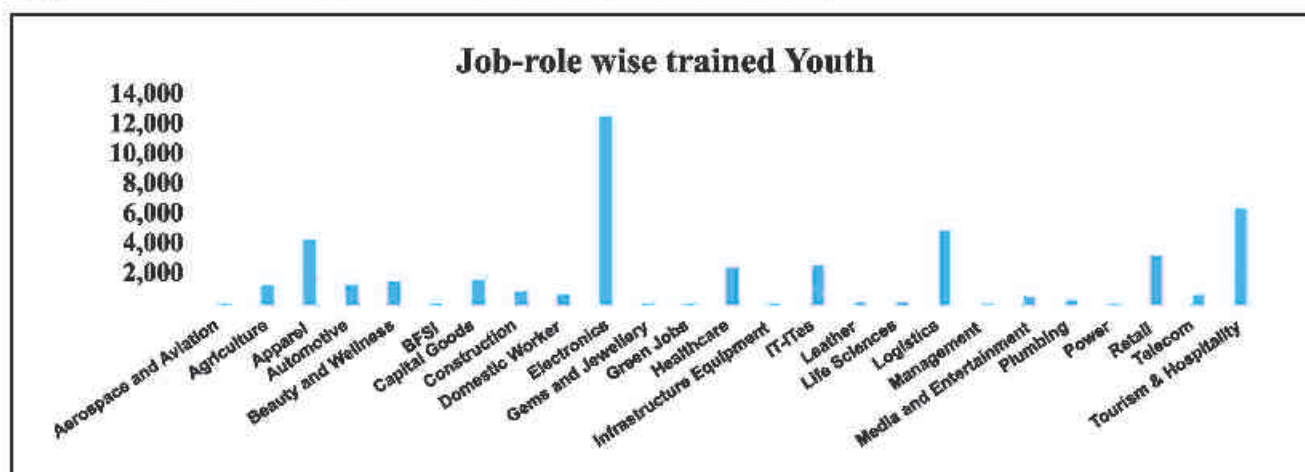


Table 4: District Summary PMKVY 2.0

District	ENROLLED	TRAINED	ASSESSED	PASSED	CERTIFIED	PLACED
Almora	3329	3264	3047	2736	2736	927
Bageshwar	939	937	676	520	520	147
Chamoli	299	299	298	266	266	144
Champawat	1108	1108	1077	931	931	366
Dehradun	10122	10021	8732	7841	7841	3223
Haridwar	6395	6284	5927	5359	5266	2101
Nainital	6685	6632	6110	5597	5548	2320
Pauri Garhwal	2727	2692	2593	2376	2376	918
Pithoragarh	1227	1227	1102	943	943	466
Tehri Garhwal	2211	2210	2034	1846	1846	897
Udham Singh Nagar	11998	11972	11400	10220	9996	5835
Uttarkashi	1349	1349	1185	1084	1084	405
<b>Grand Total</b>	<b>48389</b>	<b>47995</b>	<b>44181</b>	<b>39719</b>	<b>39353</b>	<b>17749</b>

Source: UKSDM

The factors that resulted in only 37% trained youth to be placed by the end of PMKVY 2.0 require to be analysed and documented to inform effective implementation of PMKVY 3.0

**Pradhan Mantri Kaushal Vikas Yojana 3.0 (2021-22):** Under the revised PMKVY 3.0 from June 2021, the central government has given the State a target of training 836 youth and 716 have been trained so far in different sectors like Agriculture, Tourism, Hospitality, Apparel, etc. Around 240 students are enrolled in Dehradun, 180 in Pauri Garhwal, and 146 in Udham Singh Nagar. Out of 716, 290 students have been certified and around 45 have been placed. This is only 6% of those trained.

Table 5: Summary PMKVY 3.0 (2021-22)

District	Enrolled	Trained	Certified	Reported Placed
Dehradun	240	240	65	0
Haridwar	90	90	67	2
Nainital	60	60	0	0
Pauri Garhwal	180	180	100	0
US Nagar	146	146	58	43
<b>Total</b>	<b>716</b>	<b>716</b>	<b>290</b>	<b>45</b>

Source: UKSDM

It is necessary to review the reasons for low level of placement and address the same so that the scheme can

achieve its slated objectives. It may be examined whether the low number of reported placements are due to lack of linkage with the trainees post completion of training or are there some other factors responsible.

**World Bank Funded Uttarakhand Workforce Development Project:** The objective of this \$ 74 million project is to improve the quality of training at select 25 Industrial Training Institutes (ITIs) and help the State produce higher-quality workers with relevant market skills. train and assess youth.

This project, framed within the national policy, will specifically address the issues of low quality and relevance of teaching practices at ITIs. It will establish a new professional development culture of annual training to continuously develop the technical and soft skills of principals, foremen, and teachers and enable them to receive up-to-date industry knowledge. Training programs will include domain-specific training (both theoretical and practical), pedagogical or management training, soft-skills training, industry-based training, and competency-based teacher training.

Over 24,000 trainees are expected to benefit at these ITI's during the project period and about 40,000 untrained youth, including unemployed and unskilled workers will participate in industry-relevant short-term training programmes, which are compliant with the National Skills Qualifications Framework (NSQF). The NSQF is a quality assurance framework in India that lays down nationally recognized competency standards for all qualifications.

From November 2021, 2,516 students have been enrolled and are undergoing the training programme. Twenty-five ITI's have been selected – 13 located in district centres and 12 ITI's that are well-linked to industries. Two out of four women's ITIs in the State are included in the list.

**Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY):** Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) is one of the prestigious placement-linked schemes of Ministry of Rural Development (MoRD). The scheme has twin objectives of introducing diversity to the incomes of rural poor families and cater to the career aspirations of rural youth.

The Department of Rural Development, USRLM is implementing DDU-GKY scheme in Uttarakhand. The programme is supporting rural youth to become economically independent by building desired skills and securing a job.

For implementation of the scheme, the State has empanelled, Project implementing agencies (PIAs) and they are the bridge between the candidates and employers, they ensure that candidates benefit and provide the tools for transformation.

The training partners/PIAs bring together the right trainers, experts, sector knowledge and infrastructure. They plan and execute projects to build an employable workforce.

The State has training centres which cover all the districts and providing training to candidates in different job roles under different sector skill counsels. They are equipped with State-of-the-art infrastructure, practical training labs, classrooms, IT facilities and experienced trainers. The emphasis is on quality and all-round training. On completion of their course, the trainees are employed in different sectors.

**Helping Out People Everywhere (HOPE, 2020 hope.uk.gov.in):** The objective of the HOPE portal launched by the State Government is to create and maintain a database of skilled and unskilled youth, and provide information related to employment/self-employment opportunities in the State. The programme has already started collecting information from the youth and migrants who returned to the State during the Covid-19 pandemic. It acts as a bridge to connect the employers with potential jobseekers.

Apart from this, HOPE also connects jobseekers with all the departments of the State and employers seeking workers and staff. The Uttarakhand HOPE Portal will help unemployed youths for job seeking and skill development. After the complete data of jobless youths is uploaded and database is created at the Hope Portal, it would be linked with Mukhya Mantri Swarojgar Yojana.

**Good Skilling Practices in Different Indian States:** To achieve the National Skill Development Mission 2015 of enhancing labours' employability and mobility, different States have been implementing several schemes. The Skill Development & Employment vertical of NITIAayog<sup>29</sup> have compiled a list of best skilling practices followed in different Indian States.

These practices are given Table 5:

**Himachal State Skill Development Project (HPSDP):** This project funded by the Govt. of India and the ADB started in July 2018 to help the State govt. to modernize and reform technical and vocational education and training institutions. As a result of this 4 year project, the State has become one of the first States

<sup>29</sup> [https://www.niti.gov.in/writereaddata/files/skillIndia-Digital\\_Book.pdf](https://www.niti.gov.in/writereaddata/files/skillIndia-Digital_Book.pdf)

to introduce UGC-approved Bachelors of Vocation (B.Voc) in 12 Government colleges in the Hospitality and Retail sectors with an enrolment of 824 students and has received a good response from the youth population. To offer the short-term vocational courses, the Graduate Add-on Courses have been introduced in the sectors of Banking and Finance, Hospitality, Electronics, Beauty and Wellness and Apparel and made-ups.

The State is planning to set up Model Career Centres to connect the candidate with the industry and to provide comprehensive counselling and career guidance.

**Punjab Asian Development Bank assisted Skill Development Programme:**With PSDM, Punjab Heritage and Tourism Development Board planned to train people in trades such as Phulkari, Punjabi Jutti, Khes, Crochet, Fabric Painting in some districts of the State.

**Development of Soft Skills with a focus on English:** To provide the soft skills to even professionally qualified jobseekers, short-term courses including a separate module on English and soft skills introduced by Punjab Skill Development Mission in collaboration with District Bureaus of Employment and Enterprises (DBEE) and Regional Institute of English (RIE).

**Table 5: Best Skilling Practices in Different Indian States**

Scheme	State Implementing the Scheme	Objective	Scheme Details	Target Groups	Impact
<b>Participatory Identification of Poor (PIP)</b>	<b>Rajasthan (2014)</b>	To reach the common people to create awareness of the existing skill development initiatives and enrol them in those programs.	Special Gram Sabhas plays an important role in identifying and mobilizing eligible youth. All the stakeholders assemble the representatives of Rural Development and Panchayati Raj summarizes the scheme details. The willing members give their consent to participate in the program and after checking their eligibility are enrolled in the training program.	Youth age group between 15 and 35 years old. Upper age limit for women, vulnerable tribal groups (PVTGs), PwDs, transgenders, bonded labourers, victims of trafficking, and HIV-positive people is 45 years old.	The program successfully trained 1,50,000 youth out of total enrolled 3,82,876 in the different skill training programs.
<b>Kaushalya Vardhan Project (KVP)</b>	<b>Gujarat (2010)</b>	To enhance skill development in remote and excluded areas of the State.	The project helps the household-based businesses by creating linkages and tie-ups with industry and traders.	People who are school-dropouts, rural youth, adolescent girls, and housewives.	Out of total 16,26,110 trainees around 10,32,811 are women and between 2012 and 2017, the percentage of women participation increased to 64 percent.
<b>Vikalp Skill Vouchers (VSV)</b>	<b>Maharashtra (2013)</b>	To provide a student with the right to chose the best institute	According to the scheme, a student can get training in his/her area of interest from the best institutes recognized by the voucher provider. The	Students.	Students with the voucher were twice as effective in getting jobs as

Scheme	State Implementing the Scheme	Objective	Scheme Details	Target Groups	Impact
		(recognized by voucher provider) for skill enhancement.	selection of the institutes can be done by looking at the quality indicators and placement history. Thus, to attract students, the institute has to compete with other institutes and perform well.		compared to their peers.
<b>Optimize Resource Utilization Through Scheme Integration</b>	<b>Uttar Pradesh (2013)</b>	To organize, implement, and monitor different skill programs.	The major schemes under UPSDM have been integrated and State Development Fund was created to financial needs. The 6 schemes that are integrated under UPSDM are the Skill Development Initiative, Multi-Sectoral Program, Special Central Assistance to Scheduled-Caste Sub-Plan, Building & Others Construction Workers' Scheme, Border Area Development Programme, and State Skill Development Fund.	Convergence for Scaling.	Integration of schemes include mobilizing all programs on a single platform to improve the quality and delivery of the schemes, better matching of aptitude and a wide variety of sectors and courses, and optimum utilization of Skill Training Infrastructure.
<b>Skill Development Allowance Scheme</b>	<b>Himachal Pradesh (2013)</b>	To provide allowance to educated Himachali unemployed youth for skill enhancement to become employed or self-employed.	A youth with no disabilities receives an allowance of INR 1,000 per month and youth with disabilities receive INR 1,500 per month for skill training which may be completed in three months to two years. In order to be eligible for the scheme, the family's annual income must be less than INR 2 lakh. Post-training if the youth aspire to become self-employed then he/she can apply for a bank loan.	Educated Unemployed Youth.	More than 1.10 lakh youth in the State has benefitted from the scheme.
<b>Household Assistant Trade</b>	<b>Madhya Pradesh (2016)</b>	To provide skill training to women who are engaged in household work.	The scheme allows the women to improve their income and standards of living and helps them to be multi-skilled. The course content under the scheme includes cooking (variety & with efficiency), operating &	Rural and Urban Women.	Around 600 women were trained for 150 hours over 50 days.

Scheme	State Implementing the Scheme	Objective	Scheme Details	Target Groups	Impact
			upkeep of kitchen gadgets, cleaning, first-aid knowledge & practice, security aspects including practices for self-defence, use of firefighting equipment, general etiquette, banking practices, including saving, investment & insurance		

Uttarakhand government may consider initiation of schemes such as skill vouchers and participatory identification of poor. The former can play a significant role in helping the underserved populations to acquire necessary skills required for the industry.<sup>30</sup> The vouchers have allowed newer investments from private businesses in starting new institutes. The State government may also consider introduction of ‘Skills

on Wheels’ programme. A bus may be used to travel to interior parts of the State to educate people about the different skill related schemes introduced by the government and various employment opportunities post-training. A collaboration with private companies and non-governmental organizations (NGOs) will make the programme effective.

## SECTION – 2

## YOUTH AND EMPLOYMENT

Young people are a major human resource for development, key agents for social change and driving force for economic development and technological innovation. However, harnessing this resource is a major challenge. The youth challenge is considered to be a critical economic development challenge.

Youth (15-29 years) constitute 29.2% of the total population of the State as compared to 27.3% at all India level.

The State has several programmes and institutions focussing on education, career development and employment of youth. The nodal department is the Department of Youth and Sports having several institutions responsible for facets of youth development in the State. One such institution is the Youth Welfare and Prantiya Rakshak Dal.

Youth Welfare and Prantiya Rakshak Dal

Activities of the Department are:

1. Organisation of rural sports competitions for boys/girls below the age of 18 years
2. Open rural sports competitions for women.
3. Promote Youth/Women welfare groups.
4. Strengthening of PRD volunteers
5. Deployment of PRD volunteers in social work/security arrangements.

6. Present Vivekanand Youth Award to Youth/ Women Welfare Groups for notable work.
7. Organise seminars, cultural programmes and youth festivals.
8. Construct/operate rural gymnasiums.
9. Provide vocational training to rural youth in different streams.
10. Organisation of courageous activities for youth.
11. Establishment and maintenance of Youth Centres.
12. Construct mini stadiums.
13. Construction of small playgrounds in rural areas.
14. Development of youth hostels.
15. Provide sports equipment to village assemblies.
16. Appointment of a Kreedha Shri in village assembly for the development of sports activities.

### Career Guidance Programme

The YWPRD department, Uttarakhand established Career Guidance Centres along with each district offices. Youth get information regarding latest employment opportunities and details about different courses and training.

The department is intending to establish a State Level Training Centre and to conduct regular Training and

<sup>30</sup> Baum, D., 2018. Private school vouchers in developing countries: a survey of evidence. SocArXiv6j7qp, Center for Open Science.

Vocational Programmes with the National Open School, Uttarakhand Open University & Indira Gandhi National Open University (IGNOU), etc.

### Youth and Sports

Sports have a close association with youth, starting from a very young age and are considered to be one of the key pillars of their development. The Vision of GoUK Youth Development Policy is:

1. Promotion of sports in the State will be achieved through the coordinated efforts of all the sports related components such as various departments, institutions, educational institutions, panchayats, sports associations and sports persons of the State Government.
2. Downstream technology will be used for upgradation of sports. Under this, special emphasis will be laid on promotion of local sports facilities as well as adopting need-based development approaches at various levels.
3. The Department of Sports will undertake necessary work to improve the quality of sports facilities and infrastructure as well as for their easy access to the general public, sportspersons, women, veterans and differently-abled sports persons.
4. The Department of Sports through its various units and Departments of the State Govt. and Sports Associations identifies sports talent and provides them primary and secondary training for the game of equality of talent in their home area and tertiary training at selected training centres at high level.
5. The Government will evolve an integrated mechanism to make sports practically employable and more attractive, incorporating credible programme of sports development plans, their fully defined structure. The Sports Dept. will prepare a target oriented and time-bound action plan.
6. The sports recognized by the Ministry of Sports, Government of India and the Indian Olympic Association will be promoted by the Dept. of Sports under sports schemes run under this Dept. of Sports. In addition, a scheme will also be implemented under the Dept. to encourage traditional sports.
7. Sports disciplines will be defined in three categories on the basis of practice.
  - (a) The sports disciplines relating to the Core Sports Disciplines- Olympic, Asian Games, Sports Disciplines played in Commonwealth Games and sports recognized by the Indian Olympic Association.
  - (b) Non-Core Sports Disciplines- Sports recognized by the Ministry of Sports, Government of India (except those recognized by the Indian Olympic Association),
    - (c) Traditional Sports – Traditional games identified by the State Government from time to time.
8. The Dept. of Sports will define the plan and programmes for the next 5, 10 & 15 years, which will be based on sports which will be based on sports where securing a special place is most likely.
9. The players of various sports from village to State level will be provided with training as well as facilities for participation in competitive competitions to develop sports culture and give a positive direction to the youth.
10. Based on the location specific (geographical and popularity of the game) in the State, at various locations, the respective games will be promoted locally, and that area will be developed as a ‘hub’ of the particular sport.
11. Efforts will be made to make optimum use by the general public and sportspersons by upgrading the available sports infrastructure in departments other than the Department of Sports such as Youth Welfare, Panchayat, Education, Higher Education and Police etc.
12. In order to encourage sports and to further improve the morale of the sportspersons, the players will be rewarded on the basis of their achievements at different levels.
13. There is immense potential for sports tourism in the State for which the selected sites will be developed in line with sports tourism.
14. The use of scientific techniques in sports has increased in the last few years, therefore, a ‘Sports Science Centre’ will be set up to educate the sportspersons of the State on sports science and its related techniques in which training as well as research work on scientific, psychological and medical aspects of sports will be carried out.
15. In view of the growing employment potential in the sports sector, training will also be imparted in the field related to various functions currently prevalent in the sector such as sports journalism, sports photography, concentrators, sports management, manufacturing related to sports materials, etc.

### India Youth Development Index (YDI) – 2017:

The Index offers State wise comparison of the factors that affect young people aged 15 to 29 years, across six key domains: Education, Health, Work, Political Participation, Civic Participation and Social Inclusion

outh Development Index is a composite index of indicators that reflect the socio-economic and political status of youth, besides their health and well-being. It is a multidimensional index that measures youth development in India on the basis of six domains mentioned above that characterizes structural features of Indian society.

India Youth Development Index 2017	Uttarakhand Rank
Overall India Youth Development Index	4
Youth Gender Development Index	3
Youth and Education Index	5
Youth and Health Development Index	3
Youth and Work Development Index	15
Youth and Political Participation Index	11
Youth and Civic Participation Index	3
Youth and Social Inclusion Index	5

Youth aspirations study conducted in 2019 across six districts of Uttarakhand (Dehradun, Tehri Garhwal, Almora, Champawat, Bageshwar and Pithoragarh) by India and Bharat Together, a non-profit, collected insights on youth career aspirations, the driving forces behind them, as well as the barriers youth face in the way for any action toward fulfilling these aspirations. The study findings revealed the following:

There is a high demand for government jobs among young people across rural and small towns of Uttarakhand, particularly in the defence forces. Several respondents were preparing for government entrance exams and knew of others in their community who were doing so as well. Youth in the region are also open to entrepreneurship, however this is in most cases a backup option and not a priority goal. The willingness to engage in entrepreneurship was observed in all districts, with the exception of Tehri Garhwal, where engaging in entrepreneurship is not well perceived by the community.

Across the 6 districts, the perceptions of stakeholders such as their parents, friends and community members, were found to play a role in their career aspirations and actions. There was a widely reported lack of awareness and guidance about opportunities. This was even more pronounced for youth where parental levels of education were low. Further, households which had only a single-parent, or where there was a high dependence on the older siblings for financial support, youth seemed more vulnerable and in need of immediate assistance.

A number of factors influencing an individual's aspirations emerged. These were: a need to financially support one's family, the career perceptions of family members and friends, community norms, age and past experiences, and selection of subject stream in schools.

Certain factors were also identified as playing a role in an individual's career actions, whether they take actions that are in line with their aspirations. These were: financial situation of the household, engagement from parents and a lack of awareness about career opportunities.

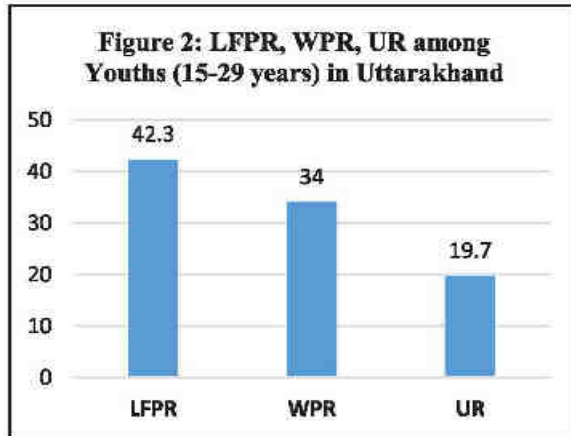
**Unemployment Situation among Youth (15-29 years):** NSO's Periodic Labour Force Survey for the October-December 2020 quarter found that 27% of those between the ages of 15 and 29 in Uttarakhand do not have a job, higher than the national of 25%. Unemployment in Uttarakhand peaked, along with the rest of the country, in April-June 2020 at 38%, dipped to 22% the following quarter and then rose again. It is yet to go back to the pre-pandemic 21% of October-December 2019, a 6-percentage point gap.

The Unemployment Rate among the youths has shown an increasing trend in the last few years. Moreover, the Youth Unemployment Rate in the State at 19.7% is almost double the Unemployment Rate for the total population (7.1%) (see Figures 12 & 13).

A study by Gangwar and Yadav (2021)<sup>31</sup>, attempted to understand the constraints for employment generation among rural youth. The study collected data from a sample of 210 rural youth from 10 villages in Almora

<sup>31</sup> Gangwar, R., & Yadav, A. (2021). Constraints faced by rural youth in employment generation in the hills of Uttarakhand. *Indian Journal of Extension Education*, 57(1),207-210.

**Figure 2: LFPR, WPR, UR among Youths (15-29 years) in Uttarakhand**

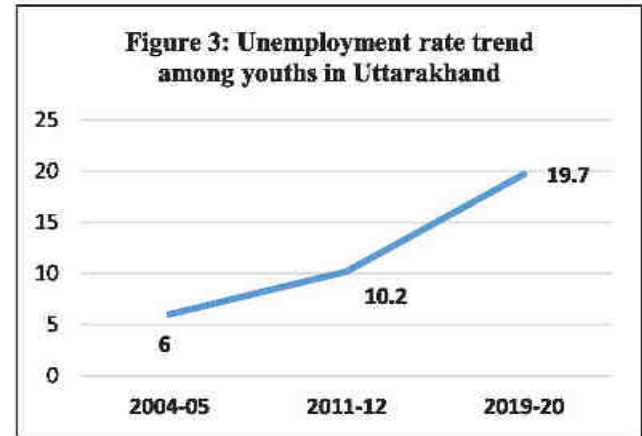


Source: PLFS 2019-20, NSS-2004-05/2011-12

and Pauri Garhwal districts and concluded that factors like lack of awareness of employment programmes, limited access to transport facilities, road connectivity and availability of communication facilities, and access to natural resources, are constraints faced by the rural youth.

The net payroll data provided by Employee's Provident Fund Organization (EPFO), India (Figure 4) shed light on the important fact that the age group of 18 to 21 years old are getting more employment compared to the other age groups in the State. However, people from age groups of 22-25, 26-28, 29-35, and more than 35 years on the payroll is also increasing continuously. The age group of less than 18 years old in the payroll remains low. In the latest report, published by NITI Aayog, it is found that the workers in the Gig economy in the country will expand to 2.35 crore workers by

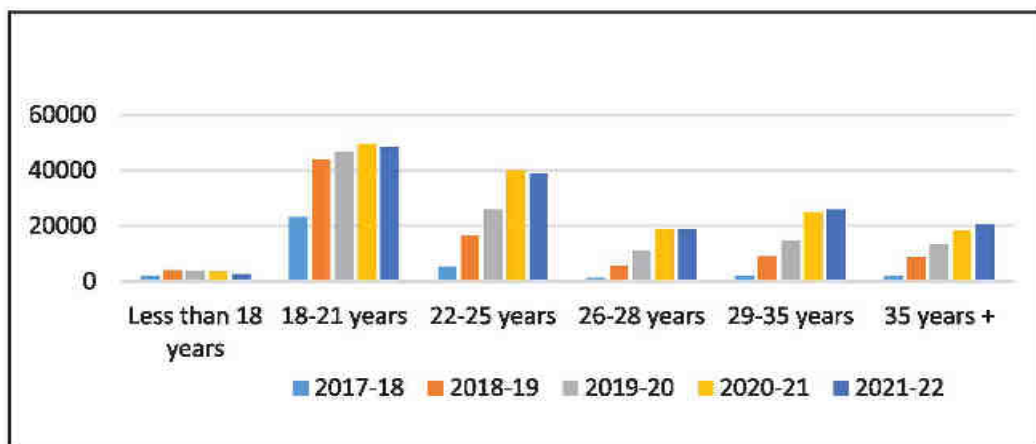
**Figure 3: Unemployment rate trend among youths in Uttarakhand**



2029-30.<sup>32</sup> To reap benefits of rising platform and Gig economy, the State government may take steps like providing basic health access, pension plans, etc., which acts as an incentive for the youth to enter the Gig economy.

To encourage more youth in the labour force, the State can provide incentives in the areas like Sports, Arts, and Culture. From Figure 5, it is evident that the non-tax revenue receipts from social services sector in the State shows a rising trend, and in 2020 had reached to INR 1988.34 million. Recently it was reported that the State government is making plans to develop Auli into an international winter sports destination. The State government and local authorities may step up efforts to develop more such places to help the local economy as well as raising youth employment opportunities

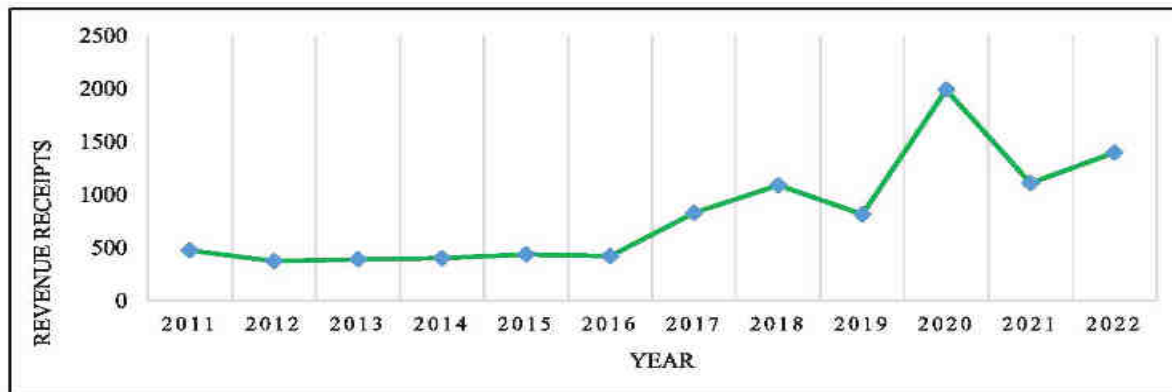
**Figure - 4: Payroll Data**



<sup>32</sup> [https://www.niti.gov.in/sites/default/files/2022-06/Policy\\_Brief\\_India%27s\\_Booming\\_Gig\\_and\\_Platform\\_Economy\\_27062022.pdf](https://www.niti.gov.in/sites/default/files/2022-06/Policy_Brief_India%27s_Booming_Gig_and_Platform_Economy_27062022.pdf)



**Figure 5: Revenue Receipts: Non-Tax: State: Social Services: Education, Sports, Art and Culture**

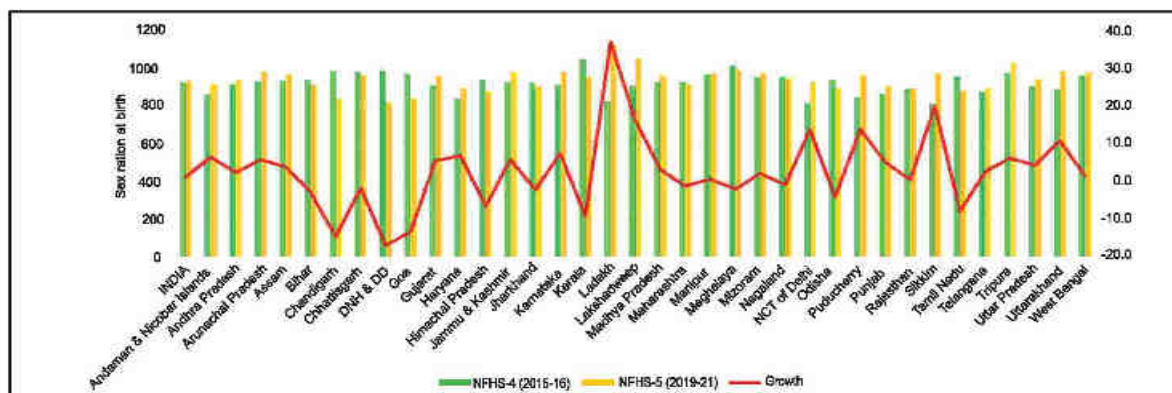


Source: CEIC

**Women Empowerment:**

According to the fifth round of National Family Health Survey (NFHS 2019-21) survey, for the population age 0-6 years, the sex ratio (females per 1,000 males) for the country was estimated as 1020. The graph below shows State-wise sex ratio at birth as per NFHS 5 and NFHS 4. There are a few States and UTs like Ladakh, Lakshadweep, NCT of Delhi, Puducherry, Sikkim, and Uttarakhand have experienced double digit growth rate of sex ratio at birth from NFHS 4 to NFHS 5, whereas States and UTs like Goa, Chandigarh, Maharashtra, Tamil Nadu, and Odisha have experienced a fall in the sex ratio. In Uttarakhand, the sex ratio increased from 888 to 984 which denote a growth of 10.4 percent. The rise in the numbers is generally associated with Beti Bachao Beti Padhao (BBBP) scheme which prevent gender-biased sex selective elimination.

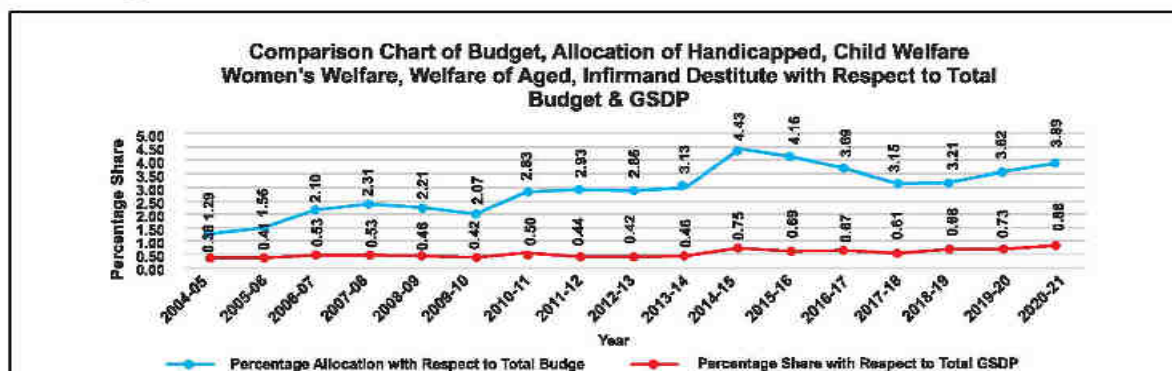
**Figure 6: Sex Ratio at Birth for Children Born in the Last Five Years**



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1782601>

To encourage more and more women participation in the development process, the State government has continuously increased the share of women’s welfare, welfare of the aged, child welfare, and handicapped out of total budget from 1.29 percent in 2004-05 to 3.89 in 2020-21.

**Figure 7: Budget Allocation**



Currently, the State government is running several schemes like Pradhan Mantri Awas Yojana (PMAY) where it is mandatory to register the house in a woman's name, and woman self-help groups, etc., to bring the women in the forefront of state's development process.

As per the NFHS 5 (2019-21) report, there has been a significant rise (from 25.5 percent to 80.2 percent) in the percentage of women using bank or saving account themselves in the state. But there is a fall in the percentage of women owning a house or land (alone or jointly). Due to several initiatives related to health and hygiene during the menstrual period started by the central and state government, there is an increase (from 69.9 percent to 91.2 percent) in the percentage of women using hygiene methods of protection.

Women's Empowerment (Women age 15-49 years)			
	Indicators	NFHS-5 (2019-21)	NFHS-4 (2015-16)
1	Currently married women who usually participate in three household decision (%)	91.00	89.8
2	Women owing a house and / or land (alone or jointly with others) (%)	21.6	15.5
3	Women owing a house and / or land (alone or jointly with other (%)	24.6	29.2
4	Women having a bank or saving account that they themselves use (%)	80.2	25.5
5	Women age 15-24 years who use hygienic methods of protection during their menstrual period	91.2	69.9

Source : National Family Health Survey- 5 (2019-21)

#### Performance of a few Central government schemes in the State:

**Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM):** This central government scheme is introduced to provide pension to the unorganized workers whose monthly income is INR 15,000 and is between 18 and 40 years of age. Each beneficiary will contribute a minimum amount which will be matched by the central government till the age of 60 years, and after 60 years, the subscriber will receive a minimum of INR 3,000 per month pension. Till 20/01/2022, around 34,898 workers have been enrolled.

**NPS-Traders:** This scheme is also related to providing pension to small and retail traders whose yearly turn-over is less than INR 1.50 crore. The subscriber needs to contribute a minimum amount till the age of 60 years, and post-60 years, will get a monthly amount of INR 3,000. Till 20/01/2022, around 843 beneficiaries have been enrolled.

**eShram Yojana:** This scheme is introduced with the objective of creating an online portal for the unorganized workers like constructions workers, migrant workers, gig and platform workers, street vendors, etc. The creation of such a database will help both the central and state governments in providing aid during crisis like COVID-19 pandemic. Till 20/01/2022, around 23,23,240 beneficiaries have been enrolled.

#### Good Practices of Few Employment Programmes in Asia:

The State government may consider introduction of **Employment Success Package Program (ESPP)** which was introduced by the Korean Ministry of Employment and Labour in 2018. There are three stages in the program: In the first stage, counselling and diagnosis for low-income unemployed people for 3 weeks to 1 month. In the second stage, vocational training and internship is offered for a maximum of 8 months. In the third stage, job placement is ensured within 3 months. The government provide allowance to participate in each and every stage of the process. The employment rate has increased for the participants

especially among the youth (from 45.9 percent in 2016 to 81.7 percent in 2017).

**A Career-Themed Experience Park (Korea Job World (KJW))** was established in 2012 for children and teenagers in South Korea. It allows the students to understand their interests and the world of work via mock job experience. The students explore these options in middle schools when they have a "free-learning semester." In this semester, they do not have to worry about the exam and instead focus solely on their dream career options. KJW consists of a career planning hall, youth experience hall, children experience hall and exhibition hall. The career

planning hall helps visitors by designing their careers through game-like career tests based on their interests and talent. Youth Experience Hall offers actual work experience in various occupations for 11 to 18 years old. Also, help them understand different occupations in different zones. The children's experience hall offers imaginary experiences of different occupations through online games. The exhibition hall displays various information including job statistics, changes in jobs, future jobs, and high-tech jobs.

In Japan, the Ministry of Health, Labour, and Welfare supported the establishment of **Local Youth Support Stations** in 2006. In this program, the candidates get individual consultation from career counsellors, self-recovery through intensive training programs, and basic skills and knowledge for the workplace. In 2016, 14,517 candidates received employment with the help of these stations.

Uttarakhand government has already a similar programme mentioned above and has established employment offices where 1,58,593 candidates registered in the financial year 2021-22. In the same year, around 64 job fairs were organized in which 5,790 candidates participated, and around 1,243 youth were selected for employment/ after training employment.

The different employment offices have organized career counselling programmes to students to help them choose their career as per their choice/ability. These counselling programmes help the students to understand the opportunities available to them.

The State government through its 16 teaching and guidance centres have also organized training sessions to help students and unemployed youth clear the competitive examinations. The training covers Hindi typing, Hindi shorthand, computer, general knowledge, bookkeeping and accountancy, and general maths related topics.

#### **IDENTIFIED ISSUES AND POLICY RECOMMENDATIONS:**

1. **Regional Imbalances:** Keeping in view the geographical challenges in Uttarakhand, economic activities are mostly concentrated in a few districts. To overcome this the government needs to undertake a holistic and multi-dimensional approach to facilitate setting up small and medium scale industries in the hilly areas. Multiple policies and initiatives of the government have not proven to be very effective in absence of good road connectivity, robust supply chain and transportation facilities for goods, absence of appropriate infrastructure for industrial clusters where entrepreneurs can plug and play, storage facilities, lack of social

infrastructure and quality education institutions in the hill districts and most importantly lack of banking and credit facilities.

2. **Quality of School Education:** School education is the foundation of students learning process, so, it is important to maintain quality education in the schools. There is a need to improve the quality of school education in the State and reduce the differences in the performances of students between urban and rural areas. Vocational courses need to be started from class 8th itself to allow youth to find their interest and decide their occupation accordingly. These decisions need to be supported by counselling, guidance and hand holding including arranging apprenticeship with potential employers.
3. **Coordination and Information Asymmetry:** The government initiated many schemes related to skill development but there is a need for coverage and coordination of those schemes. Efficient coordination between industry, academia, civil society, and Government is needed. Information asymmetry indicates that a lack of information among potential skill aspirants and employers. The present policy of Uttarakhand like "HOPE" is trying to provide useful information for both supply and demand sides.
4. **Dynamism in Job Market:** In this era of the fourth industrial revolution, big data and artificial intelligence are changing the nature of the job market. It is important that futuristic plans are prepared for preparing State's human resources to meet the current and future requirements in the primary (agriculture), secondary (manufacturing), and tertiary (service) sectors within and outside the State.
5. **Chronic under-investment in the skill sector:** It is observed that investment in skill development by government and private sector is low. Private players should be encouraged to invest more in the skill sector to meet their demand for skilled human capital in the State. Incentives offered by the State government may be reviewed and made more attractive, even for the MSMEs.
6. **Inclusion of marginalized groups:** Given the fact that possession of skills in Uttarakhand is relatively low among women, people from remote areas, workers in the unorganized sectors, and people belonging to Scheduled Castes (SC) and Scheduled Tribes (ST), there is a need for an inclusive skill development policy.
7. **The extent of the institutional skilling:** The current skill training institutions are limited in their capacities and many of them offer courses/programmes with little relevance in the

market. There is a lack of qualified trainers/faculty in the institutions. There is a need for a capacity-building programmes to provide skill training that is economically rewarding and helps to generate more self-employment opportunities.

#### **Skill Training Programmes:**

While most of the STT programme participants receive pre-enrolment counselling, training, and training material, placement assistance support needs to be buttressed.

8. While satisfaction with the PMKVY programme is good on parameters like quality of trainers, adequacy of curriculum, quality of training, infrastructure of the centre and the overall scheme, but **satisfaction with placement assistance is low.**
9. Awareness of MUDRA loan is high in PMKVY trained individual however, the uptake of MUDRA loan is not encouraging and requires review of the barriers which need to be removed.
10. **Institutional & Systems Strengthening:** Sector Skill Councils should be involved in allocating sector and job role-wise training targets in each geography. This would be helpful in matching the supply and demand of skilled workforce while ensuring minimum migration.
11. It is important to ensure coordination between different skill development programmes, to ensure effective utilization of resources and business viability for training partners. Target allocation should be looked from a macro level across different programmes, as it will help to match demand and supply of skilled labour more effectively.
12. To improve the value of RPL certification, policy support should be provided to make NSQF level certification mandatory for contractors. Certified candidates should be given skill cards, which would help in attaching more value to the RPL certification.
13. For RPL, more focus should be given on bridge training courses by identifying the job role-wise gap areas as compared to the current job requirements. This will provide an upskilling opportunity to the existing workforce.
14. Keeping in view the difficulty to enrol candidates in long duration bridge training courses, specific and medium duration bridge training courses need to be formulated.
15. Partial contribution to the training cost should be taken from the trainees. This will help in ensuring the financial sustainability of the

PMKVY programme. It will also help in ensuring that State-of-the-art training is provided to the candidates and that they take the training programme more seriously. Deserving trainees could be offered soft loans to be paid after their placement, recovered through employers.

16. Training payouts for on-demand job roles which have an intensive practical component should be reviewed. This will help to make these job roles more attractive for the training partners.
17. Considering that the scale of the programme has substantially increased, a stronger role of State Skill Development Mission is required in ensuring effective implementation and sustainability of the scheme.

#### **Operational Recommendations:**

18. Pre-screening of candidates should be done rigorously, and appropriate process or formats should be developed for the same. It needs to be ensured that the trainees understand job requirements and expectations before enrolling into a training programme.
19. One of the key reasons for non-participation by eligible youth is lack of awareness about PMKVY and other skills development programmes. More focus on information platforms such as advertisements on TV/radio, use of mobile phones, social media, door to door, district skill on wheels bus, campaigning and hoardings in a media mix carefully formulated for each district, to reach out to eligible non-participant population, are suggested.
20. Training handbooks should be available for candidates in Hindi language, as many trainees are not comfortable with English.
21. To ensure good results in assessment tests, processes need to be formalized to ensure that trainees are assessed regularly during the course of their training.
22. Innovative mechanisms need to be explored to leverage technology for the monitoring of programme implementation. Real-time visual monitoring systems need to be established.
23. A robust yet simple system to record and take cognizance of trainees who opt for self-employment post training needs to be developed and implemented as these trainees go missing in the placement records.
24. Trainer development and certification should be focused under the programme with an objective of creating a pool of good quality trainers or instructors for imparting training under PMKVY.

**Introduction:**

The MSME sector in India is growing rapidly. More than 50% of MSMEs are located in rural areas and the sector accounts for nearly 50% of the total exports from the country. Since 2014, the government has been launching initiatives such as Make in India, Start-up India, Skill India, and Digital India to promote a skilled digitalized economy. It is also encouraging MSMEs to market their products on e-commerce sites, especially on the government-owned websites which are used by Ministries and PSUs (public sector undertakings) to procure materials. Industrial development plays a vital role in the economic growth and development of a nation and when it comes to a hilly State like Uttarakhand, MSMEs and Entrepreneurship try to ensure regional balance within the State. Out of many important benefits of MSMEs & entrepreneurship development, the generation of employment opportunities and reducing regional disparities are major issues.

The Micro, Small, and Medium Enterprises (MSMEs) sectors are crucial for Uttarakhand to develop employment opportunities and revive the artisan class and culture of the State at a comparatively low investment cost of large-scale units. From the investment point of view, large-scale industries require more capital. Despite that MSMEs can generate employment and help in the industrialization of backward/ less developed areas, it gives a way to raise income and reduce income inequality among the

districts. With the formation of Uttarakhand State, the MSME growth was initially registered as 14163 in numbers, which has now increased to 59798 registered numbers of MSMEs till the year 2021-22.

As most of the districts of Uttarakhand fall within the hilly area, in some way it is difficult to set up large-scale industries with concern to environmental issues like landslides, earthquakes, and resource constraints of connectivity, transportation, and communication. It is challenging to push industrial and entrepreneurial development as the population in hilly areas is more engaged in agriculture and migrates to other cities and States in search of work. It also has a greater dependence on agriculture and an inefficient entrepreneurship ecosystem. The emergence of the start-up India, stand-up India, Aatmanirbhar Bharat Rojgar Yojana (ABRY), Start-up Village Entrepreneurship Programme (SVEP), and many more schemes helped people to build entrepreneurship from the initial stage and create new ideas and businesses. MSMEs in Uttarakhand supply their output to domestic as well as foreign markets. Within the country, the MSME output of Uttarakhand is supplied to the States of Delhi, Uttar Pradesh, Haryana, Himachal Pradesh, Rajasthan, and Punjab. MSMEs from Uttarakhand also serve foreign markets of Brazil, Cambodia, Europe, Indonesia, Iraq, Jordan, Kazakhstan, Malaysia, Philippines, Saudi Arabia, Thailand, Turkey, and the USA.

**3.1 MSMEs Development and Employment in Uttarakhand****Table 3.1 Growth of MSMEs in Uttarakhand**

Years	Number of registered units	Employment generated (In no.s)	Capital invested (In crores)	No. of employees per industry	Capital per employee	Capital per industry
2010-11	1973	19673	1424.8	10	13.8	0.7
2011-12	2121	15162	931.78	7	16.3	0.4
2012-13	2291	18389	1167.77	8	15.7	0.5
2013-14	2469	12842	622.75	5	20.6	0.3
2014-15	2669	12034	533.5	5	22.6	0.2
2015-16	2929	17471	734.89	6	23.8	0.3
2016-17	3080	22065	949.96	7	23.2	0.3
2017-18	3339	19547	728.93	6	26.8	0.2
2018-19	3640	18811	793.51	5	23.7	0.2
2019-20	4153	25510	873.16	6	29.2	0.2
2020-21	4269	22157	846.33	5	26.2	0.2
2021-22	5073	35990	871.5	7	41.3	0.2

Table 3.1 reveals the growth of MSMEs in the State for the consecutive years e.g., 2010 to 2021 respectively. As per the table, the least amount of capital investment needed to set up a single enterprise of MSMEs is about Rs. 0.2 crores (20 lakhs) whereas a single enterprise can generate maximum employment for 10 persons which were observed in the year 2010-11. Minimum of Rs. 13.8 crore capital investment is observed in the year

2011 to generate an employment opportunity. The maximum employment generation per industry accounts in the year 2010 about 10 employees whereas the minimum is seen in the year 2018 about 5 employees per industry. The average number of enterprises registered in the years 2010 to 2021 is about 3167 enterprises, 19971 employment generation, and Rs. 873.24 Cr. amount of capital investment.

**Table 3.2 Number of employments in registered enterprises of Uttarakhand**

Years	Number of Registered Units	Yearly Change in No. of Registered Units	Number of Employment Generation	Yearly Change in No. of Employment Generation
2010-11	1973	–	19673	–
2011-12	2121	148	15162	-4511
2012-13	2291	170	18389	3227
2013-14	2469	178	12842	-5547
2014-15	2669	200	12034	-808
2015-16	2929	460	17471	5437
2016-17	3080	151	22065	4594
2017-18	3339	259	19547	-2518
2018-19	3640	301	18811	-736
2019-20	4153	513	25510	6699
2020-21	4269	116	22157	-3353
2021-22	5073	804	35990	13,833

The second column in table No. 3.2 shows that there is an increase in the number of registered enterprises each year. There are 1973 enterprises registered in the year 2010, in 2011 it is 2121 with an increase of 148 units. From 2012 to 2013 registered enterprises increases from 2291 to 2469 with an increase of 170 units. From the year 201 with only 3 to 2021, it has been observed that the increase in enterprises continued over a while with 178, 200, 460, 151, 259, 301, 513, 116, and 804 enterprises respectively. The highest number of increases in the registered enterprise is seen in the year 2021 with an increase of 804 enterprises. The least increase is seen in the year 2020 with only 116 enterprises.

The number of employment generation traced fluctuating trends for each year. From 2010 to 2011, the number of employment generation is 19673 to 15162 respectively with a variation of 4511 lesser than the previous year. From 2011 to 2012, the number of employment generated is 15162 to 18389 respectively with a difference of 3227 more than the preceding year. From the year 2012 to 2021, the rise in employment generation is seen in the year 2021-22 with an increase

of 13833 employment opportunities. In the year 2013-14, there was a drastic fall in employment opportunities generated by MSMEs with 30% lesser than the preceding year.

In the year 2012 an increase in the number of enterprises by 8.1%, generates employment of 21.3% more than the preceding year. In comparison to the year 2014, the increase of enterprises is seen at 9.7% giving rise to employment opportunities with 45.2% for the year 2015 and more of this can be observed in the years 2016, 2019, and 2021. Thus, it is seen that MSMEs generate employment for many people in the State.

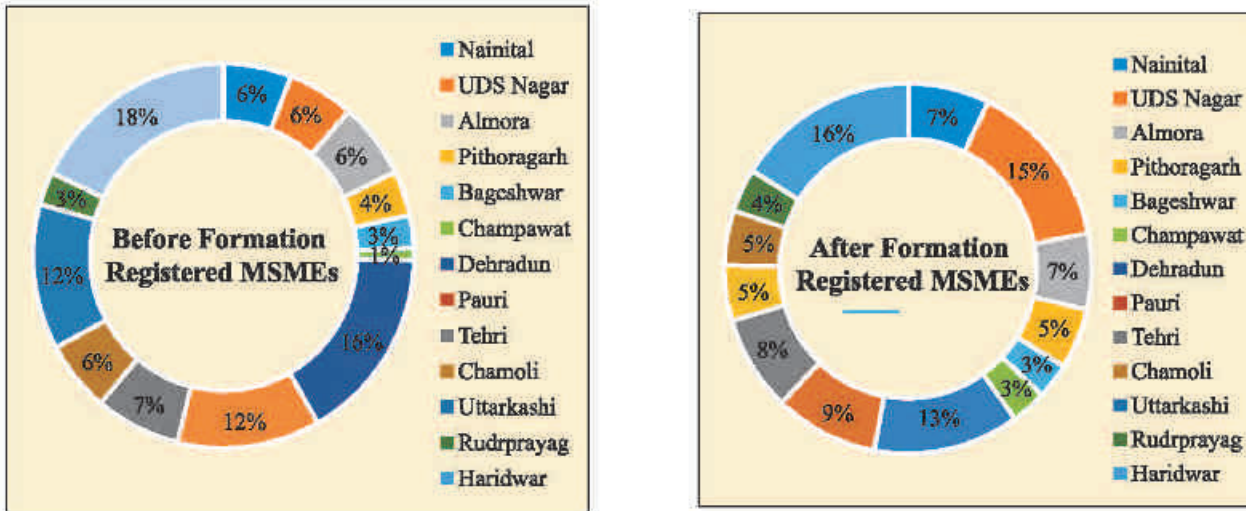
## **1.2 MSMEs Development in Districts of Uttarakhand:**

It was twenty-two years since Uttarakhand was carved out as the 27th State of the Indian republic and it was possible because people who belong to hilly areas struggled for 70 years to make the Uttarakhand a separate State. Today Uttarakhand has two geographical divisions with 13 districts and 110 tehsils. Uttarakhand also has 7954 Gram Panchayats working throughout the State. More than 15754 inhabited

villages where people live and 1048 uninhabited villages. In this section, we will address the development that took place in the Micro, small, and

Medium Enterprises (MSMEs) before and after the formation of the State.

**Figure 7. District-Wise Share of Registered MSMEs Before and After the Formation of State.**



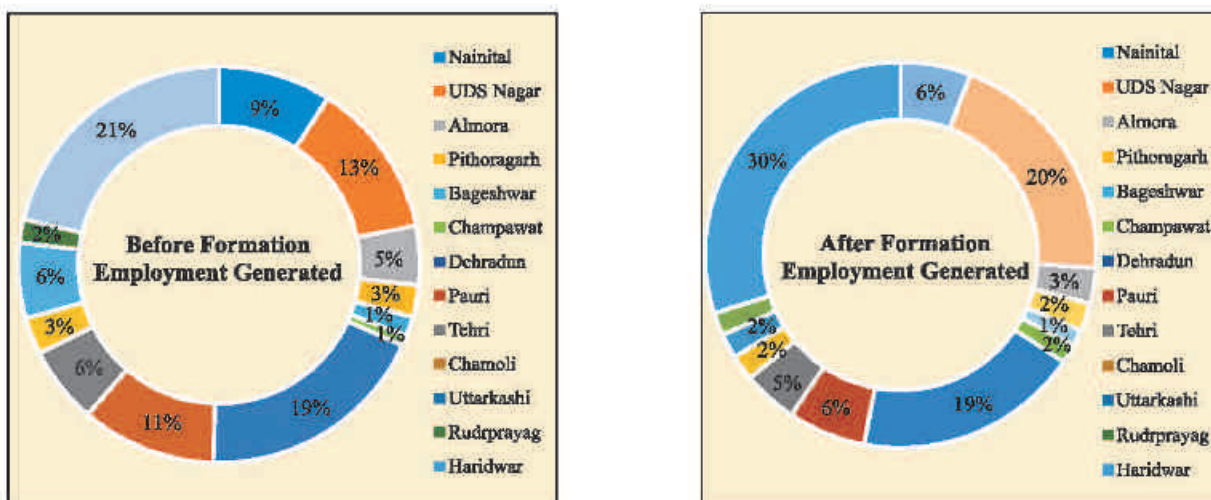
**Share of Registered MSMEs in the Districts of Uttarakhand**

Before the formation of the State initially, Haridwar held the highest share (18%) of registered MSMEs in the State followed by Dehradun (16%), Pauri (12%), Uttarkashi (12%), Tehri (7%), Chamoli (6%), Nainital (6%), Almora (6%), Udhham Singh Nagar (6%), Pithoragarh (4%), Bageshwar (3%), Rudraprayag (3%) and least by Champawat (1%) respectively. After the formation of the State by the year 2021, Haridwar continues to hold the highest share (16%) of registered MSMEs in the State followed by Udhham Singh Nagar (15%), Dehradun (13%), Pauri (9%), Tehri (8%), Nainital & Almora (7%), Chamoli (5%), Pithoragarh (5%), Uttarkashi (5%), Rudraprayag (4%) and least in Bageshwar and Champawat (3%) each.

Among all districts after the formation of the State, Udhham Singh Nagar has shown the highest growth in industrialization as it holds a 15% share of registered MSMEs which was initially 6% before the formation of the State. Graphs illustrate a low rate of growth in the number of registration for MSMEs in Champawat, Bageshwar, Pithoragarh, Nainital, Almora, and Rudraprayag districts whereas in Uttarkashi there was a decline in the registration of MSMEs as after the formation of the State it only holds 5% of share. Thus, it has been observed districts that lie in the hilly region have a lesser share of registered MSMEs in comparison to the plain region districts of the State.

**Share of Employment Generated by MSMEs in the Districts of Uttarakhand**

**Figure 8 District-Wise Share of Employment Generated by MSMEs Before and After the Formation of the State.**



Before the formation of the State, MSMEs initially recorded the highest generation of employment in Haridwar district (21%) followed by Dehradun (19%), Udham Singh Nagar (19%), Pauri (11%), Nainital (9%), Uttarkashi (6%), Tehri (6%), Almora (5%), Chamoli (3%), Pithoragarh (3%), Rudrapur (2%), least in Bageshwar and Champawat (1%) each. After the formation of the State by the year 2021, it has been observed that employment opportunities have fallen majorly in district Pauri (5%) followed by Uttarkashi (2%), Nainital (6%), Almora (3%), Pithoragarh, Tehri, and Chamoli (2%) each.

Among all districts after the formation of the State, Haridwar MSMEs continue to offer highest employment opportunities at 30% and the least can be seen in Bageshwar (1%). Fig. 8 reflects the need for schemes and social awareness among people of hilly regions about the employment potential of MSMEs and the benefits of entrepreneurship. Even after the formation of a separate State the ranking in the country's GDP index is at 19. Time is running out to achieve SDG Goals and Vision by 2030 and policymakers and programme managers need to give a strong impetus to promote MSMEs, entrepreneurship, and startups, especially in hilly areas.

#### Unemployment Scenario in Uttarakhand :

The unemployment problem is one of the most important concerns of the State where people are more service-oriented rather than involved in an entrepreneurship culture. The State faced a 7.1% labour force unemployment rate as per the Periodic Labour Force Survey (PLFS) 2019-20. The number of unemployed persons in Uttarakhand more than doubled from 1.39 lakh in 2011-12 to 3.23 lakh in 2020-21. Youth in mountain regions suffer from a higher incidence of unemployment (24%) as compared to the three plain districts of Haridwar, Dehradun, and Udham Singh Nagar (16.4%). When compared to other States, Uttarakhand had the 10th highest unemployment rate with Jammu & Kashmir (44%) and Kerala (43%) reporting the highest, and Gujarat (9%) and West Bengal (17%) lowest.<sup>33</sup>

The following tables show the Employment Exchange Statistics for the years 2017 and 2018 consist of the total number of registrations, women's registrations, number of job seekers by age group, and social class groups.

**Table 3.3 Employment Exchange Statistics for Total Number & Women Job Seekers, Year- 2018**

Year -2018	Employment Exchange Statistics (in 000's)				Employment Exchange Statistics (Women)		
	Registration	Submission	Placement	% of Placement to Submission	Registration	Placement	% of Placement to Registration
Uttarakhand	106.4	27.5	0.0	0.1	43.0	0.0	0.0
Himachal Pradesh	130.4	50.4	2.5	5.0	61.9	0.6	1.0
All- India	3831.8	2584.5	404.7	15.7	1437	58.2	4.1

Source- Employment Exchange Statistics-2019

Unemployment is a problem but from Table 3.3, it is evident that the people are looking for jobs but are not aware of the process/structure e.g number of registered people were 10,64,000 in 2018 while submissions were not even half of the number of registrations. There is a demand-supply gap among job seekers and providers regarding position offered, skill requirement, interest, and pay scale. In Uttarakhand, 2.7% of people registered in employment exchanges whereas 3.4% registered in Himachal Pradesh. The placement percentage in 2018 was 0.6% in Uttarakhand and 31.8% in Himachal Pradesh.

In Uttarakhand, the incidence of unemployment is comparatively less among young female labour force

in the hill districts (13.6%) as compared to their counterparts in plain areas (24.3%). From table 3.3, one can see that women registered in the employment exchanges were about 43%, while there is no data on placement. Comparatively, 4.3% of women registered in the employment exchanges of Himachal Pradesh, and 1% of them were placed.

A comparison of job seekers by age group and social class can be seen in Table 3.4. Highest number of job seekers were in 20-29 years in both Uttarakhand and Himachal Pradesh, followed by 30-39 years age group in Uttarakhand and 15-19 years age group in Himachal Pradesh.

<sup>33</sup> Times of India Article: Nearly 1/3rd of Uttarakhand youth unemployed – NSO Survey, September/20/2021



**Table 3.4 Employment Exchange Statistics by Age- Group & Social Class, Year- 2017**

		Uttarakhand	HP	All- India	
<b>No. of Job Seekers on the Live Register by Age-Group (In thousand)</b>	15-19 years	160.8	205.2	7545.6	
	20-29 years	489.5	367.7	19523.2	
	30-39 years	214.1	195.5	11056	
	40-49 years	43.7	48.2	3565.2	
	50-59 years	1.5	18.3	619.8	
<b>No. of Job Seekers by Social- Class (In thousand)</b>	<b>Scheduled Caste (SC)</b>	Registration	17.63	28.76	7.2 % of SC placement
		Placement	0.01	0.22	
	<b>Scheduled Tribe (ST)</b>	Registration	1.98	2.66	13.3 % of ST placement
		Placement	0	0.06	
	<b>Other backward classes (OBC)</b>	Registration	17.59	13.2	0.6 % of OBC placement
		Placement	0.28	0.01	

Source- Employment Exchange Statistics-2019

#### 1.4 Why do we need to Promote Entrepreneurship and Startups?

(IBEF, 2021) India ranks 20th among the top 100 countries in the 2021 Global Start-up Ecosystem Index released by Start-Up Blink. Three Indian cities—Bengaluru, Delhi, and Mumbai—also feature among the top 20 cities globally in terms of number of start-ups. India’s ranking has improved from 81 to 48 in the Global Innovation Index 2020. Rising digitization has led to mushrooming of start-ups in tier 2 cities, which helps leverage the local talent pool. Even before the pandemic, as per the Economic Survey of 2018-19, a whopping 50% of the 16,500 start-ups (registered by March 2019) were based in tier 2 and 3 cities. Jaipur, Ahmedabad, Pune, Chandigarh, and Indore are some tier 2 cities to witness soaring start-up activities. Even during the COVID period when many people lost jobs, these start-ups provided hope. Government does play a part by promoting Vocal For Local, providing a push so required by the youth and a morale booster.

##### **Uttarakhand Start-Up Policy 2018:**

The start-up policy declared support for start-ups from ideation to initiation, incubation, and launching of businesses. Start-up policy promises to help new start-ups register by making it easy and leading to a single-window online system. It helps in the learning and development of new programs. It helps mentor new start-ups, create a pool of angel investors, and help build start-up events for the State.

The policy focuses on nurturing the spirit of entrepreneurship across the State by providing training to trainers, introducing courses on entrepreneurship in

schools, and establishing entrepreneurship development cells at the school level, colleges, and universities. This holistic approach to considering all levels is a genuine effort to make entrepreneurship a common phenomenon. The State developed an online system for registration, access to mentors, angels, incubators, and policy incentives in the State.<sup>34</sup> Uttarakhand start-up website features 117 recognized start-ups and 26 seed-funded start-ups. There are ten recognized incubators in the State institutions, and 186 mentors working with the State.

State start-up ranking led to the creation of many new start-ups and review of old and complex laws of doing business in many States. The start-up ranking for States by Government of India led to the creation of start-up policies in 25 States, and preparation of plans for implementation of start-up policies throughout the country.

Start-ups are also provided incubation support at a 25 percent concession, especially to SC/ST/Women entrepreneurs. Nced-based assistance, capital grants, and incubator support are added to the latest start-up policy by the State government. The government will also set up an Angel Network for easy access to angel investors for new start-ups. The government provides matching grants to incubators to lead and create new start-ups in the State.

Uttarakhand government has also initiated a start-up-driven school education curriculum. A syllabus for the inclusion of start-ups and entrepreneurship is being made and given focus through training staff to build entrepreneurial mindsets. The government is also setting up several open online courses in the curriculum. It is also committed to creating a network

<sup>34</sup> <http://www.startuputtarakhand.com/>.

of entrepreneurship development cells throughout the State.

### 1.5 Government of India Initiatives to Promote MSMEs, Entrepreneurship, and Startups

This section covers the major policies and schemes of the center and State to generate employment,

entrepreneurship culture, and growth of MSMEs. As the MSME sector is critical to India's growth and expected to play a vital role in helping the country achieve its US\$ 5 trillion economy dream, the government of India and the MSME Ministry have implemented various initiatives and schemes, as given below.<sup>35</sup>

**Table 1.5 Central Initiatives to Promote Employment and MSMEs**

<b>Policies and Schemes</b>	<b>Description</b>
<b>Prime Minister Employment Generation Programme</b>	The scheme, implemented by the KVIC, aims to generate employment opportunities in rural and urban areas by setting up new self-employment ventures/projects/micro-enterprises. The programme also aims to provide continuous sustainable employment to prospective artisans and unemployed youth and increase the wage-earning capacity of artisans and contribute to the growth of rural and urban employment.
<b>Credit Linked Capital Subsidy Scheme</b>	As a large number of MSEs in India are running their business with outdated technology and machinery, the objective of the Credit Linked Capital Subsidy Scheme (CLCSS) is to facilitate technology upgrade among MSEs by providing a capital subsidy of 15% (limited to a maximum Rs. 15 lakh (US\$ 0.02 million)).
<b>Trade, Import, and Export for MSMEs</b>	MSME support and development organization, National Small Industries Corporation (NSIC), will assist MSMEs working with the Agricultural and Processed Food Products Export Development Authority (APEDA) across multiple areas.
<b>MSMEs SAMPARK</b>	Launched in 2018, the MSME Sampark portal is a digital platform wherein jobseekers (students or trainees of MSME Technology Centres) and recruiters can register themselves for mutually beneficial interactions.
<b>Scheme for Micro &amp; Small Enterprises Cluster Development Programme (MSECDP)</b>	The MSME Ministry has adopted the cluster development approach as a key strategy for enhancing productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) in the country.
<b>Financial Support to MSMEs in ZED Certification-Scheme for Technology Upgradation and Competitiveness</b>	The scheme envisages the promotion of Zero Defect and Zero Effect (ZED) manufacturing amongst MSMEs and ZED Assessment for their certifications to Encourage and Enable MSMEs for manufacturing quality products using the latest technology tools & to constantly upgrade their processes.
<b>Scheme for Web Support</b>	As a part of the e-Governance initiative, the government of India has also introduced several web services such as Udyam Registration, MSME Samadhaan Portal, and MSME Sampark Portal to make operations accessible online.
<b>National Scheduled Caste and Scheduled Tribe Hub</b>	The National Scheduled Caste and Scheduled Tribe Hub has been set up to provide professional support to SC/ST entrepreneurs to fulfill the obligations of the Government Public Procurement Policy. Capacity-building among existing and prospective SC/ST entrepreneurs through skill training and EDPs, promoting the participation of SC/ST entrepreneurs in exhibitions.

<sup>35</sup> IBEF MSME march 2022 Report, MSME Annual Report 2020

Policies and Schemes	Description
<b>Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE )</b>	The scheme was launched by the Government of India (GoI) to provide collateral-free credit to the micro and small enterprise sector. Fund and non-fund-based credit facilities (such as letters of credit and bank guarantee) up to Rs. 200 lakh (US\$ 0.28 million) per eligible borrower are covered, under the guarantee scheme, provided they are extended on the project viability without collateral security or third-party guarantee.
<b>MyMSME</b>	To facilitate the enterprises to take benefit of various schemes, the Office of Development Commissioner (MSME) has launched a web-based application module, namely, MyMSME. This can also access through a mobile app. Entrepreneurs can make their applications and track them as well on their mobile itself.
<b>MSME-SAMBHAV</b>	In November 2021, the Ministry of Micro, Small, and Medium Enterprises launched SAMBHAV, a national-level awareness program to push economic growth by promoting entrepreneurship and domestic manufacturing.

Source- Annual MSME report 2019-2020,2021-22, IBEF MSME report March 2022

**Table 1.6 Central Initiatives to Promote Start-Ups, Entrepreneurship, and Skill Development**

Policies and Schemes	Description
<b>Technology Centre Systems Programme (TCSP)</b>	In March 2021, the Ministry of MSME, through the Development Commissioner (DC-MSME), implemented the Technology Centre Systems Programme (TCSP) to establish 15 new centers to provide technology training.
<b>A Scheme for Promotion of Innovation, Rural Industry &amp; Entrepreneurship (ASPIRE)</b>	The scheme has the following objectives: <ul style="list-style-type: none"> <li>* Create new jobs and reduce unemployment,</li> <li>* Promote entrepreneurship culture in India, Grassroots economic development</li> <li>* Facilitate innovative business solutions for unmet social needs.</li> </ul> 34,251 persons have been trained in LBIs as on 30.09.2020, of whom 10, 383 persons are self-employed and 5,813 persons have been employed in another unit.
<b>Entrepreneurship and Skill Development Programmes (ESDP)</b>	meant for creating awareness about entrepreneurship among the youth aspiring for building their career hand-holding them to create their small business ventures. All the allocated training programmes under ESDP were stopped/halted.
<b>Pradhan Mantri Kaushal Vikas Yojana Scheme</b>	Encourage and mobilize youth to take up industry-relevant skill training to become employable. Increase capability and productivity of the existing workforce and align skill training with the actual requirements of the industry PM Kaushal Vikas Yojana 2.0 (2016-20) Under PMKVY 2.0, 89.59 lakh candidates were trained from 2016 to 2020. PM Kaushal Vikas Yojana 3.0 (2020-26) The PMKVY 3.0 scheme will be implemented in two phases, wherein phase one was implemented on a pilot basis in FY21 (2020-21), with an outlay of Rs. 949 crore (US\$ 129 million).

Policies and Schemes	Description
<b>Pradhan Mantri YUVA (PM YUVA) Yojana</b>	This scheme aims to create an enabling environment through entrepreneurship education and training and provide easy access to the entrepreneur network. It applies to 10 States (including Uttar Pradesh, Uttarakhand, Bihar, West Bengal, Tamil Nadu, Telangana, Kerala, Assam, Meghalaya, and Maharashtra) and two union territories (Delhi and Puducherry).
<b>Scheme of Fund for Regeneration of Traditional Industries (SFURTI)</b>	The objectives of this scheme are to organize traditional industries and artisans into clusters to make them competitive and provide support for their long-term sustainability, enhance marketability of products of such clusters, build innovative products, improve technologies, etc.
<b>Honey Mission</b>	Khadi & Village Industries Commission (KVIC) is engaged in the development of the Beekeeping Industry with a view to uplift people living in extremely interior rural areas by introducing and popularizing modern Beekeeping and creating sustainable employment and income. During 2020 - 21 (up to 31-12-2020), 2,750 Beehives (Boxes) with Bee colonies were distributed to 275 Beekeepers under the Honey Mission programme
<b>Kumbhar Shashaktikaran Programme</b>	Under Mineral-Based Industry, Khadi & Village Industries Commission (KVIC) distributed Electric Pottery Wheels along with other tools & equipment to the Pottery artisans, for strengthening Potter families engaged in Pottery. During 2020 - 21 (up to 31-12-2020), 2,300 Electric Pottery Wheels were distributed to 2,300 Pottery artisans under Kumbhar Shashaktikaran programme. By this, 9,200 pottery artisans were benefitted
<b>Atmanirbhar Bharat Initiative (during Oct 2020)</b>	The mission has helped reduce dependence on imports of air conditioners, as between October 2020 and November 2020, India reported 65% reduction in imports of split ACs or air conditioners; this bodes well for the government's 'Atmanirbhar Bharat Abhiyan' policy of self-reliance. In October 2020, the Directorate General of Foreign Trade (DGFT) released a regulation restricting imports of air conditioners with refrigerants. In January 2020, the country launched the world's largest vaccination drive with two 'Made in India' vaccines—Covaxin and Covishield—and demonstrated its determination to become self-reliant.
<b>Skill Upgradation and Mahila Coir Yojana (MCY)</b>	Development of skilled manpower in coir industry through appropriate training programmes and dissemination of information on its schemes and latest technologies available in coir sector for encouraging prospective entrepreneurs to set up coir units by availing the benefits under the PMEGP scheme.

Source- Annual MSME report 2019-2020,2021-22, IBEF MSME report March 2022

Women account for nearly 30% of the overall workforce and 3% of self-employed individuals. Having said that, putting the future of business in the hands of women opens chances not just for themselves but also for others. Women are the embodiment of love, passion, duty, and beauty, and their energy must be channeled into resource management. In today's globalized world, skill development is an essential factor that improves employability. Education and skill

development may contribute to industrial growth, economic diversification, innovation, technical advancement, and the country's overall development. In order to help women acquire these skills and empower them, the government and the Ministry of MSME have come up with various initiatives such as Pradhan Mantri Mudra Yojana, Mahila Udyam Nidhi Scheme and SAMART- a special entrepreneurship promotion drive for women.

Women's empowerment has been greatly influenced by skill development. It has altered the perception of women in the workforce. The importance of skill development is highlighted as "Empowered Women Empowered Nation". Women entrepreneurs have

initiated 1.38 lakh projects under the Prime Minister's Employment Generation Programme (PMEGP) Scheme since January 23, 2019. These projects account for around 30% of the overall initiatives funded under the PMEGP scheme.

**Table 1.7 Central Initiatives to Promote Women Entrepreneurship**

<b>Policies and Schemes</b>	<b>Description</b>
<b>Mudra Yojana Scheme</b>	This is a government programme for women who wish to start a small business, such as a beauty parlour, a tuition centre, or a tailoring business. Three plans have been implemented under this scheme: Shishu plan (loans up to Rs 50,000 [US\$ 655.38] for new businesses), Kishor plan (loans between Rs 50,000 [US\$ 655.38] and Rs 5 lakh [US\$ 6,553.81] for well-established businesses), and Tarun plan (loans of Rs 5–10 lakh [US\$ 6,553.81–13,107] for business expansion).
<b>Trade-Related Entrepreneurship Assistance and Development (TREAD) Scheme</b>	PMEGP created TREAD, a programme that strives to empower women by giving credit to projects, offering particular training and counselling, and disseminating information for their businesses. The government would finance up to 30% of the overall project cost, as determined by financing institutions. The remaining 70% would be financed by these institutions.
<b>Mahila Udyam Nidhi Scheme</b>	This initiative intends to assist women in starting new enterprises as well as improving and modernising the existing ones. The loans must be returned within 10 years, which includes a five-year moratorium period; interest rates would be adjusted as per the market rates.
<b>SAMARTH</b>	This drive aims to help women become independent through self-employment. In FY 2022–23, the Ministry of MSME will focus on providing skill development and market development assistance to women, with over 7,500 women applicants from rural and sub-urban regions being trained. Around 20% of seats in free skill development programmes offered under the Ministry's skill development plans will be reserved for women. Under the Ministry's marketing assistance programmes, 20% of MSME Business Delegations sent to local and foreign exhibits would be devoted to women-owned MSMEs.
<b>Annapurna Scheme</b>	This plan is designed specifically for women's hidden cooks, as the name implies. A loan of up to Rs. 50,000 (US\$ 655.38) would be provided to establish a catering business and buy cooking equipment including utensils and water filters. To procure the funding, collateral in the form of assets as well as a guarantor is required. Also, the loan must be returned within three years. The women can obtain a one-month grace period before the repayment process starts.
<b>Stree Shakti Package for Women + Entrepreneurs</b>	To secure a loan under this programme, women must first register under their State's Entrepreneurship Development Program (EDP). They also need to possess a controlling stake (more than 50%) in a small firm. On loans above Rs 2 lakh (US\$ 2,621.52), a 0.05% concession on interest is offered.

Source- Annual MSME report 2019-2020,2021-22, IBEF MSME report March 2022

### 1.6 Uttarakhand Initiatives to Promote MSMEs, Entrepreneurship, Women Entrepreneurship, and Start-Ups:

The government of Uttarakhand had taken up many measures to address unemployment in the State. Job opportunities in government sectors are not sufficient to be able to provide jobs to all the job seekers. Multiple policies for self-employment are being implemented both by the State and central government.

The MSME sector plays a crucial role in the economic and social development of the State as this sector is the nursery of entrepreneurship. This sector also has a high potential of providing livelihoods with low capital investment and high utilization of local resources. The government has placed a special mandate in its Vision 2030 strategy to develop the MSME sector. With the aim of promoting inclusive, green, and sustainable growth; the government launched and extend schemes

based on objectives like social inclusion, gender equality, and human development.

According to the census 2011, the State literacy rate is 78.2% and the sex ratio is about 963 females per 1000 males. The percentage of women population is 49.48%. In earlier times, women were mostly engaged in managing household budgets, family, and the work of the houses, collecting fodder for animals taking care of livestock. With the change in the time women are developing their interest in education, financial activities, and taking part in the workforce and gradually it is changing towards entrepreneurship. Apart from this Uttarakhand government is empowering women in the entrepreneurship sector by providing training in skill centers and schemes/incentives.

Some of the employment generation programmes in Uttarakhand are as follows:

### 1.8 State Initiatives to Promote MSMEs, Entrepreneurship and Start-Ups

Policies and Schemes	Description
<b>Policy for Skill Development &amp; Entrepreneurship 2018</b>	Increase the employability of workers, the competitiveness of enterprise, and the inclusiveness of growth. Improve productivity & competitiveness at the workplace. To increase the employment for achieving sustainable development goal of less than 4% unemployment rate. The skill development policy comprises every aspect of training programs in the State and offers Entrepreneurship and Skill Development Training Programmes.
<b>Uttarakhand Skill Development Mission 2013</b>	State Government is conducting Entrepreneurship Development Programmes (EDPs). Workshops are being organised to sensitise various training agencies and to standardize their training programmes. Training will be given to the local skills of Uttarakhand which are being carried forward by generations of artisans, weavers and artists to secure livelihoods. At rural and remote areas in block level ITIs/ Polytechnics shall be developed as Skill Development.
<b>MSME Policy-2015</b>	To attract investment in the micro, small and medium enterprise sector. The policy aims at stopping rural-to-urban migration and boost entrepreneurs. To develop remote and flood hit areas of Uttarakhand for overall development.
<b>Start-Up Policy 2018</b>	Aims to achieve facilitate and nurture the growth of at least 500 new start-ups in Uttarakhand. To create a spirit of entrepreneurship by changing the present trend of job seeking to job-creating. Incubator is designed to support start-up companies during the early stage to help develop a scalable business model through business support resources and services such as physical, capital coaching mentoring.
<b>Tourism Policy 2018</b>	Homestays Veer Chandra Singh Garhwali Paryatan swarojgar yojana, den dayal Upadhyay grah awas yojana

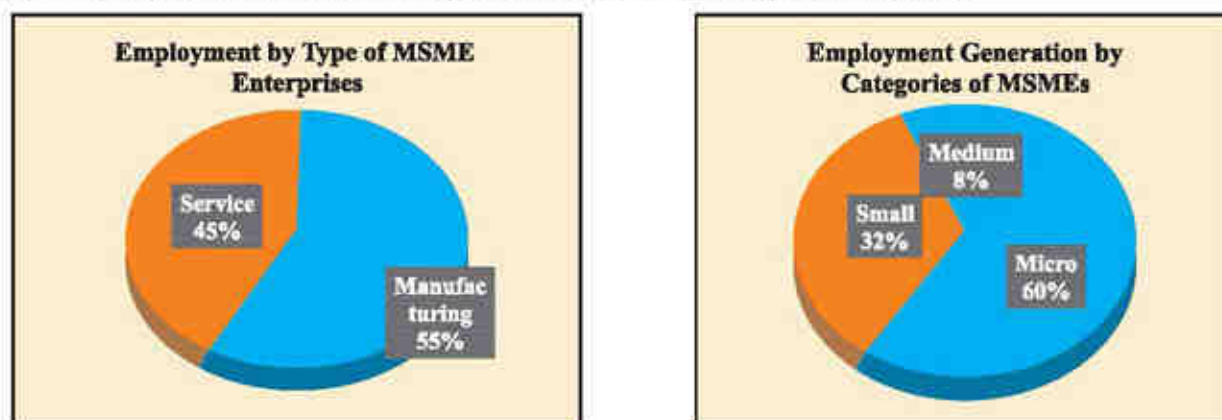
Policies and Schemes	Description
<b>Mukhyamantri Swarojgar Yojana (MSY NANO)</b>	Ensure availability of term loans/working capital loans/blending loans to small businesses/entrepreneurs in rural and urban areas and migrants who have returned to the State due to COVID-19 for operation/re-operation of their own enterprise/business. (ii) Creation of employment opportunities in rural areas by promoting micro-service, setting up of businesses and small industries for self-employment.
<b>Udyog AADHAAR Memorandum</b>	Udyog Aadhaar Memorandum (UAM) is a one-page online registration system for MSMEs based on self-certification. The information sought is on a self-certification basis and no supporting documents are required at the time of online filing of UAM. As per the Union Budget 2021-22, India has ~6.8 million Udyog Aadhaar registered MSMEs.
<b>Mega Industrial and Investment Policy 2015</b>	To provide assistance to dairy and textile processing units in the State of Uttarakhand . To promote the textile industry of Uttarakhand through the provision of subsidies and rebates on power bills.
<b>Industrial Hill Policy 2011</b>	To set up industrial hubs in the State and attract investments for industrialization in the hilly areas. In 2012, the State Government amended the policy and the effective period was extended from 2018 to 2025
<b>Information and Communication Technology &amp; Electronics Policy 2016-2025</b>	To encourage the use of IT tools in the Government for management and decision support systems. To offer easy access to consumer applications of ICT. To attract private sector initiatives for the development of IT infrastructure in the State.
<b>Policy for Harnessing Renewable Energy Sources in Uttarakhand</b>	To boost the industrial capacity of the State. To attain an industrial development growth rate of 11.2 % per annum, alongside the target of 10 % per annum growth in SGDP as visualized in the Twelfth five-year plan.
<b>Mukhyamantri Saur Swarojgar Yojana Solar Energy Policy</b>	To provide self-employment opportunities to such small and marginal farmers and unemployed residents of the State and to encourage the electricity generated by se(i setting up solar power plants on land which is not cultivable to develop means of income from selling it to UPCL. Under the scheme, a target of 10,000 projects has been targeted to be allocated to eligible applicants. Year-wise targets will be fixed with the concurrence of MSME and the Department of Finance.
<b>Single-Window Clearance Mechanism</b>	These centres are responsible for providing information and escort services to entrepreneurs. They also maintain a data bank. Single window mechanism increases the efficiency through time and cost savings for both the traders and the Government. The mechanism offers one single platform wherein parties, involved in trade and transport, lodge information and the required documents at a single point of entry. The Government of Uttarakhand announced the implementation of single window clearance system in the MSME (medium, small and micro enterprises) policy introduced in 2015.
<b>Promote Entrepreneurship &amp; Self Employment</b>	National Rural & Urban Livelihood Mission/Mukhya Mantri Mahila Satat Ajeevika Yojana , Self Employment Schemes for Minorities/ Self Employment Scheme In Tourism/Mukhya Mantri Shilp Vikas Yojana/Support from EDI (Entrepreneurship Dev. Institute)/ Mobile Career Consulting Unit.

Policies and Schemes	Description
<b>Home Stay Policy</b>	The State Government has recently come up with a Home Stay policy, which is indeed a step forward to promote tourism, encourage self-employment, and curb migration in the rural & hilly regions. The following areas would be critical for the success of this initiative. Easy access loans from banks for developing facilities as the trade has reported issues in this regard and the State may examine the same.
<b>Mahila Udhyaami Protsahan Yojana</b>	In this scheme, loans are given to women to set up industries, in which subsidy is given from 20 to 25 percent. The main objective of the special incentive scheme is to create entrepreneurship and skill development among women. So that women become self-reliant by establishing their own enterprise and create employment opportunities for others by becoming employment providers in the society.

Source- Start-up India, News articles, Invest India, Uttarakhand Vision 2030

### 1.7 Employment Generation by MSMEs Trend for Last Ten Years, 2012-13 to 2021-22:

Figure 9: Employment Generation by MSMEs for the Years 2012-13 to 2021-22



Source- Directorate of Industries, Uttarakhand

Uttarakhand MSMEs contribute significantly to the State priorities of entrepreneurship promotion, employment generation, and hilly area development with aim of reducing income disparities. The service sector mainly includes tourism, information technology, higher education, and banking. Over the years, from 2012-13 to 2021-22 employment opportunities provided by the service sector is about 45% and more employment generation goes into accounts of the manufacturing sector by 55%. Training, skill-based programs, and entrepreneurship development can play an important role in the growth of the service sector. And with divisions of MSMEs, micro-units are playing a vital role since 2012 in generating employment for the people of rural areas/backward areas and account for 60% generation of employment opportunities followed by small scale Units which account for 32% of employment

generation and only 8% employment is generated by medium enterprises. From the above figure it is evident that Micro and Small-scale units have more ability, and perform well to generate employment with low capital investment amongst them and contribute more to goals of social equality and income equality.

#### Vision 2030 for MSME :<sup>36</sup>

The main growth drivers in the economy have been identified as hill agriculture with emphasis on horticulture, including aromatic and medicinal plants (promoted by AYUSH), and Tourism, in order to improve productivity and create sustainable livelihood, especially for the people in the higher reaches of the State. The Micro, Small and Medium Enterprises (MSME) sector cuts across sectors having the potential for employment generation and is extremely important in the growth strategy of the State.

<sup>36</sup> Uttarakhand Vision 2030 published in year 2018



**Development Targets for the MSME Sector:**

- To promote the MSME sector in the entire State with a special focus on the hilly regions for promoting a self-sustaining economic model.
- To focus especially on the micro sector, which has a tremendous potential to employ minimum capital investment.
- To provide a marketing platform to the State's MSMEs, cottage, khadi, handloom, and handicraft producers of the State.
- To boost entrepreneurship among potential businesswomen and offer them financial support through the banking system to enable them to become self-employed.

**Table 3.5 Sectoral Indicators for Vision 2030 for the MSME Sector**

Indicators	Target to be achieved by		Current Status (2001 to 2021-22)
	2023-24	2029-30	
<b>No. of MSME Units Established</b>	94,000	170000	<b>73,961</b>
<b>Capital Investment (in Rs. crore)</b>	19,400	36000	<b>15,334.5</b>
<b>No. of Employment Generation</b>	4,60,000	8,50,000	<b>3,82,431</b>

Source : Uttarakhand Vision 2030, Directorate of Industries

From the Vision 2030 targets of 2023-24 for all three indicators, it is seen that we are far from 21% to achieve 100% of the number of MSME units established and Capital investment whereas for the number of employment generation we have to cover 17% to reach the target in the upcoming two years. For the particular year, 2021-22 number of MSME units established was 5073, capital invested in crores Rs. 871.500 and employment generation in numbers were 35990.

*To create a sustainable and equitable system in the MSME sector, which can maximize the utilization of resources and widen the areas of operation to make Uttarakhand's growth inclusive sustainable, and employment-oriented.*

*We are eight years away from the completion of Vision 2030 but will we be able to meet the targets efficiently & effectively?*

Target 2029-30 states that the number of MSMEs units established in the State is to be 1,70,000 units and by the year 2021-22, the number of units is 73,961. Here we have to take a path of 56.5% growth in eight years to reach the target.

We have completed more than half target but within a short period (Eight years). Target 2029-30 capital Investment (in Rs. crores) 36000, and till 2021-22 we stand out for Rs. 15334.5 cr. A path for 57.4% is yet to be covered and the main objective of the approach is to provide employment opportunities for people by enabling MSMEs, entrepreneurship, and startups and yet we covered only 45% of the target (382431), 55% is left to cover in upcoming years.

For the particular year, 2021-22 number of MSME units established was 5073, capital invested in crores

Rs. 871.500 and employment generation in numbers were 35990 which was 5.4%, 4.5%, and 7.8% respectively of the target 2023-24.

With this rate of target achievement, and time constraint of eight years we cannot fulfill the goal of vision 2030. To achieve the target by 2029-30, all three indicators need to achieve a 12.5% target of the total each year.

The Uttarakhand government needs to make its development strategy more mountain-centric and recognize the current and future demand-supply gaps of manpower or make changes in strategies to reduce the unemployment problem. This would require visionary political leadership and dedicated bureaucracy to transform the State youth from job-seekers to being job-providers.

Eventually, the State is a migration-prone hill region, and to curb this, proper monitoring and channelizing of manpower is required. The inclusion of NGOs and the government sector, private sector, education sector and public partnership to provide training, awareness & career guidance will raise employment and income opportunities for local youths.

The labour force participation for the State was 47 percent in 2010-11 as compared to the labour participation rate of 53 percent at the all-India level indicating an increasing level of unemployment in Uttarakhand. Share of employment by broad industry group has been provided below:

The number of MSMEs registered by broad industry group has been provided above.

Growth of MSMEs by nature of the unit registered with memorandum Part II (EM-II) & Udyog Aadhar filed

**Table 3.6 Share of Employment by Broad Industry Group in Uttarakhand (2010-2011)**

Industry group	Uttarakhand (%)	All India (%)
Agriculture & Forestry	33.5	52.2
Mining & Quarrying	0.3	0.7
Manufacturing	11.6	10.6
Electricity	0.7	0.4
Construction	20.9	8.7
Trade	10.2	7.7
Transport & Storage	2.7	3.5
Financing & Insurance	0.7	1
Community Services	13.8	8.4
Others	5.6	6.8

Source: Labor Bureau, Government of India, 2010-2011, NSDC Uttarakhand 2017,2012

**Table 3.7 Number of Enterprises (MSMEs) Memorandum Part II (EM-II) & Udyog Aadhar FILED for the year 2012 to 2021 in Uttarakhand State**

Industry group	MSMEs units registered from the year 2012 to 2021
Agriculture & forestry	127
Mining & quarrying	223
Manufacturing	9595
Electricity, gas steam, and hot water supply	35
Construction	193
Trade (wholesale of trade & commission trade)	111
Transport & Storage	128
Financing & Insurance	28
Others	4933
Repair & main tenance of motor vehicles, retail sale of automotive fuel	474
Repair & maintenance of personal & household goods; related trade	716
Hotels and Restaurants	930
Post & Telecommunications	181
Computer & Related Activities	895
Other Business Activities	781
Health & Social Work	126
Recreational, Cultural, and Sporting Activities	108
Publishing, Printing & Reproduction of Recorded Media	183

Source- Directorate of Industries, Utrrakhand

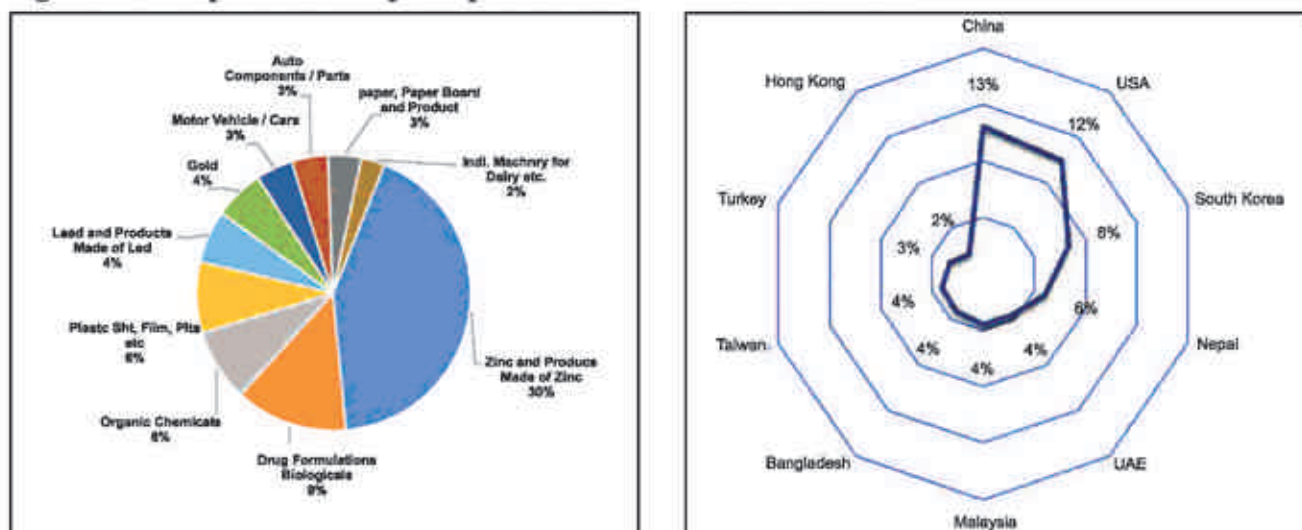
from the year in last ten years. A total of 62 categories are grouped according to NIC codes for MSME units. For the compilation of data from the years 2012 to 2021, some categories are merged according to their similarities of nature viz. Mining & quarrying is a merge of three NIC coded categories (12,13,14 mining of Uranium and thorium, mining of metal ores, other mining, and quarrying), Manufacturing (21 NIC code categories are merged and gives a 9595 total number of units), Agriculture & forestry(merged of two NIC

codes-1,2), transport & storage is a merge of three NIC codes (60, 61,62 Land, water and air transport), Financing & Insurance (is a merge of three NIC codes 65, 66, and 67). The majority of MSMEs units are registered for manufacturing activities followed by others, hotels and restaurants, computer & related activities, other business activities, repair & maintenance of motor vehicles, and retail sale of automotive fuel respectively.

The scope for linking the MSME sector to the growth-driver sectors, especially horticulture, and thereby generating further employment, has been mentioned in Vision 2030. The focus will be especially on the micro sector, which has a tremendous potential to provide employment at Uttarakhand has doubled its exports in the past five years. In 2020, the State ranked 1st among the 12 Himalayan States, due to the presence of basic export facilities & infrastructure, a conducive business

& export environment, and export performance. Uttarakhand has almost all agro-geo climatic zones, which provide commercial opportunities for floriculture and horticulture. The State has 175 rare species of medicinal & aromatic plants and 403 horticulture-based units. In November 2020, Uttarakhand's Industrial Department announced to set up of export promotion hubs across all the 13 districts.

**Figure 11. Composition of Major Exports from Uttarakhand in 2017-18**



Source- Export Strategy of Uttarakhand 2018

During 2013-14 to 2017-18, exports from Uttarakhand registered a positive CAGR of 6.79 percent to reach USD 1.46 billion against a negative growth of -0.89 percent in India's overall exports. The top 10 market destinations represented in the above graph occupy 62 percent share of Uttarakhand's overall exports. From

both primary and secondary analysis, such export items have been identified that although have immense potential in boosting exports from the State but require support in enhancing their export competitiveness.

These are categorized as "Potential Export" Sectors and placed below

Sector	HS Code (at 8 digits)	Commodity	Exports from Uttarakhand 2017 (US\$ Mn)
<b>Spirits &amp; Beverages</b>	22071090	Other Spirit of Undenatured Ethyl Alcohol	<b>4.24</b>
<b>Scientific Instrument</b>	90183990	Needles, catheters, cannula, and the like, used in medical, surgical, dental, or veterinary sciences (excl. syringes, tubular metal needles, and needles for sutures): Other	<b>2.40</b>
<b>Agro-processing</b>	21039040	Mixed, Condiments and Mixed Seasoning	<b>1.35</b>
<b>Mushroom- Agri &amp; allied</b>	07123100	Mushrooms of the genus Agaricus, dried, the whole cut sliced broken	<b>1.35</b>
<b>Ayush</b>	12119094	<b>Basil, Hyssop, Rose Mary Sage, Savory</b>	<b>1.08</b>

Source - Export Strategy of Uttarakhand 2018

### 1.9 Challenges and Way Forward:

➤ **Standard of Output-** There is a lack of Quality seeds and Planting Materials in the State and the farmers are forced to sow low-quality seeds/

plants. The State lacks High-Grade Quality production of the product and "A" Grade cultivation of various Horticulture products is needed to boost exports. Under Vision 2030, the

processing capacity of horticulture produce will be enhanced from 7.5% to 15% of the total horticulture production by 2030. (Khadi products) The usage of traditional techniques used in Khadi and outdated designs are a few of the challenges that the industry is facing. Khadi products are being produced using old machines. There is a need to train manpower engaged in this sector on 'jacquard looms' that are compatible with the latest design trends.

- **Post-production problem** - (Crafts & traditional artwork) the artisans face marketing issues for their products and don't get potential buyers because of machine-made products sold at a lower price and with a variety of designs in the market. The absence of promotion & marketing for traditional artwork products is been noticed in the State. (Agro-based products) It was reported that most of the growers have migrated to other trades due to a lack of awareness about the different schemes and incentives being offered by the Government, non-availability of funds and loans, and delayed payment from the sale of produce. The (mushroom and medicinal plants) growers are not finding more buyers and also they are not getting good rates which is not prompting new farmers to enter this field.
- **Forward and Backward linkage**- (Supply chain) The present airway infrastructure is not sufficient to enhance supply & logistics. Districts where the high hilly regions with environment-sensitive zone are lacking better transportation and supply chain management. (Floriculture) Presently due to the absence of proper transport facilities, they are not able to retain the quality of the flower till it reaches bigger mandis like Delhi. The Trade said that they are lacking advanced production technology like planting geometry, seed rate, nutrition, irrigation, management, grading, PP measures, etc.
- **Establishment of Start-ups**- The main problem faced by the start-ups is arranging finances at the initial level which financial institutions are reluctant to give without collateral. The cost of the land is very high, which is pushing away new start-ups from the agriculture side as it required marginal holdings. A proper lack of guidance in the initial point of setting up a business is missing and a lack of awareness among people regarding the government initiatives & schemes has been addressed. Urban regulations and property rights issues appear to pose major challenges for start-ups, affecting their ability to register and to access finances from institutional

sources. The complexity of many aspects of business regulatory processes makes it important to put in place effective mechanisms to help entrepreneurs through administrative procedures for starting their businesses.

- **Skills & Training**- There is a skill gap in intra-district manpower and the major problem is people are not aware of the schemes, don't have knowledge about the procedures, and refuse to avail the benefits from the schemes. Lots of students passing out from ITIs and VTs have limited exposure to operating CNC functional machines. The students lack practical exposure and end up doing low-paid jobs in garages and workshops. The estimates for incremental skill gap indicate that the State will be able to create more semiskilled (graduate and vocational training) and skilled manpower than the local demand, but there will be a significant gap in the labor force having technical training (skilled manpower). It may be noted that the gap in the demand and supply of skilled workers is due to the fact that there are better training facilities in a few districts (such as Dehradun, Nainital, Haridwar, and Pithoragarh) only.<sup>37</sup>
- **Capital Formation in Start-ups**- The fourth census of MSMEs conducted by the Ministry of MSME shows that 94% of the MSMEs in both the organized and unorganized sectors are micro-enterprises or typically start-ups, with investment in plant and machinery of less than Rs.25 lakhs. Unfortunately, the entire ecosystem of starting a new unit in India is not equity-driven but driven by debt instruments. Typically for a new start-up, the funds, in terms of equity of the start-up are obtained from the entrepreneur's family, friends and relatives. In Uttarakhand among the middle class, which is the large segment of the population, the perceived risk of collateralization is so high that it acts as a major deterrent to scaling up of business.
- **Availability of Mentors and Managers**- Most of the incubation managers are either outside of Uttarakhand natives or from plain areas. The topography is vital to be understood. The incubation centers and mentors can help a new business in its growth journey with prior knowledge of topography, agriculture, and MSME. The growth of entrepreneurship and start-ups can be expected when incubators and institutions work together to create an ecosystem for entrepreneurship development in the State.
- **Incubation Dysfunction**- Currently, eight incubators are working in the State of Uttarakhand. All these incubators are providing

<sup>37</sup> Skill Gap Uttarakhand 2017,2022 published by NSDC

support to the entrepreneurship ecosystem of the State. However, the incubation runs primarily due to the government's availability of funds and grants. The skillset required to run incubators is still missing, and concentrating on the hilly nature of the State is essential. The State's people are diversely located, and the accessibility of information needs a more extensive dissemination network. The local problem is not discussed and reviewed by incubation centers, start-ups, and entrepreneurs. All these problems can cause many issues for the growth of the entrepreneurship ecosystem in the State.

- **Output and Productivity-** The State has a large variety of handcrafted things with easy availability of raw materials. The member of the trade engaged in this industry is small artisans who have limited resources. There is a huge scope for traditional crafts in European markets. The artisans are not very well versed with the new designs and modern taste, though they have the skills to produce the new designs as per the buyer's taste. There is little innovation in designs as per buyers' tastes & preferences.
- **Undervalued Resources-** The State of Uttarakhand has a unique distinction of being the only State in the country producing all major types of Known commercial silk, namely Mulberry, Tasar, Eri & Muga. The State has got good potential for silk and silk products. There is a positive growth of raw silk on year to year basis. But branding is missing from silk production in the State. The State should promote, and advertise the silk products produced in the State by establishing a brand to conquer the market.
- **Adaption of New Technologies-** there is a lack of adaption of new technology by people involved in the various activities like food processing, manufacturing, farming & cultivation, and logistic & supply approach. The traditional marketing approach is followed, lacks proper channel linkage which causes low productivity, high cost of production, lack of post-harvest infrastructure, fragmented supply chain, lack of market-led extension, and poor market access.

#### **Way Forward to the Sustainable Growth of MSMEs, Startups, and Entrepreneurship Logistics and Supply Chain Management:**

For MSMEs to prosper and grow, there is a need for proper facilities of logistic handling to assure better handling of produce, result in decreasing wastage, and increase the marketable surplus quantity. Thus, better logistic arrangement by liaising and negotiation with

Indian Railways and airport authority to make a cost-effective and efficient supply chain.

To facilitate transportation, the State Government may examine the possibility of building Ropeways to carry farm produce to low/plain areas in the high hilly regions where road connectivity is poor or difficult to maintain. To enhance quality and storage, Harvest processing of agri- produce, such as waxing of fruits, and sorting of bad/damaged fruits/produce, will increase the shelf life of the product and will be helpful in maintaining the quality of the produce for distant markets.

#### **Marketing and Market Access:**

In COVID-19 e-commerce took a high pace of growth for dealing in goods & services. So, MSMEs, and startups of the State should collaborate with (Business to Customers) B2C e-commerce platforms to significantly upscale e-commerce in the State and enable the buyer on the virtual market to access products as well as products of mass consumption in varied quantities. It may be encouraged through programme intervention and advocacy by promotional departments.

#### **Ease of Doing Business and Handholding Support – Mentoring:**

Minimum complexity in setting up a business and the knowledge of procedure and awareness for the startups are required to promote by local media and Government with help of NGOs, Youth welfare groups, etc.

#### **Growth Hand in Hand with Handicrafts, Handloom:**

The State has many religious places apart from hilly tourist destinations. It may promote handicrafts, honey, mushrooms, and organic tea produced in the State as "Made in Uttarakhand" products at these places apart from display places at Jolly Grand Airport, Dehradun and all roadways bus stands. The State may also open its selling outlets at these places. This will help in employment generation and sustainable livelihood of the people.

#### **Intermediaries:**

Inclusion of trained intermediaries is required to give a good value of output, Institutions like cooperatives, and farmer's producer organizations (FPO) could play a vital role to run small-scale industries/processing units to increase output and export share of the State.

#### **Multipurpose Skill Development District Centres:**

Set up a multi-purpose center for skill development in hilly areas to build on the existing strength, especially in hilly areas. Although these centers would be set up in the specified Districts they should extend their work to other Districts also to increase the outreach.

**Trade Fairs:**

Arrangement of trade fairs within the districts and other States to promote Uttarakhand-based products and may participate in various food-related International exhibitions of the world with members of the trade engaged in this sector.

**Auto Sector a Growth Driver of Employment and Industrial Growth:**

The automobile sector has potential for startups in Uttarakhand. Government should facilitate training events with leading players of the auto industry like Tata Motors and Ashok Leyland to open Training Centers.

**Floriculture:**

To promote floriculture there is a hindrance to the marketplace, there is a need to establish Flower Mandi near Airport with proper infrastructure so as to establish linkages with markets in NCR and overseas, this will help in generating employment with the available resources. To encourage more start-ups, the concerned department may provide updated information (based on the season) on areas/ districts where cultivation can be done along with other necessary guidelines so as to provide a single stop point.

**Figure 10: Strategy for Creating Sustainable Livelihoods for Uttarakhand**





## Chapter 6

# State Employment Strategy

### SECTION - 1

### FUTURE OF WORK

#### Employment in Primary Sector, Secondary and Tertiary Sectors:

Share of employment in agriculture sector is almost 3%, in secondary sector is 30% and service sector is 68%. It shows that the share of services sector is highest in the employment pie of Uttarakhand.

**Table 1: Percentage Distribution of Workers in Uttarakhand by Sectors in Urban Areas**

Sector	All	Female	Male
Agriculture	2.95	3.16	2.91
Secondary	29.36	12.57	33.12
Tertiary	67.70	84.26	63.96
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: PLFS 2020

#### Employment in Public and Private Sectors:

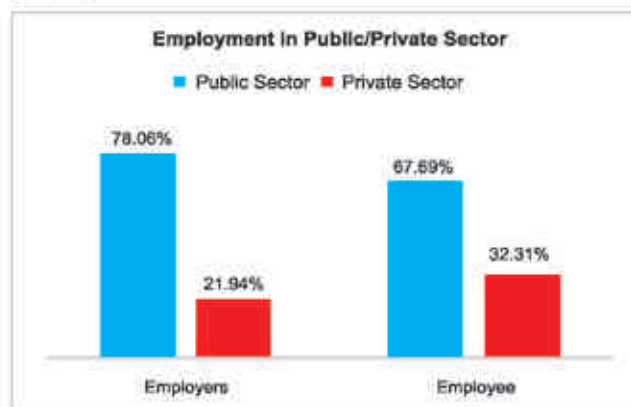
In order to reduce youth unemployment, employment offices have been established in the State and the total number of registered unemployed applicant is 839697. 84 Job fairs have been organized in financial year 2020-2021. 1931 youths have been selected for job through these job fairs.

Table 1 shows that total share of public sector in employment is 68% and private sector's share is 32%. On the other hand, number of public sector units is almost four times greater than private sector, but the

employment provided by private sector is higher. As the table shows that 21.94% private sector units provide 32.31% employment.

#### Employment Market Information Programme:

Total number of workers employed by the public sector is 2,06,783 whereas number of workers in private sector is 98,703. Number of employers in public sector are 3,096 whereas number employers in private sector are 870.

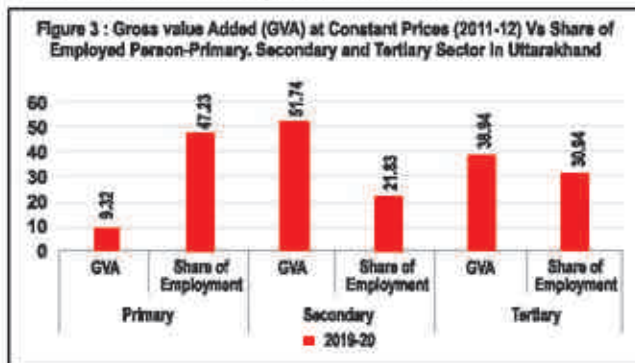


Source: Author compilation from Economic Survey Vol. II

#### Employment in Different Sectors:

This section examines the distribution of workers across the economy of Uttarakhand in relation to the gross value added (GVA) by different sectors (namely, primary, secondary, and tertiary). The information on

the distribution of workers in different economic sectors in Uttarakhand According to the PLFS 2019-20, nearly half (47.23 percent) of the workforce in Uttarakhand is still employed in primary sector jobs related to agriculture, forestry, fishing, mining, and quarrying. However, the primary sector's gross value added (GVA) to the State economy in that same year was only 9.32%. It implies that there are more people than necessary working in Uttarakhand's primary economy, particularly in agriculture. People are employed in a condition known as disguised employment where they are all forced to work less than they are capable of. calculated using information on the classification of work industries from the PLFS 2019-20. The Department of Economics provided the information on GVA by various sectors.

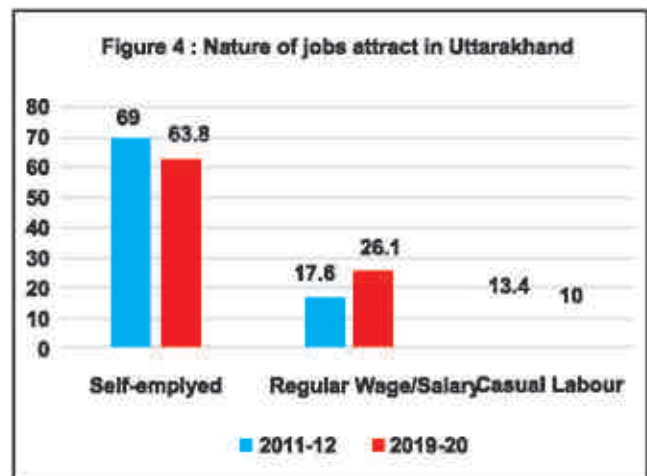


Source: GVA- DES, GoUK; Share of Employment- PLFS 2019-20, EUS 2011-12

- The State's secondary sector, which primarily consists of manufacturing and construction activities, contributes the most gross value (51.8%) and employs around 22% of the labour force. The absence of capital-intensive sectors in Uttarakhand is indicated by the low employment to GVA ratio in the secondary sector.
- In 2019-20, the tertiary sector's share of the GVA (which primarily consists of services activities) is 39%, while the percentage of people employed in the sector has stayed relatively constant at 31%.

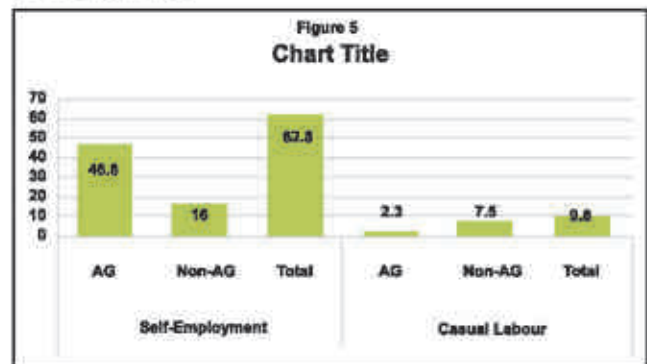
#### The Nature of Jobs That Attracts Youth:

The nature of jobs that attracts youth has been segregated into three categories viz., self-employment (SE), regular employment (RE) and casual workers (CW). Regular or paid employment is generally considered secure and self-employment fairly secure, even though incomes from certain types of self-employment activities might be highly irregular, inadequate and sometimes even uncertain. For typical casual workers, neither the duration of employment nor the income from it is certain. The proportion of people involved in self-employment has fallen from 69 percent in 2011-12 to 64 percent in 2019-20 (see figure 4).



Source: 2019-20-PLFS; 2011-12-EUS

Figure 5 shows that attraction of labor force towards SE and CL has declined by 5 percent and for RE has increased by 8.5 percent in 2019-20, in 2011-12 the RE was 17.6



As the above-mentioned figure shows that participation of people in agricultural self-employment is higher than CL in agriculture sector which indicates that people in Uttarakhand are more attracted towards agricultural entrepreneurship.

More specifically, a recent study conducted by IABT on youth of Uttarakhand reports that 58% of youth are starting their own business/self-employment (SL), only 16% are interested in Government jobs.

The research concludes that youth of Uttarakhand are more attracted towards self-employment (SE). Following suggestions are given to create more opportunities in sunrise sectors:

- Improving household financial condition
- Encouraging family behavior
- Increasing awareness
- Skill development
- Self-efficacy/confidence development

#### Trends in Work Patterns:

The pandemic's disruption has progressed from the recent abrupt move to entirely remote work to the current mixed work arrangement. More than 70% of



Job Attraction	Girls	Boys	Combined
Private Job in IT	20	17	18
Private Job in Nursing	32	23	27
Entertainment	44	33	38
Private Job in Customer Facing	8	30	20
Government Job in Bank	20	13	16
Government Job in SSC	28	30	29
Government Job in (other)	52	60	56
Start own business/ Self-employment	50	66	58
Family Business	20	0	

workers now say they prefer hybrid work, and similarly, IT businesses and tech service buyers have made similar statements. The problems that the new work paradigm is anticipated to bring as well as the crucial issues that leadership must deal with to support flexible working alternatives in the post-pandemic age are detailed in a report produced by NASSCOM and BCG.

Indian tech companies have already begun implementing new work methods, ranging from totally remote to partially remote and fully on-site. Traditional businesses prioritise precise execution, but technology groups are flexible and modular. According to the report's results, compared to the other industrial segments, over 80% of IT companies and GCCs are most likely to implement a hybrid work paradigm. A future hybrid organization's structure will also be determined by the size and type of the firm, which have become important factors.

"The pandemic has wide-ranging effects on businesses around the world, affecting how they interact and function. According to Debjani Ghosh, President of NASSCOM, "organisations have experienced some significant adjustments, with remote/hybrid being the most noticeable one.

Organizations should examine the choices and behaviour of their employees as we go toward normalcy and provide them with the finest working opportunities both offline and online. When creating the future of work structure, they should use a holistic perspective and take into account the new working styles and trends, continues Ghosh.

The tech sector is on the verge of innovation, according to Nitin Chandalia of BCG India, and businesses are testing out cutting-edge ideas to build the workplace of the future. Over the past few years, organisations have been exposed to newer working models that not only

allow access to fresh talent pools but also boost operational resilience and personnel retention. Future work models are not binary and can take many different forms along a continuum. As a crucial part of a differentiated employee value proposition, organisations must develop their own version of this future model.

Organizations are considering remote work methods as well as changing their geographic footprint and refocusing on Tier 2 and Tier 3 towns in an effort to recruit and keep highly trained labour that is dispersed across geographies. Companies are implementing newer labour models, such as a greater use of pay-on-demand models (gig workers/freelancers), in order to retain and attract a variety of talent pools.

Organizational structure is anticipated to alter with the shift to a new work model in order to improve collaboration and employee engagement. This will include a creativity-driven focus to unleash employee potential and an efficiency-driven focus to increase organisational efficiency and agility, depending on the structure of the organisation for both Fluid and Modular platform organisations.

These worrying statistics show how the workforce's priorities are shifting. Public and commercial businesses should take advantage of this chance to stand back as they plan the return to work and make sure that they are establishing clear links across particular positions. The popularity of remote work has demonstrated to individuals that while technology can support and supplement human labour, it cannot take the place of it.

Businesses have the chance to innovate in the ways they combine human and technological teams. Businesses should shift their perspectives on technology from one of pure substitution, where machines take the place of people, to one of augmentation or collaboration. The pandemic's information-hungry populace confirmed the truth of the adage "knowledge is power." Organizations used institutional knowledge to increase their adaptability as people around the world scurried for any information they could find on virus spread rates, care guidelines, vaccine development, safety precautions, business closures, and more. By utilising the knowledge that was now available to them, they were able to quickly deploy employees into new roles or even new organisations.

In the post-lockdown era, organisations have the chance to use AI to create a culture of actionable knowledge generation and sharing that increases organisational connection and gives the organisation resilience to be able to endure and even thrive in disruptive and uncertain circumstances.

The latter viewpoint can enable an organisation to not only reduce expenses but also add value and, in the end, give the workforce as a whole purpose.

According to a study, technological progress makes it less probable for older workers to lose

their jobs, but it also makes it less likely for them to find new employment. Youth, on the other hand, are more likely than older individuals to be uprooted by technological advancement, but they also have a higher probability of finding new.

## SECTION – 2

## WORKERS' HEALTH and PRODUCTIVITY

### Review of national & international good practices on protecting workers health during COVID-19:

During the pandemic COVID-19 various measures taken by governments of different countries. Some specific measures, which should be given attention are discussed below:

#### India:

- The administration has authorised phased resumption of commercial and other operations and is releasing Standard Operating Procedures for potential sites.
- IEC materials on "How to communicate with Covid 19 suspected and confirmed cases" have been created and distributed. Front-line health professionals are receiving training on using communication tools to dispel myths and facts about 19 topics. The government has developed a helpline for behavioural and psychosocial health.
- The nation has 1,093 COVID facilities, 3.24 lakh hospital beds, 6.5 lakh beds in COVID Care Centres, and a testing capability of more than 1 lakh tests each day, according to the Health Ministry.
- For COVID Warriors, 56 lakh training sessions have been provided (dedicated staff and volunteers).
- Manodarpan, a programme that was announced to provide families, teachers, and kids with psychosocial support for mental and emotional health.
- On January 16, 2021, the COVID-19 vaccine's distribution in India got underway. Priority will be given by the government to the projected 30 million frontline healthcare workers, followed by the 50 and older population groups and the under-50 population groups with an estimated 270 million co-morbidities.

#### Georgia:

Employers must create a flexible working schedule and let employees know about it in accordance with the general suggestions set forth by MoIDPLSA for all

approved business operations. Additionally, employers must create flexible sick leave programmes that follow public health guidelines. Employers must implement control measures, including allowing remote work, to reduce interactions between staff members and customers.

Ministerial Decree No. 281/n was modified to allow for the issuance of forms equivalent to medical leaves to people who are in quarantine or self-isolation, upon which the time spent in isolation will be reimbursed. This was done to ensure that people had access to paid leave.

The National Implementation Plan for COVID-19 Immunization states that vaccination is still free and up to the individual, including medical professionals. Nevertheless, during the initial stage of the Plan's execution, vaccination against COVID-19 was prioritised for medical and healthcare workers.

However, it is a common practise for businesses to require employees to submit to routine PCR tests or vaccinations in order to gain access to the workplace. The Georgian Trade Unions Confederation (GTUC) offered 56 legal consultations on this matter from August to September 2021.

The National Health Care Center Order# 26 of 2021 enlarged the lists of Georgians eligible for free vaccinations on July 26, 2021. The list consists of:

- Foreign personnel employed by consular offices, diplomatic missions, representatives of international organisations accredited in Georgia, and analogous missions, as well as their families;
- International participants in the government's "Work from Georgia" programme and their families;
- Individuals, regardless of citizenship, who work on projects supported by diplomatic missions and international donor organisations, as well as their families.

### *Germany:*

- Beginning on March 16th, 2022, all employees in Germany's health sector will be required to receive the COVID-19 vaccination.
- Employers are required to permit vaccines for their workers during their paid work hours.
- Before entering the workplace, all employees must show documentation that they have completed all required vaccinations, are healthy, or have undergone a test with results no older than 24 hours.
- All federal States mandated the use of masks while using public transportation, shopping, and working.

### *European Union:*

Guidelines on cross-border mobility of important employees, including those in the utilities, health, care, and food sectors, as well as frontier workers and seasonal workers, as well as particular measures for the transport and tourist sectors, were released by the European Commission on July 16, 2020. These Guidelines raised worker understanding of their rights while also providing national authorities, labour inspectorates, and social partners with useful advice on how to ensure the rights, health, and safety of workers. The impact of COVID-19 on fundamental rights, including the impact on vulnerable or at-risk groups like the elderly, children, people with disabilities, Roma, or refugees, is examined and reported on by the EU Agency for Fundamental Rights.

The European Child Guarantee was approved by the EU on June 14, 2021. By ensuring that children in need—those under the age of 18 who are at danger of poverty or social exclusion—have access to a number of essential services, including early childhood education and care, education, healthcare, nutrition, and housing, the goal is to prevent and combat social exclusion.

### *Sweden:*

The idea is to temporarily strengthen the short-term layoff system. According to the idea, firms would be permitted to cut employees' working hours by up to 80% while the central government will bear the vast bulk of the expense. Starting on May 1, 2020, this system reinforcement will be in effect for three months. Employee wage expenditures will be cut by more than 70% while workers keep over 90% of their initial salary. Employers can be relieved of up to 86 percent of total labour expenditures in May and June when combined with the decreased employers' social security contributions.

- Temporarily relaxing the eligibility requirements (length of employment and fund membership);

- The greatest and lowest payouts from an unemployment insurance fund will both temporarily be increased;
- The initial six qualifying days will no longer apply;
- Administration costs for the unemployment insurance funds will be covered.
- More chances will be made available across for vocational education and training (as an active labour market policy).
- On February 4th, the Government made the decision to temporarily halt the Day 180 examinations in order to save additional people from losing their illness benefits at Day 180. After Day 180, the insured person will also have their work capacity evaluated in reference to the work they currently do for their employer rather than in connection to the types of jobs that are typically available on the job market. This will hold true through Day 365 of their sick time. The ordinance became operative on February 8, 2021.
- Exceptionally, self-employed people are entitled to 14 days of standard sick pay. For the months of April and May, the government will cover all expenses related to sick pay.
- Sickness benefit eligibility day has been suspended
- Beginning on the eighth calendar day of a sick pay period, the government temporarily suspended the need for a medical certificate.
- No occupational group has a vaccination requirement.
- Employees who refuse vaccinations may be allocated to alternate jobs under Swedish labour legislation, depending on the situation (for example, in a hospital context).

### *Afghanistan:*

- Educating healthcare staff on the proper use of PPE
- Providing secure offices and buildings for money exchange employees to safeguard them against COVID-19
- The government has approved "exceptional incentives" for medical professionals who battle COVID-19 in the front lines, including nurses and healthcare workers.

### *Armenia:*

Employees of all organisations in the public and commercial sectors are required to present their employers with proof of COVID-19 vaccination. Without a certificate, PCR testing is required every 14 days, and the findings must be shared with the employers. PCR certifications must be obtained no later than 72 hours following the test, and testing must

be carried out at the expense of the employee without payment from the employer. Pregnant women and employees who are medically unable to receive the COVID-19 vaccination are exempt from these procedures.

#### *Australia:*

- Prevent exclusion and discrimination
- Boost OSH precautions
- Make paid leave more accessible.
- Paid Leave for Parents
- Make everyone's health accessible
- Good mental and emotional health
- Assistance to the disability sector
- Required covid-19 vaccination

#### *Austria:*

- Employees might decline to go on business trips in dangerous places.
- Working time can be exceeded in relation to temporary work and work that cannot be delayed;
- Special care leave: Workers who aren't eligible for time off can still look after their kids (up to age 14) for up to three weeks while still receiving their regular pay.
- Mishaps that happen while working from home are regarded as workplace mishaps;
- Prevention plans must be in place in workplaces with more than 50 employees; and
- As part of the "Safe Hospitality" project, regular free Covid-19 testing are provided to persons employed in the hospitality sector.
- Unemployed people who decline a job offer on the grounds that the job requires a vaccine risk having their unemployment benefits reduced.

#### *Bahrain:*

- Removing 1.3 percent of GDP to pay for safety expenses
- Workers' arrival and departure from the work site were to be accompanied by temperature checks.

#### *Barbados:*

- Sector-specific regulations are also being put into effect. For instance, protocols have been created for employees of the public sector, hair salons, and food services.
- Sector-specific training for tourist staff
- Work from home
- Promotion of blended learning in schools
- 8500 tablets were bought.
- It was forbidden to record people in isolation or quarantine on video.
- Possibility of paid leave
- 14 days before the start of the vacation.

- A 100-person intensive care team from Cuba arrived.
- Formation of a health communication team

#### *Belgium:*

- In the second wave, working from home was encouraged and mandated.
- A guide was published for the reopening of hotels and businesses.
- More adaptability over time
- A change in personnel
- Teleworking
- Paid leave for vaccinations
- Discrimination based on health was discouraged
- No discrimination against employees based on their vaccination history
- Employees had the legal right to take time off from work while receiving the vaccination, with compensation.

#### *Serbia and Montenegro:*

- Implement preventative steps to minimise the risk of coronary heart disease or to avoid, eliminate, or diminish it altogether.
- Consistent observation of employees' health conditions.
- Permitting one individual to miss work if both parents are working
- Discontinue all business trips by ill individuals

#### *Burkina Faso:*

- The government encourages workers to upgrade and retrain locals in order to promote the expansion of the private sector.
- Specialized instruction, such as online instruction
- Initiative for linking jobs and profiles

#### *Canada:*

- If they are unable to work owing to COVID-19, they will receive 16 weeks of unpaid leave with employment protection.
- Employees who are ill, contagious, or otherwise incapable of working can now more easily receive the Employment Insurance Sickness Benefit.
- Canada has established a centre of resources for mental health and wellbeing.

#### *China:*

- Several recommendations and rules for firms to safeguard employees' health when resuming production
- Elimination of prejudice and exclusion
- Protecting medical professionals by ensuring their work-life balance and avoiding workplace violence
- Community workers' protection

- COVID-19 vaccinations in a work setting - vaccination is not required
- It is legal for employees to decline vaccinations.

**Denmark:**

- Employees must take at least 11 hours of uninterrupted rest each day as required by OSH.
- Vaccinations are not required.

**Finland:**

- Refuse to let seasonal labourers enter
- Sickness Benefits
- Vaccinations are not required.

**Hungary:**

- Electronic submission of a request for leave
- Extension of maternity leave benefits
- The employer paying the infected employee 70% of their compensation for 15 days. Following, 50–60% were covered by the State.

**Iceland:**

- Subsidies for closure
- Pay attention to mental health and fight domestic violence
- Team that tracks
- Vaccinations are optional.

**Ireland:**

- Vaccinations are optional. Only those who work in healthcare must get vaccinated.

**Israel:**

- 30% of public sector employees work from home
- A 50 person limit per room, with a two meter distance.
- Workplace necessities are exempt
- Mandatory vaccination

**Italy:**

- Remote work is permitted without a contract
- 14-day parental leave
- 50% paid time off for child care
- 12 for care of disabled people
- Tax exemption of up to 60% on costs associated with security measures
- The employer is responsible for any illnesses during work
- Mandatory vaccinations

**Japan:**

- Encourages telework and sporadic hours at the office
- Sharing of information in 14 languages
- Paid sick days
- Support for working parents and independent contractors

- Subsidy for business owners who permit their employees to take time off for child care
- Strongly supports teleworking and staggered work hours and has announced a comprehensive set of measures. created a website listing hotline for reporting bullying, harassment, and other human rights violations. On their website, they provide information about COVID-19 for foreign workers in Japan, including paid leave benefits and easy Japanese. Patients with COVID-19 and those who exhibit observable COVID-19 symptoms, such as fever, are subject to the paid-sick-leave system.

**Kuwait:**

- Schools will pay staff members' wages
- Using WhatsApp to register for unemployment insurance
- Three-month visas and resident permits for foreign nationals
- Denying business owners the ability to file complaints against their staff.

**Turkey:**

- 2.446 health workers and 44.986 OSH experts received regular training.
- It has made sure that occupational safety and health are fully implemented (OSH).
- In Turkey, Covid-19 was identified as a work-related illness affecting healthcare professionals.
- Companies that produce dangerous masks will be fined.
- Right to flexible scheduling.
- Only under strict safety and health conditions are workers permitted.
- Administrative leave policies and the provision of paid sick leave for employees are made easier at all public hospitals.
- Where necessary, all public and private hospitals have converted to pandemic hospitals.
- Distribution of about 3 million N95 masks and 24 million surgical masks

**Recommended Measures During Pandemic:**

- Strengthen OSH measures
- Adapt work arrangements (c.g. teleworking)
- Prevent discrimination and exclusion
- Provide health access for all
- Expand access to paid leave

High economic growth is said to aid in increasing revenue and investment as well as financing important public welfare programmes. As a result, there is inclusiveness and a fair distribution of income among different groups and geographic areas. During this process, the economy also creates more jobs to give unemployed teenagers and other recent immigrants to the labour market work chances. These positions should give social security benefits, better working conditions, and other advantages to be productive and decent, in addition to contributing to the expansion of the economy. There have been stories of widespread local population migration in search of employment, according to historical literature and modern surveys. Changes in the structure of income must be matched by equivalent changes in the structure of employment for the structural transformation of any economy to be successful. In this situation, the new jobs produced in the secondary and tertiary industries ought to be well-paying and productive. Innovation, creativity, and entrepreneurship can all lead to legitimate, fruitful work.

Higher educated youth in the State, who could be job candidates for the knowledge-based IT business, have a comparatively high unemployment rate. By giving the State's IT and IT-enabled services companies better infrastructure, more electricity, and relatively inexpensive land, the government should encourage them to grow their communication networks. This will contribute to the creation of respectable positions for highly educated kids, lowering their high unemployment rate. The development of the necessary soft skills can be assisted by the Skill Development Mission and Skill Hub for youth skilling and employment.

Particularly in hilly and rural areas, women should have greater access to rights like land ownership because, without it, they face challenges getting loans, signing contracts, or engaging in other agricultural management tasks. According to Hindu succession law, women have an equal right to ancestral land, although this right is still mostly unrealized. A crucial step that could boost and support women's entrepreneurship and encourage their participation in productive activities is to encourage women to own property.

The majority of women in hilly areas work on various domestic and household tasks that are not included in economic activity. In order to enable them to engage in gainful employment, the plan should therefore be to encourage them to sign up for training or skill

upgrading from the relevant department. Different State departments operate a number of self-employment programmes. In order for people to take use of these programmes, efforts must be taken to raise their awareness of them and to provide them with training and skills.

At the village level, workshops should also encourage the Mahila Mangal Dal and the Yuva Mangal Dal to form self-help groups (SHGs) and pursue the necessary skill up-gradation or training in order to take advantage of the various employment generation programmes of the various government agencies. To help them get into the Army, certain young people are also trained at the block level by former soldiers.

With 63.8% of all workers in the State being self-employed, this percentage is notably high. The majority of these people work in low-paying allied professions and low-productivity agriculture. The State government should make an effort to persuade young people to switch from the current subsistence cereal-based agricultural production to market-linked businesses. To do this, the government must connect these youths to various agro-based programmes managed by government agencies. Several employment generation programmes are being run by the MSME, rural development, and tourist departments, among others.

The following measures have been developed by the employment department to help create jobs, especially for young people who are unemployed.

- (i) According to the employment department, they are enrolling young people who are unemployed and asking them to identify the areas of interest in which they would want to get skill improvement and training. In order for them to take advantage of the self-employment programmes offered by these departments, their information will be forwarded to the relevant departments.
- (ii) To help with the placement of these youths in various private sector businesses, the department must regularly hold job fairs at the district level.
- (iii) To assist students in selecting vocations that match their talents and abilities, the department will administer psychometric or aptitude tests.
- (iv) Through outreach initiatives, these career counselling sessions will also be held in the State's remote regions.

In addition to promoting private businesses and services, the State government may come up with the

following plans to increase employment in formal sector jobs:

- (1) The State government needs to fill the open positions in all of its departments. The citizens of the State will receive regular jobs as a result.
- (ii) The department of employment ought to host job fairs more frequently in coordination with local employers, in all districts.

Numerous young people are currently neither employed nor pursuing any kind of training or education. For these youth to be able to find gainful job and contribute to the economy, they require appropriate skills and vocational training. Effective public-private or industrial/trade partnerships are also required for the provision of training and the creation of gainful employment for them, in addition to skill development.

The Department of Youth Welfare is responsible for a number of facets of student welfare, including student counselling, training, NSS, youth projects sponsored by both the government and non-government organisations, financial aid and scholarships, healthcare, games and sports, and cultural activities. A national integration programme is being run to encourage youth to feel a sense of emotional, cultural, and national unity. The central government sponsors youth exchange programmes and adventure programmes that include, among other things, hiking, rock climbing, and water sports. The Youth Welfare and PRD Department has suggested creating career guidance centres alongside each district office as part of a career guidance programme. Together with organisations like the National Open School, Uttarakhand Open University, and Indira Gandhi National Open University (IGNOU), the department also intends to construct a State-level training centre and run regular training and vocational programmes. Higher than average levels of literacy and enrollment in higher education are found throughout the State, but this hasn't translated into more work prospects for the youth because they lack the technical and professional skills needed to match up with the demands of the labour market. These young people are unable to maximise their potential because they lack the necessary skills in accordance with their aptitude, which leads to poor productivity occupations and underemployment. The department intends to connect these young people without jobs or with low-wage jobs with job-related skill training provided by the Uttarakhand Skill Development Mission. The youngsters enrolling with the employment exchange will be asked to select the career paths they are interested in, and in response, their names will be submitted to the skill mission for training.

In order to help these individuals to access the labour market in their preferred fields, the names of these people may also be submitted to various departments implementing employment/self-employment initiatives.

#### **Role of Industry and Trade, Innovation and Infrastructure:**

An industrialised economy's foundation is a strong physical infrastructure, which is a prerequisite for Uttarakhand's hilly terrain. An economy's growth is fueled by industrialization, which also creates employment possibilities that are essential for economic growth, especially in developing nations. The development of skills and competence as well as the improvement of technological capabilities depend on innovation.

The percentage of manufactured value contributed to GDP, which has an impact on jobs and can be helped by the small-scale industries sector, measures the progress of industrialization.

**Farm Produce Based Industrial Clusters:** Multiple programmes and schemes of the State government to encourage industrial clusters in districts, focus on value addition to local farm produce in each district, supported financially through targeted and easy to access financial products, encouraging cooperatives of such enterprises with strong supply chain and marketing systems, coupled with robust outreach efforts to promote these measures as packages, is the future of employment growth in the districts.

**Plug and Play Industrial/Service Hubs:** To overcome multiple factors that discourage setting up of industrial and service sector enterprises in the State, setting up of plug and play hubs in each district with focus on most viable industrial/commercial/service sector activities will go a long way to provide local and sustainable employment to youth with least disruption in terms of out migration. These youth could also engage part time in their farms and assist their families, adding to their incomes.

#### **Local Employment Through Concerted Action:**

The State Implementation Framework (SIF) and the District Implementation Framework have been developed in Uttarakhand under the initiative of preparation of State annual action plans and perspective plans based upon district perspective plans. This existing mechanism offers an excellent opportunity to guide and steer the district planning processes to focus on activities and deployment of financial resources having the highest employment potential and sectors that have demonstrated high employment generation in the past few years. This requires orientation and support

to District Planning teams/committees to use the employment lens while planning activities and allocating resources.

#### **The Employment Strategy:**

Information about the labour force's unemployment rate can be used to determine the State's level of full employment. National level surveys offer a variety of unemployment measures. To determine the amount of unemployment that prevails in the State, the usual principle or main status of any individual's unemployed over the previous 365 days is considered. The working age population (15–59 years) and young adults (15–29 years) who enter the labour force in quest of gainful or productive employment are covered by this. In order to find the State's hidden unemployment, it is also crucial to evaluate the amount of under-employment.

It takes well-planned and coordinated efforts from all interested parties to address the new issues connected to creating rewarding employment and promoting equity in the labour market. Some of the major short- and medium-term plans and goals are listed below, which could act as benchmarks for sharpening the focus of these coordinated efforts:

#### **Short-Term Goals and Strategies:**

To meet the quantitative employment growth target, encourage sectors with high employment elasticity and labour intensiveness.

- Pay close attention to the service sector, focusing in particular on retail, ICT, education and health;
- Put an emphasis on including minorities, women, and vulnerable groups with their unique training and skill-development needs;
- Statutory measures that guarantee social security, better working conditions, and pay for contractors on par with those of permanent employees;
- Increase the RSBY scheme's reach to all low-income households;
- Retraining laid-off employees in preparation for redeployment;

- Creating an information base and conducting real-time electronic monitoring;
- Regularly gathering and compiling employment and unemployment data on an annual basis;
- Plan and implement skills development programmes as per requirements of local employers in partnership with them;
- Start apprenticeship programmes with industrial and trade entities in the districts.

#### **Medium Term Goals and Strategies:**

- Put greater emphasis on self-employed and temporary workers to improve living standards;
- Expand the employment opportunities in the organised sector;
- Increase regular employment for under-privileged people and in underdeveloped areas;
- Full inclusion of workers in the unorganised sector in social security programmes;
- Encourage the diversification of the rural workforce into non-agricultural and non-farm jobs;
- Develop active labour market policies in places where there is a concentration of socially disadvantaged groups, such as ST, SC, minorities, women, and illiterate and unskilled individuals;
- Development of a thorough and concurrent skill mapping system with feedback to skills development programmes;
- Establishing a reliable and impartial skills accreditation and certification process;
- Modernizing all organisations that offer training and enhancing PPP-based delivery; Establishing a sizable number of institutions for skill development and a pool of trainers to broaden the reach of skill development initiatives.
- Establishing State Sector Skills Councils;
- Creation of a State framework for vocational qualifications;
- Establishing a trustworthy labour market information system





## Local Economic & Employment Development

To provide added focus to generating employment in the State which is least disruptive in terms of out migration of youth and which can provide sustainably good jobs to residents, especially the disadvantaged, it is important to relate job opportunities with local economic development.

1.1 These include initiatives under multiple programmes and projects of the State Vision 2030 and thrust on achieving SDGs through localising the interventions; focus on linking skills development and within district employment opportunities to support 'One District Two Products' scheme of the State government.

1.2 Harnessing the district specific aspirations of youth needs to be given highest priority with locally relevant and well-designed contemporary education programmes and methods, focus on need-based skills development and proactive exploiting of job opportunities, which are tailored to local potential and needs, whether current or future, in private and public sectors of each district.

1.3 It is of utmost importance to create opportunities to achieve sustainable development through economic growth and diversification, social development and environmental protection with an enabling environment at all levels.

Need for sustainable development strategies to proactively address youth employment at all levels

1.4 To generate decent jobs and incomes that decrease disparities in standards of living in order to better meet people's needs and promote sustainable livelihoods and practices and the sustainable use of natural resources and ecosystems, it is imperative that district administrations closely screen all programmes and schemes for their employment potential and allocate resources accordingly.

1.5 District administrations need to review and revamp the skills development programmes underway in the district and make them relevant to local job opportunities in consultation and with participation of local employer groups. There is need to focus on soft skills development.

Stakeholder consultation workshops held under localisation of SDGs in the State came up with following broad recommendations for decent work and sustainable employment:

- ✓ Smart prioritizing of interventions and strategic synergies would allow people to focus on achievable goals to give a legitimate sense of success. District may adopt a more systematic and sustained approach to convergent planning, action and review, amongst a few related district level departments and sectoral committees.
- ✓ Make full use of schemes such as MGNREGA for employment, food security for deprived sections of society, ICDS schemes for malnutrition (Poshan Abhiyaan, Poshan Month, Aanchal Amrit Yojana), UREDA schemes for clean energy and use of solar energy and power projects in line with PIRUL Power Project and MSY (Mukhyamantri Solar Yojana) and Pradhan Mantri Kisan Urja Suraksha evem Utthan Mahabhiyan (PM KUSUM), Operation Indradhanush, JSSK, RBSK, Ayushman Bharat, Jal Jeevan Mission and several other schemes.
- ✓ Tap tourism potential of the district in untapped areas and through new offerings.
- ✓ Make better use of scheme such as Veer Chandra Singh Garhwali Yojana for tourism.
- ✓ Focus on skill training by various departments and vocational trainings by schools and colleges for self-employment, benefitting farmers by providing them training on low-cost technologies and new technology, distribution of hands tools and improved seeds farming and planting material free of cost.
- ✓ Make better use of Hill Industrial Policy of the State.

1.6 For effective action to promote decent jobs for all at the district level, it becomes important to develop capacities in district administrations to plan and act local, to create and sustain employment within respective districts as well as prepare the youth to secure "Good Jobs" within the State/Country and outside the country.

1.7 Each district needs to develop a road map to link local development with employment by the government, private or not for profit/social sectors.

1.8 Districts need to prioritise development activities under State Vision 2030, in keeping with their employment potential.

## FARM SECTOR and EMPLOYMENT

### 1. The Background Story:

The primary sector was the main source of employment and livelihood globally. However, as we entered into the new millennium, the tertiary or the services sector overtook both the primary and the secondary sectors in terms of employment generation. The primary sector lagged behind the two sectors in generating decent income and work despite efforts at various levels to improve farm productivity whether in the form of green revolution or continued support to farmers through farm input subsidies including cheaper finance and credit. These efforts only contributed in a limited way to improve the income of those engaged in farming and allied activities. On the contrary, the expansion of the secondary and tertiary sectors led to faster increase in earnings of all involved stakeholders; fuelled non-food consumption demand that further expanded the allied sectors, created further demand for goods and services, fostered urbanisation, led to mass migration of labour from rural areas, among other visible impacts. One may be tempted to conclude that the growing gap between the primary sector from the remaining two sectors is sufficient to explain why farmers in India may not like farming as elaborated by few researchers. However, the sector continues to be important because it is required to ensure food security of the growing population and to help those who could be pushed towards malnutrition, starvation and a State of acute deprivation due to limited skill and viable employment opportunities.

The 2011 Census of India reveal that 70 percent of the State's population lives in rural areas. Further, an estimated 67.4 percent of the total households depend upon agriculture for livelihood (Situation Assessment Survey, 2019). However, the contribution of agriculture to State GDP (at 2011-12 price) has decreased to 9.23 percent in 2021-22 (advanced estimate, DES) from 13.15 percent in 2011-12, implying a larger increase in non-farm income vis-a-vis farm income. The declining share of farm income in

total State GDP is a matter of growing concern as it shows uneven income growth across different sectors of the economy. At the national level, the agriculture sector has experienced growth in the past two years. The sector had 18.8 percent (2021- 22) share in the Gross Value Added (GVA) of the country registering a growth of 3.6 percent in 2020-21 and 3.9 percent in 2021-22. Growth in allied sectors including livestock, dairying and fisheries has been the major driver of overall growth in the sector (Economic Survey 2021-22). The share of agriculture in the labour force has been declining globally and similar is the case with India as shown in Figure 1. The data sourced from 'Our World in Data'<sup>38</sup> show that for India, the share of labour force working in agriculture as a percentage of total workshop has been and in comparison, to 63 percent in 1991, it was little above 42 percent in 2019. Interesting to note is the number of individuals engaged in agriculture. It went up to 2515 lakhs in 2005 from 2051 lakhs in 1991. But post 2005, the number has been declining and in 2019, it stood at 2108 lakhs. Important to note that the early 90s marked the beginning of globalisation, liberalisation and privatisation and the broader economic reforms may have had spill over effects on the agriculture sector. However, there are few concerns that ultimately pushed the participation figures slide down.

Figure 1: Employment in Agriculture



Data Source: <https://ourworldindata.org/employment-in-agriculture>

<sup>38</sup> Refer Max Roser (2013) - "Employment in Agriculture". Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/employment-in-agriculture> [Online Resource]

The "Our World in Data" is based on the primary dataset on labor force participation published by the International Labor Organization and there are four maps highlighting the concerns with regard to employment in agriculture. First is the trend of agriculture value added per worker. It is a measure of labor productivity and corresponds to the ratio between value added in agriculture (constant 2010 US\$) and number of people employed in agriculture.

For India, the labour productivity has improved from USD 769 to USD 1672. This implies that as labour became more productive, redundant labour may have moved to other sectors that required unskilled labour, for example construction sector. However, labour productivity in India is still much below global average. Second, compared to Asian peers, the country is having a higher proportion engaged in agriculture. Third, India and China both have higher number of population in agriculture. Fourth, the United Nations Food and Agricultural Organization (FAO) capture data on the role of women in agriculture and land ownership and the figures suggest that in India, only 11.7 percent of total landowners were female and this is alarming because several studies report that women participation has increased in the primary sector.

The employment in agriculture can be classified as those directly involved in direct farming activities such as the cultivators, agricultural labourers, tenant farmers, grower of fruits, vegetables, flowers to mushrooms, medicinal plants, bee-keeper, livestock owners, among others. Given the transition from traditional agriculture to conventional agricultural practices involving usage of farm inputs to enhance production and in particular use of synthetic chemical fertilisers, fungicides, insecticides and herbicides, the requirement of human labour has decreased. Scientific and technology intensive agricultural practices replaced human and animal labour by small and heavy farm machines and equipment's ranging from power operated hand tillers to more sophisticated tractors and combined harvesters. In recent years, the growing focus on organic and sustainable farming is calling for greater participation of specialists such as an agriculture scientist. Therefore, it may be true that higher levels of education, opportunities in the secondary and tertiary sectors, and prospect of better standard of living in urban areas pushed potential farmers out of the farm. There are, however, success stories where education, systematic skill development of members from farming communities and guidance from the administration and local bodies have led to

further enthusiasm resulting in adoption of farming as source of livelihood.

In general, it is difficult to assess accurately the number of individuals engaged in agriculture and therefore the figure reflecting employment in agriculture is mostly an under-estimate and rarely an over-estimate. This is because in India, like in many developing countries, agriculture is dominated by family farms where more or less, every member of farm household provides labour inputs at different times of the year. Since farmland distribution/ ownership is skewed and the number of small and medium farm owners are more in number, many farm owners and agricultural labourers consider agriculture as a part-time activity that adds an extra amount of money to their total income. Finally, the sector is characterised by seasonal peaks and large number of labourers are required for relatively shorter periods. The direct impact of this is that the sector witnesses both seasonal and disguised unemployment. The seasonal unemployment in agriculture is one of the reasons why farmers choose to migrate to areas where they have assured employment, mostly in non-farm and allied sectors. The presence of disguised unemployment lower labour productivity in agriculture and therefore directly influence the value addition of the sector.

The foregoing discussion suggest that the farm sector in Uttarakhand is plagued by similar problems and therefore not only farming may be abandoned but there are more complexities in determining the exact number employed in the sector. The difficulty is accentuated by the fact that the hilly regions are remote to access; farming is mostly at a subsistence level and engages majorly women. According to 2011 Census of India, 226949 farmers left farming. The maximum number of farmers leaving farming were in Almora (36401) followed by Pauri Garhwal (35654), Tehri Garhwal (33689), Pithoragarh (22936), Dehradun (20625), Chamoli (18536), Nainital (15075), Uttarkashi (11710), Champawat (11281), Rudraprayag (10970) and Bageshwar (10073). In the earlier Uttarakhand economic surveys, a detailed characteristics and typical problems of hill agriculture have been elaborated. A recent study by TERI-New Delhi and Potsdam Institute for Climate Impact Research (PIK)-Germany<sup>39</sup> cites 2011 Census that approximately 40 percent of the population or more than 4 million migrated outside the State. Further, the report suggests that increased water stress, increased risk of floods and changes in crop yields make the sector more vulnerable and a decrease in land held per person, lack of irrigation

<sup>39</sup>Upadhyay, H., Vinke, K., Bhardwaj, S., Becker, M., Irfan, M., George, N.B., Biella, R., Arumugam, P., Murki, S.K., Paoletti, E., 2021. "Locked Houses, Fallow Lands: Climate Change and Migration in Uttarakhand, India" Potsdam Institute for Climate Impact Research (PIK), Potsdam and The Energy and Resources Institute (Teri), New Delhi. The report can be accessed at [https://www.teriin.org/sites/default/files/files/Uttarakhand\\_Report\\_high\\_res.pdf](https://www.teriin.org/sites/default/files/files/Uttarakhand_Report_high_res.pdf)

### Agriculture value added per worker, 2017

Agriculture value added per worker is a measure of labor productivity. It corresponds to the ratio between value added in agriculture (constant 2010 US\$) and number of people employed in agriculture.

Our World in Data



Source: World Bank

OurWorldInData.org/employment-in-agriculture • CC BY

### Number of people employed in agriculture, 2019

Number of people of working age who were engaged in any activity to produce goods or provide services for pay or profit in the agriculture sector (agriculture, hunting, forestry and fishing)

Our World in Data



Source: Our world in Data based on International Labor Organization (via the World Bank) and historical sources  
OurWorldInData.org/employment-in-agriculture • CC BY

### Share of the labor force employed in agriculture, 2019

Share of people of working age who were engaged in any activity to produce goods or provide services for pay or profit in the agriculture sector (agriculture, hunting, forestry and fishing).

Our World in Data



Source: Our World in Data based on International Labor Organization (via the World Bank) and historical sources  
OurWorldInData.org/employment-in-agriculture • CC BY

### Share of agricultural landowners who are female

Share of female agricultural landowners among all landowners. Landowner are those that own land solely or jointly with someone inside or outside the household.

Our World in Data



Source: FAO Gender and Land Rights Database  
Note: Note that due to poor data availability, the year of measurement varies between countries (whilst most countries are represented in 2010-11, some extend to 1993).  
OurWorldInData.org/employment-in-agriculture • CC BY

infrastructure, crop depredation by animals like wild boars or monkeys, and a waning interest in farming among young people are factors pressurising agriculture in the State. The Uttarakhand Rural Development and Migration Commission in its 2018 report highlighted that the key factors driving out-migration were the inability to diversify livelihoods in rural areas, lack of educational institutions and limited or no healthcare facilities in the hill districts. The State actively engaged in promotion of manufacturing sector and incorporated a limited company in 2002 to oversee industrial development. The growth of industries attracted hill population and created an immediate demand for industrial training and skill development. This could have also contributed to out-migration. The year 2020 led to a reversal of trend and the pandemic induced lockdown and uncertainties with industrial

production at local and global levels witnessed reverse migration. Few recent studies indicate that the trend of reverse migration and an increase in the share of agriculture sector in employment would continue in the short-run beyond 2020-21. The government's Periodic Labour Force Survey (PLFS) by the National Statistical Office (NSO) also show that in 2019-20, agriculture added 32.72 million jobs over 2018-19. The farm sector turned out to be the employer of last resort for policymakers, provided primary safety net in the situation of rising urban unemployment. The need therefore is to identify existing policies and take new initiatives to restore the sector, enhance earnings through livelihood diversification strategies and establish linkages with the other sector so to achieve the Sustainable Development Goals. In the next section we present a brief summary of the sector.

### Exhibit 1: Hope for Agriculture Revival in Uttarakhand



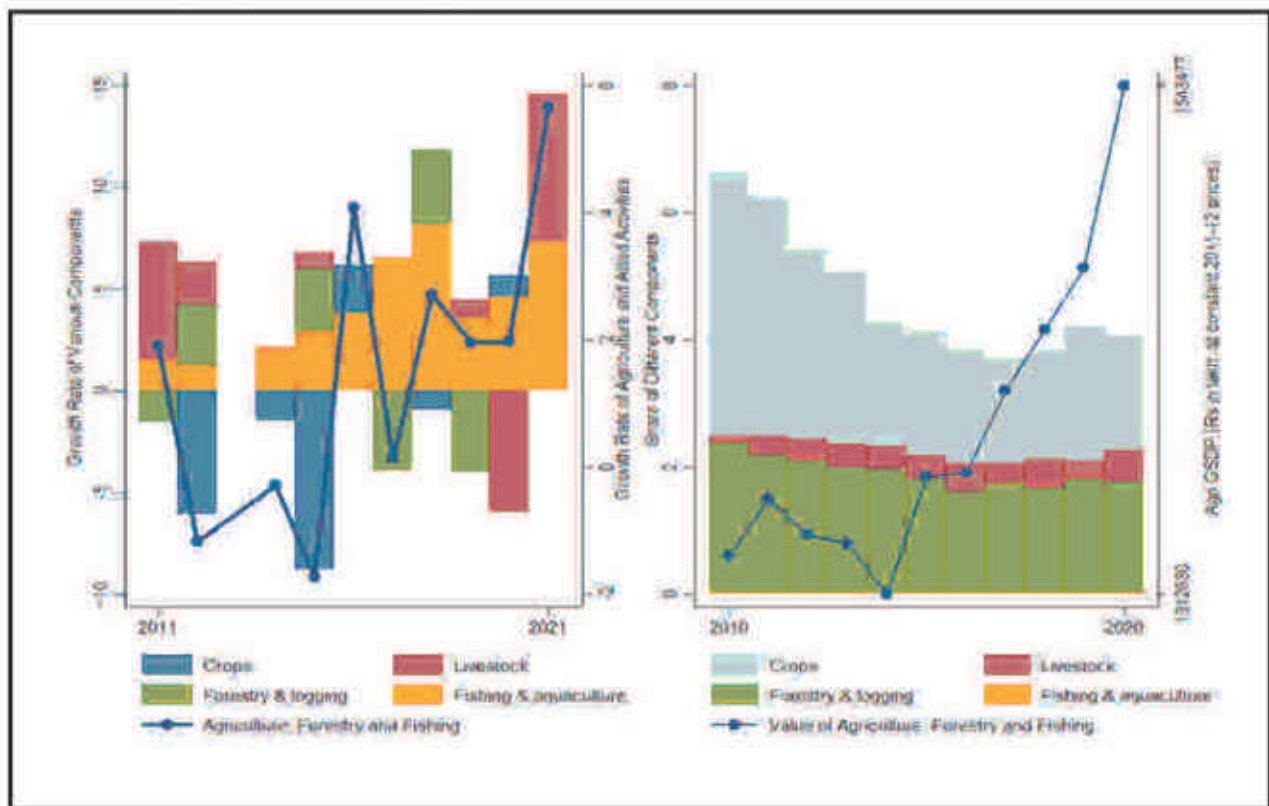
### 2. Agriculture in Uttarakhand – Facts:

The agriculture and allied sectors in the State witnessed a growth rate of 5.66 percent (Advance Estimate, DES Uttarakhand) during 2021-22, higher than 1.98 percent (Provisional Estimate, DES Uttarakhand) reported in 2020-21. The growth recorded is higher than the national average reported at 3.6 percent for 2021-22. The substantial improvement could be because of reverse migration and rejuvenation of agriculture in few districts, continued efforts towards diversification of State agriculture into horticulture, promotion of organic farming practices, good monsoon, and availability of technical support, credit, market facilities, and provisioning of quality inputs at the village panchayat level. In the last three years, the agricultural growth rate has been positive throughout

the COVID pandemic, demonstrating the resilience of the sector (Figure 3).

The growth in the four constituents of agriculture and allied sectors namely, crops, livestock, forestry & logging, and fishing & aquaculture are presented in the left panel of Figure 3. Overall, the growth pattern of four constituents may look unstable with negative growth rates for few years. In 2021-22, all constituents of agriculture and allied sectors are growing at a positive rate. The livestock sector has emerged as a major contributor to the overall growth, followed by fisheries and aquaculture. This resembles a pattern observed at the national level as well. The crop sector is the lowest contributor to the State growth at 2.37 %

Figure 3: Macro Aggregates related to Agriculture and Allies Sector in Uttarakhand



Data Source: Directorate of Economics and Statistics, Govt. of Uttarakhand

The share of GVA of agriculture and the share of the constituents in the GVA is presented in the right panel of Figure 3. During 2011-2021, the share of crops in total GSDP (at constant 2011-12 prices) dropped from 6.62 percent to 4.07 percent. There is an overall reduction in all constituents of agriculture and allied sectors to total GSDP at the constant price level. Further, higher growth in livestock and fisheries has significant implications in terms of an increasing share of the former in total agricultural GVA. The foregoing discussion may support the following observations made by the Committee on Doubling Farmers' Income (DFI, 2018) to enhance income growth: (i) improvement in crop productivity; (ii) improvement in livestock productivity; (iii) resource use efficiency or savings in the cost of production; (iv) increase in the cropping intensity; (v) diversification towards high value crops; (vi) improvement in real prices received by farmers; and (vii) shift from farm to non-farm occupations.<sup>40</sup>

It has been widely reported that less than 20 percent agricultural land in the hill districts is being farmed and rest 80 percent has become fallow land. The migration from the hill districts and depleting number of residents in the villages have led to spread of shrubs like lantana, eupatorium, congress grass, among others even in the arable land. At present, agriculture is practiced on 6.48 lakh hectares of land. Out of total agricultural land, 3.50 lakh hectares of land belong is in the hilly region,

and 2.98 lakh hectares of land are in the plains. At the time of State formation, 7.70 lakh hectares of total agricultural land was available. Over the years, the amount of land available for agriculture has reduced by 15.84 percent i.e., 1.22 lakh hectares. The reduction in agricultural land is due to change in land-use and conversion of agricultural land for infrastructure development, industries, roads, settlement, educational institutions, among others. The State saw an increase in the area of barren land from 1.07 lakh hectares in 2000 to 1.77 lakh hectares in 2020-21.

In the hill districts, there are 14.25 lakh families out of which an estimated 8.81 lakh families (61.84%) are engaged in agriculture. The total irrigated area in the State is 3.23 lakh hectares, approximately 50 percent of the total irrigated area. In the plain districts, around 96 percent of the total agricultural area has access to irrigation. As noted by earlier economic surveys, studies by government department and independent agencies, the hilly region is irrigation starved with only 10.50 percent area of the total agricultural area having access to irrigation. Given the challenges and the slow pace of change in the subsistence mixed farming practices mostly rain-fed, the State is able to increase food grains production with the support of technological dissemination, and successful implementation of farmers' welfare schemes. The State achieved highest foodgrain production at 19.69 lakh metric tonnes during FY 2020-21 as shown in Table 1.

<sup>40</sup>Adopted from <https://pib.gov.in/PressReleasePage.aspx?PRID=1656>

**Table 1: Production of Cereals, Pulses, Total Food grains and Oilseeds** (Production in Lakh Metric tonnes)

Year	Cereals 1	Pulses 2	Foodgrains 3 = (1+2)	Oilseeds 4
2000-01	16.19	0.28	16.47	0.15
2015-16	17.11	0.46	17.56	0.3
2016-17	18.29	0.46	18.75	0.27
2017-18	18.73	0.48	19.21	0.26
2018-19	18.06	0.58	18.60	0.23
2019-20	18.29	0.57	18.86	0.24
2020-21	18.98	0.71	19.69	0.28

Source: Directorate of Agriculture, Govt. of UK

This is a remarkable achievement during a year where almost all economic activities were affected by the COVID19 pandemic. The State became self-sufficient in foodgrain production but deficient in the production of pulses and oilseeds. The foodgrain production increased from 16.47 lakh metric tonnes in 2000-01 to 19.69 lakh metric tonnes in 2020-21.

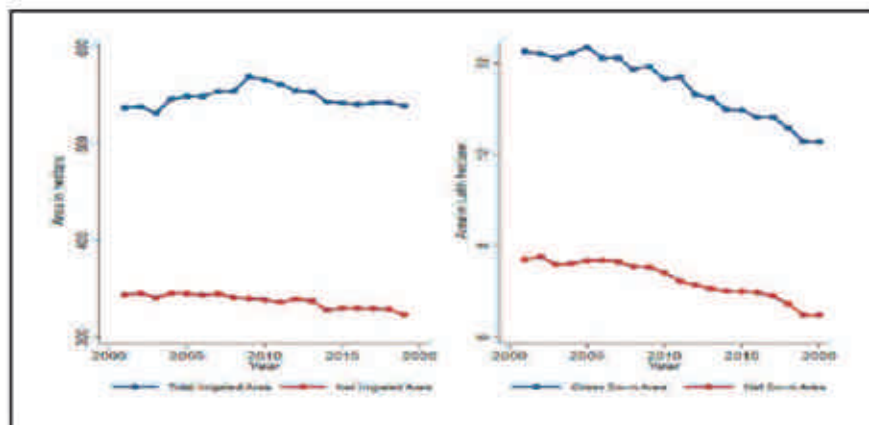
The State has the potential to increase food grain production further if policies and guidance enable transformation of barren land into cultivable lands. Introduction of advanced technology in agriculture,

increasing access to irrigation, promoting youth for farming, ensuring supply chain management and cluster-based farming are few solutions being discussed widely. The State has implemented a number of schemes to augment agricultural production, discussed in brief in the next sections of this report. The need of the hour is to scale up the interventions and identify strategies to protect the crops from the wrath of changing climate, limit the undesirable shifting of crop and changes in cropping pattern, and the increasing incidences of animal attacks.

It is a matter of concern that the State has experienced a reduction in the gross and net sown area (Figure 4). The additional area under agriculture can be increased if barren land is brought under cultivation and access to irrigation is improved. Further, ensuring supply of climate resilient seeds and agricultural inputs, the productivity of major crops like paddy, wheat, barley, and pulses may increase.

However, with changing consumption patterns, more people are reducing their consumption of traditional millets like Manduva, Saanva, and Ramdana. This is also evident from the decreasing cropping area under these crops resulting in unstable production. Finally, recurrent attack of animals and related losses of maize, millets and pulses have shifted the choice for cereals.

**Figure 4: Gross and Net Sown Area during 2000-2019 in Uttarakhand (in lakh hectares)**



Source: Directorate of Agriculture, Govt. of Uttarakhand

Table 2 further elaborates the current district-level access to irrigation. It is observed that the plan districts Haridwar and Udham Singh Nagar have the highest access to irrigation, followed by districts Nainital and Dehradun that have area spread across plains as well as hills. Almost half of the gross cropped area in both districts have access to irrigation. The remaining districts in the hills have very low access to irrigation. Districts like Chamoli (5.79 percent), Almora (7.77 percent), Pithoragarh (6.83 percent) have the lowest access to irrigation compared to other hill districts. The figure in the table is gross irrigated area as a percentage

of gross sown area. Therefore, it is clear for which districts there is an urgent need to intensify irrigation facilities. The recently announced scheme, Mission Amrit Sarovar to develop and rejuvenate 75 water bodies in each district may provide some respite but the actual outcome would depend on the implementation of the policy. The Prime Minister launched the Mission on 24th April 2022 as a part of celebrations of Azadi ka Amrit Mahotsav. In Uttarakhand, 851 sites have been identified and work has started 69 sites as on 8th June 2022

**Table 2: District-Wise Percentage of Gross Irrigated Area to Gross Sown Area in UK**

Districts	2000-01	2005-06	210-11	215-16	2020-21
Chamoli	5.74	7.79	6.23	6.20	5.79
Dehradun	45.90	45.10	48.92	51.95	51.96
Haridwar	82.40	86.97	92.15	94.44	95.51
Pauri Garhwal	12.45	12.38	12.59	12.21	12.99
Rudraprayag	16.58	15.39	12.58	12.19	12.93
Tehri	17.29	16.37	19.14	17.56	18.95
Uttarkashi	18.08	19.52	16.87	20.96	20.07
Almora	7.77	7.78	6.92	8.70	7.77
Bageshwar	18.93	23.94	24.11	24.93	23.85
Champawat	9.56	10.03	9.72	12.03	11.44
Nainital	55.61	49.54	53.12	53.24	54.62
Pithoragarh	10.42	9.64	7.98	10.83	6.83
Udham Singh Nagar	94.49	95.69	97.17	98.08	98.70

Source: Based on data from Directorate of Agriculture, Govt. of Uttarakhand

The access to irrigation varies across districts. Therefore, the channelization of funds to augment irrigation resources should be more towards those districts that are majorly relying on monsoon for the survival of agriculture. During 2016-2020, the State witnessed a fall in acreage under foodgrains from 867.88 thousand hectares to 818 thousand hectares. During the same period, the production of food grains increased from 187.45 lakh metric tonnes to 196.9 lakh metric tonnes. Foodgrain yield per hectare in the State has increased from 21.60 quintal per hectare to 24.07 quintal per hectare. There is also increase in the yield of paddy, wheat, barley and pulses. However, the trends in yield of traditional millets like mandwa, saanva, ramdana are not stable and reportedly have been falling. There is a prospect of enhanced earnings due to growing demand for millets and those which are endorsed and certified to be organic. There is an opportunity to engage the redundant population and the fallow land to be brought under millets cultivation and the training facilities may be extended schemes such as ATMA (Agricultural Technology Management Agency) and enrolling farmers in the National Agricultural Market (NAM). It is evident from the graphs in Figure 5 that crop yield has increased for almost all crops except mandwa. Further, the area under major crops has decreased except for barley and pulses. Production have increased for every crop except for traditional millets. At a disaggregated level, hills have lower production and approximately half of the productivity level achieved by farms in plains. During 2019-20, in food grains, hills produced 13.82 quintals per hectares compared to 32.57 quintals per hectare in the plains. As evident from the latest trends,

cropping pattern is changing in the State i.e., crop diversification is taking place. In the next section, we briefly highlight selected key developments in the State with regard to the agriculture sector.

### Developments in the Primary Sector

The major accomplishments of the agricultural sector are presented below:

#### 1. Increase in Food Grain Production:

During 2016-17 to 2020-21, the State saw a remarkable increase in food grain production from 18.75 lakh MT to 19.21 lakh MT, realizing an increase of 46,000 MT.

For exemplary performance in agricultural output, the State was awarded the Krishi Karman award in 2020, which entails a cash prize of Rs. 5 crore by the Prime Minister.

#### 2. Pradhan Mantri Kisan Samman Nidhi:

The scheme on 1st December 2018 and reportedly 8.88 lakh farmers have benefitted from the direct cash transfer worth Rs. 6000 per family. Approximately Rs. 1029.27 crore have been transferred to beneficiary farmers' accounts in Uttarakhand.

#### 3. Pradhan Mantri Kisan Mandhan Yojana:

A total of 1950 farmers have registered in the scheme that ensures a pension of Rs. 3000 per month.

#### 4. Increase in Kisan Credit Card facility:

Around 6.38 lakh farmers out of 8.88 lakh farmers who have benefitted from PM Kisan Samman Nidhi scheme have availed the KCC facility. Efforts are underway to increase enrolment of more farmers under KCC facility.

#### 5. Agricultural Mechanisation:

Under the sub – mission on Agricultural mechanisation, a total of 1444 farm machinery anks in hills and 235 custom hiring centers in plains have been established. This will ease access to critical agricultural machine and lower input cost especially in the hills that have been largely relying on animal labour.

#### 6. Promotion of Cluster-based agriculture:

Farmers are being encouraged to undertake agricultural activities by forming a cluster. From 2017-18 to 2020-21, 4485 clusters (89700 ha) participated in organic farming and numerous activities were conducted under National Food Security Mission in 3716 clusters (37155 ha).

#### 7. Organic Agriculture:

The State enforced the Organic Farming Act in 2019 and became the first State in the country to do so aiming an increase in the area under organic farming to 2.31 lakh hectares accounting approximately 36 percent of total agricultural land.



#### 8. Pradhan Mantri Fasal Bima Yojana:

During 2017-18 to 2020-21, around 5.35 lakh farmers have availed PM Fasal Bima Yojana. The scheme has been made voluntary during Kharif, 2020. This may have led to a decrease in the enrolment of farmers from 1.43 lakh in 2019 to only 82 thousand in 2020.

Since its inception, 88243 farmers have been reimbursed Rs. 2126.74 lakh towards claim for crops damaged.

#### 9. Rainwater harvesting projects and increase in the irrigated area:

During 2017-18 to 2020-21, 1655 water harvesting projects have been undertaken and sponsored by various central government and State government schemes. Alongside, 1078 additional tube-wells have been established, that led to increase in the irrigated area by 8368 ha in total.

#### 10. Rashtriya Krishi Vikas Yojana:

During 2017-18 to 2020-21, 67 schemes belonging to 18 departments are ongoing; 39 schemes have been completed and work is ongoing on the remaining 28 schemes.

#### 11. Safety from Wild animals' attacks:

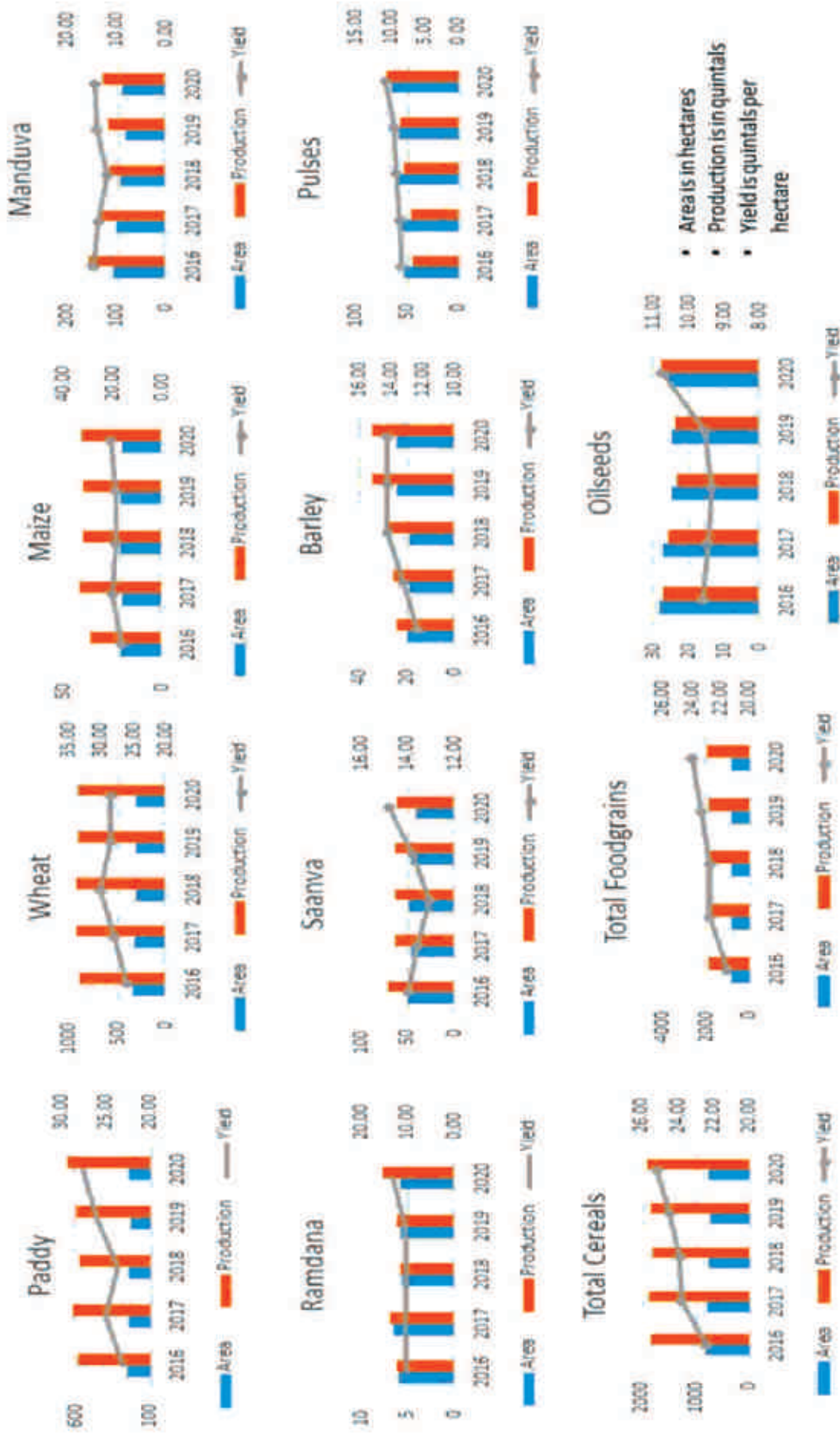
To ensure safety against attacks from wild animals, fencing has been undertaken in 122 villages and total length of the fence was 212 kms. over the period 2017-18 to 2020-21

Apart from the schemes highlighted above, a number of centrally government funded schemes are functional in the State with a total outlay of Rs. 18111.36 lakh in 2020-21 (till Feb. 2021). A number of State-sponsored schemes are also under implementation with a total outlay of Rs. 11624.81 lakh. Some of the key announcements by the State government in the State budget are discussed below that also targets enhancement of income and employability of the farm sector. The State increased the allocation by 11 percent to Rs. 3,545 crore for Agriculture and Allied activities during 2021-22. The govt. allocated Rs. 245 crore towards incentive bonuses for sugarcane farmers and Rs 197 crore towards a plan for diversification of industrial crops for climate change. The budget also introduced new schemes such as Mukhya Mantri Rajya Krishi Vikas Yojna, Organic Agriculture Act, Nursery Act, and Integrated Adarsh Krishi Gram Yojana for a holistic development of the farm sector in the State. Other measures undertaken to improve the agrarian situation are as follows:

1. Free soil health cards have been provided to 8.82 lakh farmers with a aim to lower fertiliser consumption.
2. Emphasis on the implementation of the Organic Agriculture Act 2019. 2 lakh 13 thousand hectares or 33% of the total agricultural area is covered.

3. Enhance availability of machines under the Sub-Mission on Agricultural Mechanization, especially in the hilly regions
4. For the Horticulture sector, the National Horticulture Mission, Mission for Integrated Development of Horticulture, Mission Apple, and the Horticulture Insurance Scheme will be implemented. To increase the cultivation of apples, an integrated chain for processing and marketing will be established. To protect the interest of fruit growers the Horticulture Department declared a Minimum Support Price (MSP) for selected fruits such as C-grade apple, malta, pahari lemon / galgal and pear. Such may ensure better prices for growers. The budget also earmarked provisions for the development of Horticulture, such as enhancement of the Per Drop More Crop scheme, National Horticulture Mission, Integrated Horticulture Scheme, Mission Apple and Horticulture Insurance Scheme. Through the Primary Apple Growing Societies and Uttarakhand Apple Production and Marketing Cooperative Association Ltd, the process of setting up a complete value chain of apple processing and marketing, an estimated twenty thousand apple growers will be benefited from the State.
5. Through joint cooperative farming, 7000 non-seasonal vegetable production units, 2000 mushroom production units, 2000 beekeeping units, 1000 apple orchard units, pulses, and spice production activities are in progress by the cooperative societies. Aroma Parks are developed under the Aroma Park Policy on about 41 acres of land in the integrated industrial estate, Kashipur.
6. A provision of Rs. 245 crore has been made in the budget for payment of sugar cane price. Purchase of paddy from farmers has been made 100 percent online this year. In the Kharif procurement season 2020-21, the price of paddy has been paid to the farmers for Rs 1,988 crore 58 lakh. Under the Prime Minister Kisan Samman Nidhi yojna, Rs. 1,026 crore 51 lakhs have been transferred in the account of 8 lakh 74 thousand farmers through DBT.
7. The State initiated the Chief Minister State Agricultural Development Scheme. Integrated Adarsh Krishi Gram Scheme for farmers is being operated by adopting cluster agriculture based on cooperatives. After the successful operation of the scheme in selected villages, the scheme will be expanded spatially. A provision of Rs 20 crore in the Chief Minister's State Agricultural Development Scheme and Rs 12 crore in the Integrated Model Agriculture Village Scheme was allocated.

Figure 5: Trends in Area, Production and Yield of Major Crops (Period 2016-17 to 2020-21)



Source: Data from Directorate of Agriculture, Govt. of Uttarakhand

8. Under National Agricultural Development Scheme, between 2017-18 and 2020-21, 67 projects of 18 departments were undertaken out of which 39 projects have been completed and 28 projects are in operation. Under this Rashtriya Krishi Vikas Yojana, an amount of Rs. 67 crores 94 lakhs has been proposed in this budget.
9. In view of the fodder problem of the State, a Compact Fodder Block Making Unit were set up in three places: Animal Breeding Farm, Kalsi; Shyampur, Rishikesh; and Aanchal Pashuhar Workshop, Rudrapur. The total production of compact fodder blocks was 9490 metric tons, distributed to the farmers through 119 sub fodder banks established at the block level. A new scheme "Mukhyamantri Ghasyari Kalyan Yojana" was launched on 30th October 2021 in the State with an objective of removing the burden of grass load from the head of more than 3 lakh women in the State. For this, a provision of Rs 25 crore was proposed in the budget. The scheme also aims to fill nutrition gaps among domestic animals and increase milk production.
10. Under the National Gokul Mission Scheme, 2 lakh 16 thousand semen straws were distributed, producing 3 lakh 75 thousand semen straws from the year 2019-20 till present. Under the scheme, free artificial insemination facility was made available at the door of the cattle ranchers and 1 lakh 57 thousand 759 artificial insemination was performed.
11. Wool growth centers have been set up in 10 borders hilly dominated areas of the State under the Wool Growth Scheme. The scheme provides wool shearing machine, enables grading of wool, quality checking and organic certification of wool. This scheme has enhanced the livelihood of wool growers.
12. The centrally sponsored scheme "Pradhan Mantri Matsya Sampada Yojana" earmarked construction of 518 trout raceways, 14 re-circulatory aquaculture systems (RAS), 26 bio flake units, 23.60 hectares' meadow ponds and motorcycle with ice box scheme for marketing purposes of the working fishermen in the State. The "Uttarakhand Fish Kiosk" scheme has been launched this year by the State for sale of fresh fish, various types of fish products and ornamental fishes. Currently, establishment of Kiosks in all the districts is in progress. Fisheries development is also intervening to improve trout farming and village society's ponds under the Central Sector Farmers Cooperative Integrated Scheme. There is a provision of Rs 17 crore 33 lakh in this budget for the Pradhan Mantri Matsya Sampada Yojana by the State.
13. Under Deendayal Upadhyaya Cooperative Farmers Welfare Scheme, loans amounting to Rs 2 thousand 467 crore has been disbursed to 471 335 beneficiaries and 1856 self-help groups during the period October 2017 to February 2021. There is a provision of Rs 47 crore in the budget for this scheme.
14. Under the National Cooperative Development Corporation (NCDC) cluster-wise Farmer Production Organization (FPO) are formed by keeping "one district-one product" as the central theme. 102 Multipurpose Primary Agricultural Cooperative Societies (MPACS) are being developed as a "multi-service center" with the assistance of NABARD with a view to meet the primary credit needs of the farmers.

The two departments of the Ministry of Agriculture and Farmers' Welfare, Govt. of India namely Agriculture, Cooperation and Farmers' Welfare and the Agricultural Research and Education have different roles to play. The former implements policies and programmes related to crop husbandry and manages agriculture inputs and the later coordinates and promotes agricultural research and education. The ministry has been allocated Rs. 132513.62 crore for the year 2022-23, a 4.5% increase annually to implement its schemes and policies. 55 percent of the allocation to the Ministry in 2022-23 is for PM-Kisan Scheme<sup>41</sup> (Rs. 68,000 crores). All other programmes of the ministry, including interest subsidy and crop insurance, have been allocated Rs. 64,514 crore in 2022-23. The allocations earmarked for Department of Agriculture, Cooperation and Farmers's Welfare is presented in Table 3. Few-selected highlights from the central government Budget 2022-23 are as follows:

1. Promotion of chemical-free natural farming starting with farmers' having land closer to river Ganga.
2. Emphasis on post-harvest value addition, consumption and branding of millet products.
3. Delivery of Digital and Hi-Tech services to farmers in Public-Private-Partnership mode.
4. Use of drone technology to aid farmers for crop assessments, spraying of insecticide and digitisation of land records.
5. Creating a fund with blended capital to finance agriculture start-ups.
6. The Government aims to ensure wheat and paddy farmers receive an assured income by making a

<sup>41</sup>PM – KISAN scheme was launched in February 2019 to provide income support of Rs. 6,000 per year (disbursed in three instalments of Rs.2,000). The scheme aims to supplement the financial needs of farmers in procuring inputs for appropriate crop health and yields.

direct payment of Rs. 2.37 lakh crore for minimum support price (MSP) from April 2022 to March 2023.

7. Expansion of oilseed production to reduce dependency on imports and encourage production of millets.

**Table 3: Allocation Under Dept. of Agriculture, Cooperation and Farmers' Welfare**

Name of Scheme	2021-22 Budgeted (Rs. Crore)	Percentage Change (Annualised) in BE 2021-22 over 2019-20
1. PM-KISAN	65,000	16
2. Interest Subsidy for short term credit to farmers	19,468	10
3. PM Fasal Bima Yojana	16,000	13
4. PM Krishi Sinchayi Yojana ( <i>Per Drop More Crop</i> )	4,000	22
5. Market Intervention Scheme and Price Support Scheme ( <i>MIS-PSS</i> )	1,501	-13
6. Agriculture Infrastructure Fund	900	-
7. Formation and Promotion of Farmer Producer Organisations	700	-
8. Green Revolution	13,408	16
9. Rashtriya Krishi Vikas Yojana	3,712	10
10. National Mission on Horticulture	2,385	34
11. National Food Security Mission	2,096	9
12. Department Miscellaneous	1,23,018	14

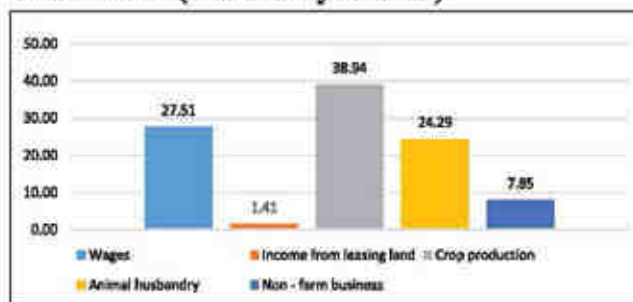
**Takeaways from the Situation Assessment Survey, 2019:**

The National Statistics Office (NSO) in its 77th round undertook a survey on "Land and Livestock Holdings of Households and Situation Assessment of Agricultural Households" (SAS). The survey was undertaken during the period 1st January 2019 to 31st December 2019. The survey provides insights into farmers' investment behaviour, level of indebtedness, and income earned from various activities. An understanding of the key outcome from the survey would help identification of strategies that might improve the farm income and sustainability of farming activities. The key highlights from the survey of more than 90,000 agricultural household in two separate visits is listed below:

- The survey reveals that in nominal prices, the average monthly income of agricultural households from all sources (wages, leasing out the land, crop production, livestock, and non-farm business) increased from Rs. 6426 during 2012-13 to Rs. 10218 during 2018-19.
- Uttarakhand joined the list of States with highest income bracket (earning more than Rs. 12,000 per month) along with Himachal Pradesh, Rajasthan, Karnataka, Kerala, Jammu and Kashmir, Haryana,

and Punjab. However, given the fact that hill farms have low productivity in comparison to plains, the survey results need to be interpreted cautiously.

**Figure 6: Sources of Farm Household Income in Uttarakhand (Reference year 2019)**



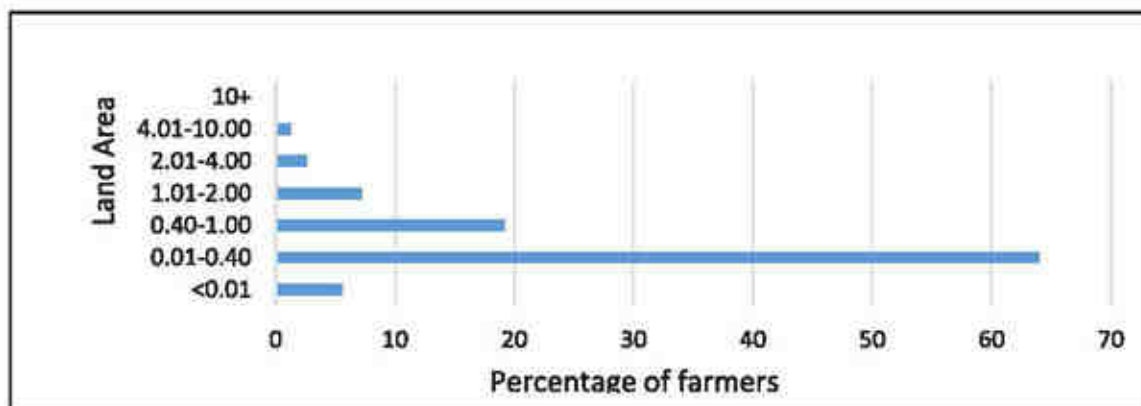
Source: Situation Assessment Survey, 2019, NSO.

- Figure 6 shows the sources of monthly farm household income for Uttarakhand for the year 2019. The share of crop production has declined to 38.94 percent followed by decline in wages at 27.51 percent. Animal husbandry has contributed to 24.29 percent of total household income followed by non-farm income at 7.85 percent signifying the increasing importance of the non-farm sector in total household income.

- There is an increasing contribution of allied sectors to the total agricultural income. The livestock sector has grown at a CAGR of 8.15 percent over the last five years (2015-16 till 2019-20). This improvement in the contribution of allied

sectors is in line with the recommendations of the Committee on Doubling Farmers' Income which has suggested a greater focus on allied sectors to improve farmers' income (The Economic Survey, GoI, 2021-22).

**Figure 7: Percentage Distribution of Rural Households by Land Size (in hectare)**



Source: Situation Assessment Survey, 2019, NSO

- The findings from the SAS indicate a necessity in redesigning schemes for agrarian development in the State to benefit hill farmers. Figure 7 shows the distribution of rural households by land ownership for Uttarakhand. The highest number of farmers (64 percent) own between 0.01 – 0.40 hectares of land. Only 19.2 percent of farmers own land between 0.40-1.00 hectares. Thus, a majority of farmers in the State belong to the small and marginal farm category. The survey selected 25 crops and presented a crop-wise analysis and identified return under each crops.
- The survey highlights that 50.2% agricultural households in the sample are indebted and on an average Rs. 74,121 is the outstanding loan per agricultural household.

#### Post-Covid focus on returning Migrants' Participation in the Farm Sector:

The World Development Report 2008 presented a comparison of three major sectors and agriculture emerged as an important sector for poverty alleviation as it has a larger number of people attached to an extended value chain. In order to achieve several Sustainable Development Goals (SDGs), an intervention in the agricultural sector becomes a necessity. The out-migration of youths and a larger number of people from villages in the hilly districts to nearby towns and cities in plains has led to deserting of villages turning them into ghost villages (Sharma, 2020). According to Integrated Mountain Initiative (IMI), 246 people migrated daily, 50.16 percent of the migrations occurred due to no jobs, 15.21 percent due to lack of education facilities, and 8.83 percent due to absence of medical facilities, says the Economic

Survey 2019-20. An estimated 5.61 percent farmers who fled in distress as animals such as monkeys and pigs would regularly invade their farms and destroy standing crops. A total of 330000 residents have returned to the State following the COVID 19 pandemic induced lockdown. Around 80.68 percent people returned to Uttarakhand from other States and 18.11 percent came back from other districts of the State and 0.92 percent of the migration was within the district (Uttarakhand Rural Development and Migration Commission). The return of migrants could help the hill districts rectify its socio-economic imbalance and repopulate deserted villages that are perched along a strategic international border (Sharma, 2020).

Govt. of Uttarakhand launched a number of employment-generating schemes to retain the reverse migrants. Few schemes exclusively launched during this period with specific relevance for the agricultural sector are as follows:

#### 1. Mukhyamantri Swarozgar Yojana:

A financial outlay of Rs. 15 crores was proposed, 15-25 percent subsidy to start a business in manufacturing, agriculture, horticulture, or animal husbandry. Loans will be provided through banks. Uttarakhand Govt. will provide loans for projects worth Rs. 25 lakh in the manufacturing sector and Rs. 10 lakh in the service sector. There is no capping on minimum education, but the age of the applicant should be 18 years and above and should not have benefitted from any centrally or State sponsored programme towards self-employment. The scheme is available to only one member per family. The identification of area for implementation of the programme is based on the MSME Policy 2015.

### 2. Solar Self-Employment Scheme:

To set up 25 kilowatt (KW) solar plants. Aims to employ 10,000 people under this scheme.

### 3. Bike Taxi service at tourist hotspots:

Youths will get loans to buy bikes and govt. will pay interest on the loans for two years.

### 4. Veer Chandra Garhwali Yojana:

- Provides microcredit aimed at creating sustainable employment opportunities in tourism and establish facilities to run taxis, buses, restaurants, and tourism info centers.

### 5. Mukhyamantri Rajya Krishi Vikaas Yojana:

- Launched in 2020-21, the scheme attempts to fill gaps that are not covered under existing schemes sponsored by the State and central government. For the year 2020-21, a budget of Rs. 18 crores was sanctioned.

### 6. Ekikrit Adarsh Gram Yojan:

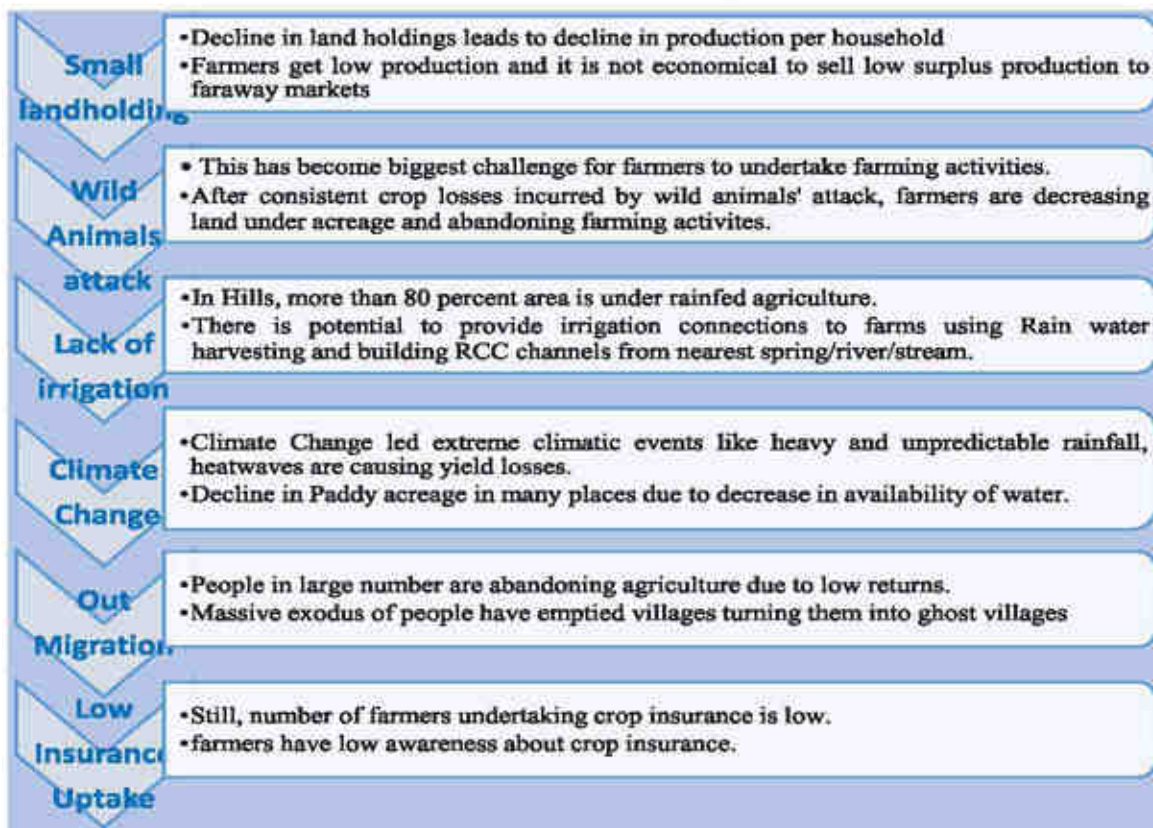
- The scheme was sanctioned a budget of Rs. 12 crores for the year 2020-21. The scheme is rolled out at block level and promotes formation of clusters by farmers on a cooperative basis.

During COVID-19 pandemic, seeds, agricultural machines, insecticides and pesticides, fertilisers and other critical inputs were supplied either free or at a subsidized rate. Mask and sanitizers were also

distributed to spread awareness about hygiene. Farmers were given Kharif seed at 75 percent subsidy and foodgrain production enhanced by 82000 metric tonnes. Along with these schemes, existing schemes rolled out in the budget are revised to provide capital support to young entrepreneurs to undertake mushroom cultivation, polyhouse, food-processing, fruit orchards, off-season vegetables, and other high-value agricultural and horticultural activities. In the agriculture sector the transition is happening in favour of traditional and diverse farming to cash crops based and specialized farming. The change in the cropping pattern of the State symbolizes farmers' changing behavior towards specialized farming activities and adaptation towards climate change and market requirements. Farmers are growing off-season vegetables that command higher prices in the market. This has been made possible due to improvement in logistics services, construction and widening of roads, that has made travel time reduced significantly and increase in access to information about selling agricultural produce, increase in gains from government led scheme, visible in the form of mechanization of agriculture.

### Challenges to Agriculture in Uttarakhand:

In the hill districts, agriculture faces a serious risk of survival. There is an increase in the number of farmers abandoning farming due to various reasons. Major concerns related to hill farming are as follows that requires urgent attention of policymakers to improve the earnings of hill farmers.



In the plain districts, farmers have surplus production and most of the farmers sell their produce at market rate in the nearest mandis. The National Agriculture Market has further aided the situation of farmers in the plain districts (see Table 4). However, the case for small and marginal farmers is sensitive to weather conditions. Most of the small and marginal farmer are growing vegetable crops that provides higher return per acre. However, the production is uncertain due to unpredictable weather, and price volatility is a big concern. While medium and big farmers who grow wheat, paddy, and sugarcane also face challenges in the form of stagnant productivity, labour shortage and low return per acre. Ultimately, an increase in farm income is very less compared to non-farm sector.

These regions also accommodate the industrial hubs of the State. This has resulted into massive shift of labour from agriculture to manufacturing sector. This has created shortage of labour in farm sector resulting in increase in cost of cultivation and declining profit margin in agriculture. Insurance uptake is still low. Due to close proximity with industrial centres, farmers are also diversifying their livelihood opportunities and young members of the farmers household are taking up jobs in the manufacturing sector, thus reducing the overall number of full-time farmers. The farmers have been constantly undergoing training under ATMA Scheme and during the year 2021-22, 353 training programmes were conducted benefitting 17324 farmers.

**Table 4: Stakeholders Registered and Traded Report (14/04/2016 and 31/03/2022) –National Agriculture Market**

Sl. No.	Station	Registered farmer	Traded Farmer	Registered Trader	Traded Trader
1	Bazpur	1185	365	146	85
2	Dehradun	12479	19581	739	205
3	Gadarpur	2460	1730	212	133
4	Haldwani	9195	8296	700	388
5	Haridwar	1366	1490	507	223
6	Jaspur	4634	3426	207	66
7	Kashipur	4380	3420	585	256
8	Khatima	2932	5016	244	149
9	Kichha	5269	4457	257	137
10	Nanakmata	1150	1819	89	57
11	Ramnagar	843	1007	139	76
12	Rishikesh	732	471	117	84
13	Roorkee	446	80	204	64
14	Rudrapur	1075	2967	321	134
15	Sitarganj	5430	5685	183	117
16	Vikasnagar	637	1540	62	53
		54213	61350	4712	2227

#### Suggested Steps to Improve Agrarian Impasse

1. Expansion of MGNREGA Activities: The work available under MGNREGA is limited. The scope may be widened for all crops for some labour activities. This will save labour cost and add viability to the low-yielding agriculture. Second, work availability under MGNREGA may be increased in those areas, where work opportunities are scarce. This will provide more disposable income in the hands of locals and help in retaining them to their villages.
2. Threats from Wild animals: Farmers have abandoned their farms due to crop loss from wild

animal attack. Collaboration with the Department of Forest may be useful for fixing the issues. If more fruit-bearing trees are planted that may provide enough food for the wild animals but the immediate requirement is to enhance the fencing of farms and undertake electrification.

3. Water scarcity: Despite being origin to a number of greater Himalayan rivers, farmers have limited access to irrigation. The springs are however drying due to increase in temperature and climate change. Springs needs rejuvenation and existing springs should be managed so as channelize water to local farms. This can be improved

- further in collaboration with the irrigation and water resources department to construct more irrigation channels.
4. **Rainwater Harvesting:** Rainwater can be tapped into reservoir and used for irrigation. Many farmers who adopting polyhouse are also constructing rainwater reservoirs to ensure availability of water for crops. There is a need to scale up large water reservoirs that provide irrigation supply to whole agricultural land in the region. The Mission Amrit Sarovar may address this issue.
  5. **Animal Husbandry:** In these uncertain times, farmers cannot rely upon crops only for household income and livestock acts as insurance. Farmers are diversifying their livelihood and adopting animal husbandry. They own buffaloes and cows for milk and sell surplus milk to the nearby market. Milk and milk products have huge demand throughout the year. The successful example of Anchal dairy is well known in Uttarakhand. The expansion of existing dairies will provide technical know-how about how to preserve milk and process milk products. This dairy sector has huge potential for growth. Similarly, farmers may also venture into fisheries and other activities supplementing household income.
  6. Information related to weather and forecasting Uttarakhand has a number of weather stations set up by the Indian Meteorological Department. These centers provide weather information related to temperature, rainfall, wind speed, humidity, and weather forecast for the next five days to the interested farmers. This information is important in terms of making key decisions regarding farming activities. As of now, this information is available to a select few farmers who are in the WhatsApp group maintained by the local agency and remaining farmers receive weather information through SMS on their mobile phones. The number of beneficiaries should increase and farmers may be briefed/trained on how to make sense of the weather information.
  7. **Climate Change Adaptation:** Climate Change is a reality evident from the rise in the average temperature, erratic rainfall pattern and rising number of extreme climatic events. The solution to minimizing crop losses from aggravated weather is to adopt the right adaptation strategy for a particular crop. This may involve a change in cropping pattern, change in dates of sowing and harvesting, soil and water management, increased application of fertilizers and pesticides and making an informed decision with regards to changing weather. Farmers need to grow crops that are suitable to changed weather and look for newer varieties of crops resistant to heat and pest attacks also.
  8. **Off-farm activities:** With decrease in average landholding per household, there is a need to diversify household income by taking more economic activities like food processing, packaging, transportation etc. In many parts of Uttarakhand, farmers are processing Malta and Rhododendron (Buransh) juice and earning a good amount of money in addition to farm income. Therefore, activities that lead to post-harvest value addition like food processing needs to be called up. The Co-operative Department has also identified several activities to boost off farm income and few are also under the National Rural Livelihood Mission (NRLM). Since the women are active participants in hill agriculture, their skills and traditional knowledge may be exploited to maximise the expected earnings. Participation of non-governmental organisation and investments through CSR may further widen the scope. **Non-farm activities:** According to the Census 2011, the State population is rising but land ownership per household is declining. Every person may not be interested to undertake agricultural activities. This becomes more evident with rising education level and farming being considered an unskilled activity. It is time that the assumptions that those who farm earn less need to change. Therefore, the State government need to support other non-farm livelihood opportunities that match the skillsets of local people. This will make youth stay in villages and adopt farming which in any case is seasonal and subsistence in nature. Every year, construction work in government sponsored projects take place. There must be a rule that binds the contractor to employ a certain percentage of local labour in ongoing projects. Finance on easy terms may be provided to interested entrepreneurs who want to open retail shops in rural areas. These small outlets may be converted into procurement centers for locally produced agricultural surplus. A number of wholesale buyers come to selective pockets of the hill State to buy hill products. This needs to be expanded across the State so that every farmer who wants to sell their surplus products, can join the network. Most importantly, the tourism and hospitality **Sector has vast potential.** During Chaar Dhaam Yatra, available facilities are insufficient to provide enough rooms for pilgrims. The government may facilitate the systematic expansion of the hospitality sector in PPP mode. Uttarakhand is endowed with diverse climatic zones with clean air and beautiful natural landscape. Health wellness centers can be
  - 9.



established across the State to attract more tourists to unexplored regions.

10. **Extension Services and Role of CSCs:** There are a number of State sponsored schemes for hill development and agricultural upliftment. However, awareness level is low amongst farmer. The new generation is well-versed with-IT products but the old people who are in agriculture are yet to be familiar with advanced technological gadgets. This limits their access to welfare schemes. This can be made easier if extension services are strengthened. Once farmers in a village are attached to a particular extension service provider, they will certainly benefit from the schemes. Even a village development secretary can be made an extension officer for providing information to the farmer and his performance and evaluation may be evaluated by how much farmers have benefitted from his information sharing scheme. Common Service Centres are one-point solution of access to information. These centres are doing wonderful work in terms of providing information to the people, and facilitating peoples' participation in govt. sponsored schemes, banking services, filling application form to gain access to welfare schemes etc. These CSCs along with VDC can be given additional role of agricultural upliftment in a particular village.
11. **Precise study about aspirations of farmers:** A large study may be conducted to compile the aspirations of farmers. Many times, same scheme is launched in all parts of the State. If a particular region is given a certain amount of money and how these fund has to be utilized is decided by the participation of local farmers, this will give massive boost to the aspirations of farmers to support agriculture. Further, region –

specific problem like shortage of irrigation water, tractors, pipelines, roads, market, logistics etc. may be strengthened for the overall upliftment of the agriculture sector. In essence, more participation of beneficiaries in scheme design can be taken up to enhance effectiveness of schemes.

12. **Promote recreational farming and interaction with farming communities:** In Japan, there is a policy by which land is made available to urban settlers for farming for a particular duration upon payment of fees and charges. The cost of farming is borne by the owner and the family takes up farming as a recreational activity often allowing children a first-hand experience with soil and nature. Such a policy may be adopted by the State and this would promote a new set tourist from nearby cities and urban sprawls. Village Ways Pvt. Ltd. In the districts of Almora and Bageshwar have been promoting village tourism in a sustainable manner. From its inception, the organisation determined that sustainability is key to the survival of rural villages, that economic opportunity is best achieved by encouraging and building on the villagers' own strengths, skills and knowledge to develop enterprise. Working in partnership with the villagers, they encourage low-key tourism that runs alongside, but does not displace, traditional livelihoods. established as a unique community-based tourism enterprise capable of autonomous management and operation. Such learnings may be scaled up and an assessment of the existing challenges and limitations may help efficient replication in other parts of the State. Especially the regions that do not fall on the Char-Dham route or the popular tourist circuits. This would also ensure livelihood and to enhance facilities, employment would be generated at the local level.

**Figure 8: Village Level Initiatives to Promote Sustainable Agriculture**



Source: Village Ways Pvt. Ltd.

**Conclusion:**

The declining share of agriculture in State GDP is a wake-up call for policymakers to act quickly in every possible way to save agriculture from rapid abandonment. The need of the hour is to engage right stakeholders along with the beneficiary groups and redesign programs and schemes to increase the effectiveness of government-sponsored schemes. Policymakers need to keep a watch on farmers' decision-making as well. Farmers are going for crop diversification, growing off-season vegetables and also working in non-farm sector to supplement household income. Therefore, government support should be matched with the changing aspirations of the farmers and also address the long-awaited agrarian reforms like land consolidation, enhancing access to irrigation through rainwater

harvesting projects, improving access to the market, and diverge from "One Size Fits All" to varied policy solution for different region. Lastly, enrolment of farmers for crop insurance has decreased substantially as the scheme has been made voluntary for farmers. This needs to be fixed for strengthening farmers' resilience against risks from natural calamities. Finally, there is a need to advertise and communicate the success stories in the State towards enhancing productivity and increase farm income. There is no need to re-invent the wheel and as the pandemic has showed, the sector is the protector of last resort in the event of a crisis. Therefore, best-practices are to identified and implemented to enhance welfare of the farming communities.

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## Declining Female Labour Force Participation Rate In Uttarakhand

### Introduction:

The female labour force participation rate (FLFPR) has declined in South Asia including India at an unprecedented rate in the last two decades. This trend was driven by the largest country in the region, India (Mehrotra and Sinha 2017). The FLFPR in India has declined from 42.7 percent in 2004-05 to 31.2 percent in 2019-20. Similarly, the FLFPR in Uttarakhand has also declined sharply since the early 2000s (see table 1), which raises concern as the State witnessed a progressive GSDP growth rate touching double-digit growth rate over several years since its formation in 2000.

Many competing hypotheses have been put forward to explain the steep decline observed in the FLFPR in India including i). Increase in enrolment and attendance in educational institutions (Planning Commission 2011), (Kannan & Raveendran 2012), (ILO 2014), (Mehrotra & Sinha 2017), (Ghai 2018); ii). Increased household income and decline in poverty levels, which reduces the need for female labour (Kannan and Raveendran 2012), (ILO 2014), (Mehrotra & Sinha 2017), (Ghai 2018); iii). Changing domestic responsibilities and burden of care and unpaid work (Antonopoulos 2009), (ILO 2014), (Mehrotra & Sinha 2017), (Ghai 2018); iv). The collapse in the number of farming jobs without a parallel emergence of non-farm regular jobs and other employment opportunities (World Bank 2014).

This chapter is divided into three sections. Section I traces the trends in female labour force participation rate in Uttarakhand along with locating sectoral and status wise distribution of female workers in Uttarakhand. Section II female explores if the above-mentioned four hypotheses on declining FLFPR at all India levels hold good for Uttarakhand. Section III puts forward a set of policy recommendations based on the analysis of the nature and trends of FLFPR and female employment in the State.

### SECTION I

#### Female Labour Force Participation in Uttarakhand:

Women comprise half of the population in Uttarakhand, but when it comes to participation in the labour market, under 1/3rd of women do: their LFPR is merely 31.8% as per the latest PLFS conducted by the NSSO in 2019-20. The FLFPR in rural Uttarakhand has declined from 65.7% in 2004-05 to 37.3% in 2019-20 showcasing a decline of 28.4 percentage points. The decline in FLPR in urban Uttarakhand is not as pronounced as in rural Uttarakhand: it declined from 19.8 percent in 2004-05 to 15% in 2011-12 and then increased to 17.5% in 2019-20. During 2004-05 to 2019-20 when FLFPR declined in Uttarakhand and also at all India levels, it didn't change much for the neighbouring Himalayan State, Himachal Pradesh. While the FLFPR in rural HP declined marginally from 71.3% in 2004-05 to 68.2% in 2019-20; it increased in urban HP from 36 percent in 2004-05 to 40.6% in 2019-20 (see table 1).

It should be noted here that FLFPR in urban Uttarakhand (17.5%) is half of the FLFPR in rural Uttarakhand (37.3%). Mehrotra & Sinha 2017, noted that this is a reflection of the fact that household incomes are higher in urban areas, and poverty levels are lower and thus the intensity of the need for women to work is less.

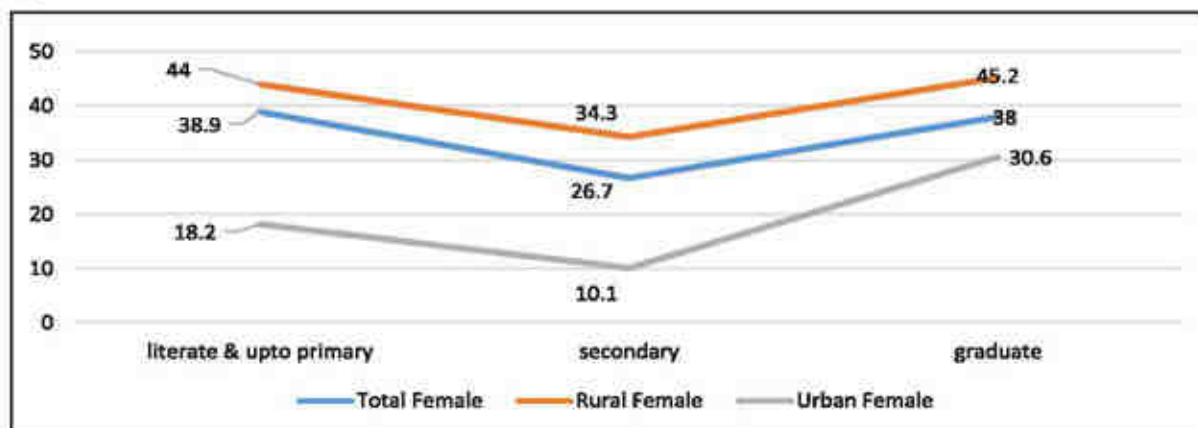
Educational attainment is an important factor in determining the employability of a worker and is likely to affect women's labour force participation decisions in India. Indeed, the relationship between female labour force participation and educational attainment in India resembles a U-curve (ILO 2014). Women with less education tend to have higher participation rates than women with secondary or tertiary education. In Uttarakhand also, the female labour force participation rate by educational attainment follows a U-curve (see Figure-1). Across both rural and urban locations,

**Table 1: Trends in Female Labour Force Participation Rate (%) in Uttarakhand vis-à-vis HP & India**

Area	State	2004-05	2011-12	2019-20
Urban	Uttarakhand	19.8	15.0	17.5
	HP	36.0	30.1	40.6
	India	24.4	20.5	23.2
Rural	Uttarakhand	65.7	43.8	37.3
	HP	71.3	67.2	68.2
	India	49.4	35.8	33.0

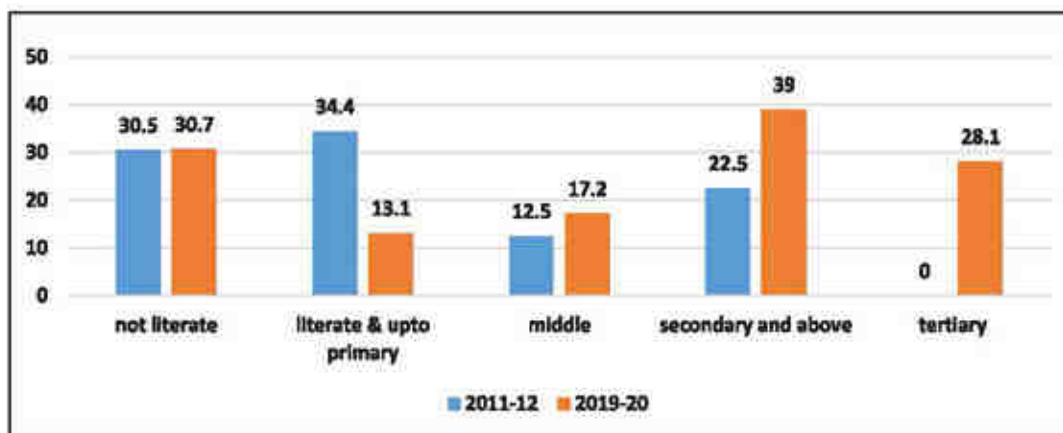
Source: National Sample Survey Reports various rounds (EUS & PLFS)

### Female Labour Force Participation Rates as per Educational Attainments

**Figure 1: Female labour Force Participation Rate by Educational Attainments in Uttarakhand, PLFS 2019-20**

women with secondary education have the lowest participation rates. FLFPR in Uttarakhand is highest for women with literate and up to primary education status (38.9%), followed by women with a graduate degree (38%), post-graduate degree (32.8%), and illiterate women (32.4%). Underlying these changes in participation rates by educational attainment are substantial changes in the level of educational

attainment of the female working-age population<sup>43</sup>. Despite substantial progress in raising female literacy, the proportion of working-age illiterate women in Uttarakhand remained almost the same between 2011-12 to 2019-20 at around 30 percent. However, the share of working-age women with educational status as secondary and above has risen sharply from 22.5% in 2011-12 to 39% in 2019-20 (see figure 2).

**Figure 2: Percentage Distribution of Females of Age 15 years and Above in Uttarakhand by General Educational Level**

<sup>43</sup>Source: EUS 2011-12 and PLFS 2019-20

<sup>43</sup>In India working-age population is 15-59 years. ILO usually defines working age population as 15 plus years and above.

<sup>44</sup>Data for tertiary education was not available for EUS 2011-12

### Sectoral Distribution of Women Workers in Uttarakhand:

The share of female workers engaged in agriculture has declined in both rural and urban areas since the early 2000s when the State was formed. The percentage of female workers engaged in agriculture in urban areas declined from 33.4% in 2004-05 to a mere 0.26% in 2019-20 while in the rural areas the percentage of female workers in agriculture declined from 96% in 2004-05 to 84% in 2019-20.

In urban areas, women are predominantly employed within the services sector and the percentage of female workers engaged in the services sector in urban areas has increased from 67.1% in 2004-05 to 81% in 2019-20. In the rural areas also, the percentage of female

workers engaged in the services sector has increased from 2.1% in 2004-05 to 9.9% in 2019-20. There has also been an increase in the percentage of female workers engaged in the manufacturing sector in urban areas from 9.7% in 2004-05 to 14% in 2019-20. The increase in the share of female workers in manufacturing in rural areas was not very significant.

Within the services sector, female workers are predominantly engaged in education services. The percentage of urban female workers in the education services has rapidly increased from just 4.44% in 2004-05 to 25.3% in 2019-20. A considerable share of female workers is also engaged in health services (5.06%) and public administration and defence services (8.9%) in the urban areas

**Table 2: Percentage Distribution of Female Workers in Uttarakhand by Sectors**

Sector	Urban			Rural		
	2004-05	2011-12	2019-20	2004-05	2011-12	2019-20
Agriculture, etc.	33.4	8.32	0.26	96	90.25	84
Manufacturing	9.7	24.44	14	1.3	4.77	4
Construction	3.6	0.5	2.8	0.5	1.03	1.8
Services	67.1	65.32	81	2.1	4.47	9.9

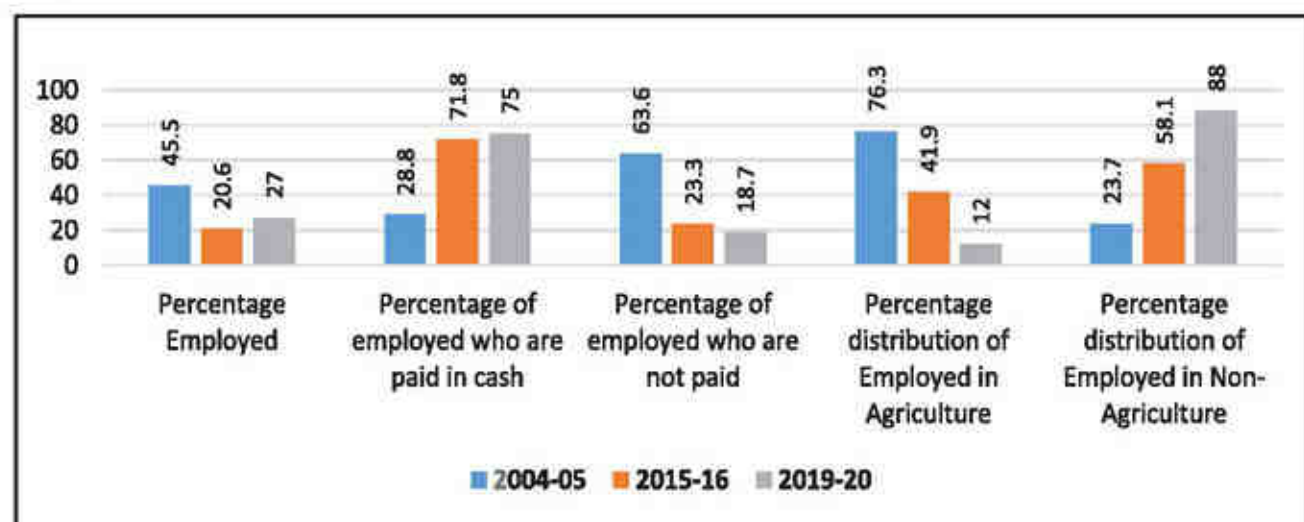
Source: National Sample Survey Reports various rounds (EUS & PLFS)

### Trends in Women Employment Participation: Insights from National Family Health Survey:

The findings of various rounds of the National Family Health Survey (NFHS) also reaffirm the NSS EUS/PLFS findings that the participation of Uttarakhand's women in the labour market has deteriorated in the last two decades. As per the NFHS, the percentage of employed women aged 15-49 years in Uttarakhand reduced from 45.5% in 2004-05 to 20.6

% in 2015-16 and then increased to 27% in 2019-20 (see figure 3). In the same period there was a silver lining for women workers in Uttarakhand as the percentage employed women paid in cash for their labour increased from 28.8% in 2004-05 to 75% in 2019-20. Consequently, the percentage of employed women who were not paid for their labour reduced drastically from 63.6% in 2004-05 to 18.7% in 2019-20

**Figure 3: Percentage Distribution of Employed Women Aged 15-49 Years By Type of Earnings and Employment**



The data from various rounds of NFHS also reiterate that there has been a shift of female workers from agriculture to non-agriculture employment in Uttarakhand in the last decade (see figure 3). The percentage of employed women engaged in the agriculture sector in Uttarakhand has reduced from 76.2% in 2004-05 to a mere 12% in 2019-20 and the percentage of employed women in the non-agriculture sector increased from 23.7% in 2004-05 to 88% in 2019-20.<sup>45</sup>

#### Female Workers by Type of Employment:

The percentage of female workers in self-employment in Uttarakhand has reduced in both rural and urban areas in the last decade (see table 3). The percentage of female workers in rural Uttarakhand in self-employment has reduced from 92.5% in 2011-12 to 86.2% in 2019-20 and in the urban areas the share of self-employed women reduced from 53.5% in 2011-12 to 31.4% in 2019-20.

**Table 3: Distribution of Female Workers in Uttarakhand by Type of Employment**

Status		2011-12		2019-20	
		Rural	Urban	Rural	Urban
Self-Employed	Own Account Worker, Employer	NA	NA	43.3	24.3
	Helper in Household Enterprises	NA	NA	42.9	7.1
	All Self-Employed	92.5	53.5	86.2	31.4
Regular Wage/Salary		0.32	43	10.4	64.7
Casual Labour		0.45	0.47	3.4	3.9

Source: EUS 2011-12 and PLFS 2019-20

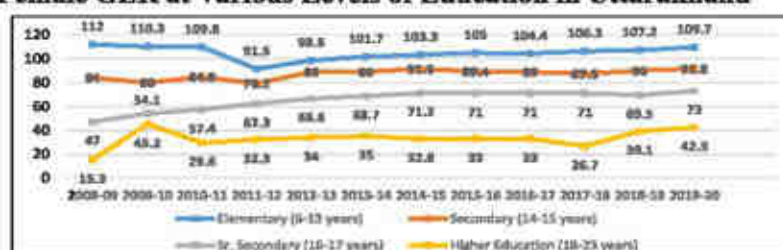
There has been a corresponding increase in the percentage of female workers in regular wage/salary<sup>46</sup> employment in Uttarakhand. In rural areas, it has increased around 20 times from 0.32% in 2011-12 to 10.4% in 2019-20 and in the urban areas the percentage of female workers in regular wage/salary employment has increased from 43% to 64.7%. The percentage of female workers in casual labour has also witnessed some increase owing to the inception of schemes like MGNREGA, PMAY, PMGSY, rapid growth in the construction sector, etc. which are heavily dependent on casual manual labour (Mehrotra & Sinha 2017). The PLFS 2019-20 highlighted that within the self-employment category 42.9% of female workers in rural areas and 7.1% of female workers in urban areas were working as a helper in household enterprises.<sup>47</sup> *Building on the State-level analysis presented in Section I, Section II will explore if the four hypotheses as outlined in the introduction section hold good for Uttarakhand.*

## SECTION II: TESTING THE HYPOTHESIS

### Hypothesis 1: Increased Participation in Education of over 15 years old:

Data from U-DISE and various rounds of AISHE shows that there has been a significant increase in the enrolment of girls at all levels of education (see figure 4). The gross enrolment ratio at the secondary level increased from 84 percent in 2008-09 to 91.8% in 2019-20. At the senior secondary level (16-17 years) which is the initial age bracket of the working-age (15-59 years), there has been a significant increase in GER for girls: from 47% in 2008-09 to 73% in 2019-20. Another significant improvement in GER for girls has happened at the higher education level (18-23 years): it has increased from 15.3% in 2008-09 to 42.3% in 2019-20. Moreover, gender parity has been achieved for all levels of education in Uttarakhand.

**Figure 4: Trends in Female GER at Various Levels of Education in Uttarakhand**



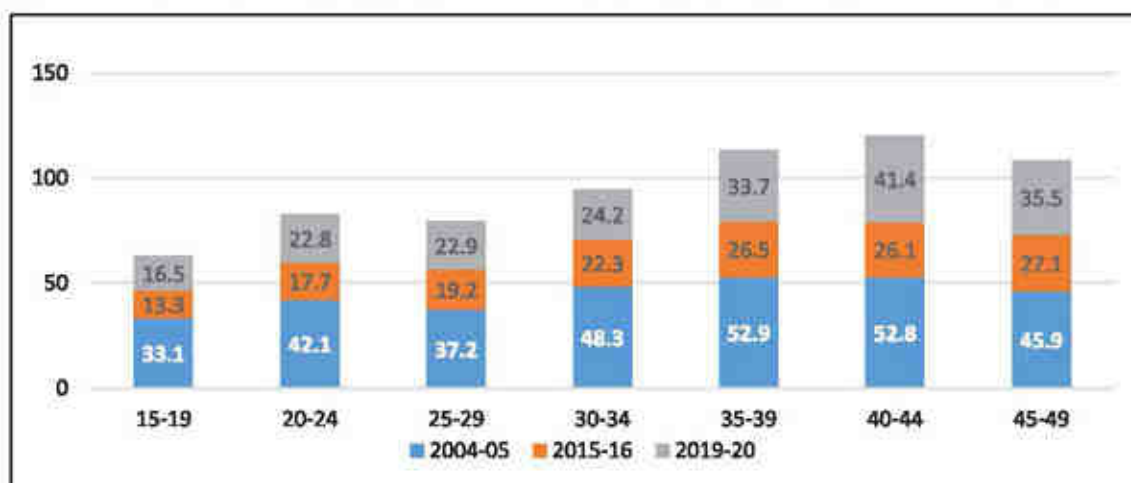
Source: UDISE & AISHE Report of various years

<sup>45</sup>The NFHS data pertains to women aged 15-49 years while the NSS data pertains to 15+ years women.

<sup>46</sup> These women worked in others' farm or non-farm enterprises (both household and non-household) and, in return, received salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract).

<sup>47</sup>Self-employed persons who were engaged in their household enterprises, working full or part time and did not receive any regular salary or wages in return for the work performed were considered as helpers in household enterprise.

**Figure 5: Trend in Share of Employed Women in Various Age Groups Between 15-49 Years**



Source: NFHS 3, NFHS 4, and NFHS 5

The data from various rounds of NFHS shows that in the secondary to higher education age group (15-24 years), there has been a significant reduction in the employed women in Uttarakhand (see figure 5). The share of employed women in the 15-19 age group has halved between 2004-05 to 2019-20: from 33.1% to 16.5% respectively. Similarly, the share of employed women in the age group 20-24 years has also halved from 42.1% in 2004-05 to 22.8% in 2019-20. Thus, the hypothesis that increased participation in education is one of the key reasons for the decline in FLPR, holds for Uttarakhand

**Hypothesis 2: Increased household income and decline in poverty levels:**

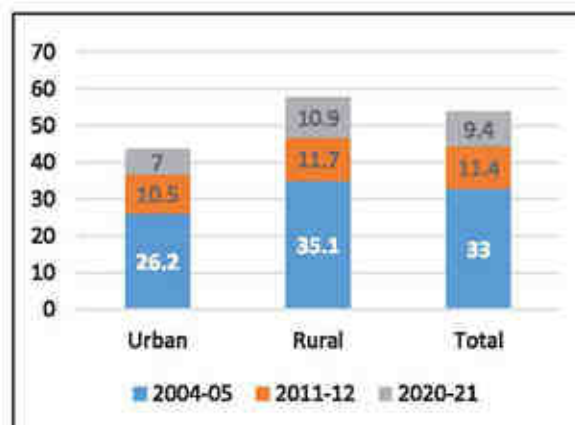
Female work participation in the Indian context is seen as responsive to economic stimuli, better described as the “income effect” (Mehrotra and Sinha 2017), which means that the rising income of a household and falling poverty rates serves to drastically lower the FLFPR, which is also a dominant supply-side factor influencing the participation rate of women.

Rising household income increases the opportunity cost of domestic activities for women. Additionally, as the financial necessity of women to engage in outside work drops, most families are keen for women to stay at home as it is considered to be reflective of a rise in social status (Ghai 2018). The proportion of the population living below the poverty line in Uttarakhand has declined considerably from 33% in 2004-05 to 9.4% in 2020-21 (see figure 6). In the urban areas the BPL population has reduced from 26.2% in 2004-05 to just 7% in 2020-21; whereas, in rural areas, it has reduced from 35.1% in 2004-05 to 10.9% in 2020-21.

Moreover, both rural and urban casual labour wages have witnessed a secular rise since 2004-05 owing to MGNREGA in rural areas and the construction boom

in urban areas. The rural wages in Uttarakhand rose from INR 67.9 in 2004-05 to INR 354 in 2019-20. Similarly, urban wages grew from INR 68 in 2004-05 to INR 350 in 2019-20. The sharp increase in wages had also led to a decline in poverty rates in both urban and rural areas of Uttarakhand. Hence, the rising income of households and a decline in poverty may be one of the reasons for the decline in FLFPR in Uttarakhand

**Figure 6: Proportion of the Population Living Below Poverty Line: Total, Rural/Urban (in %)**



Source: 2004-05 & 2011-12- (Panagriya 2013)1; 2020-21-IHD

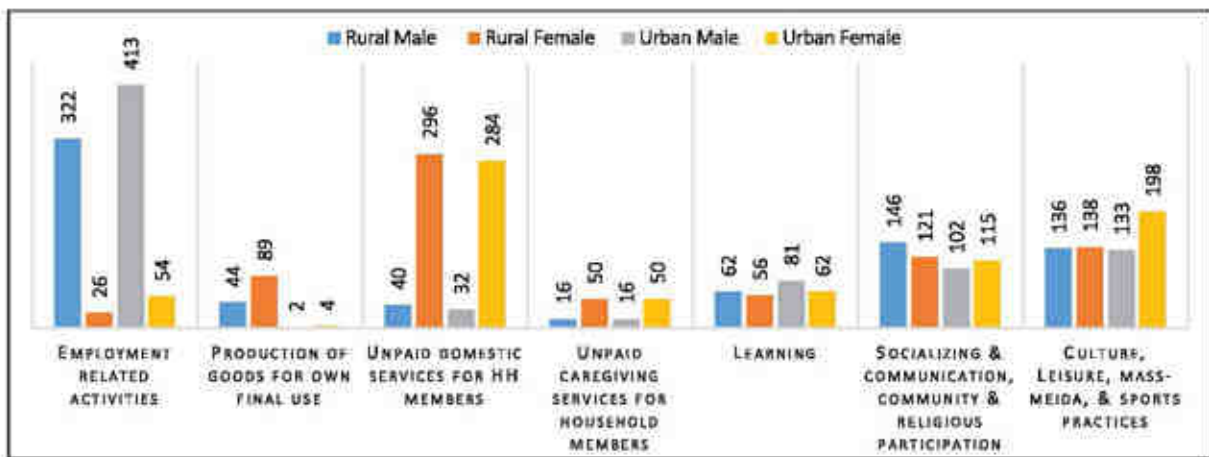
**Hypothesis 3: Changing domestic responsibilities and burden of care work forcing women out of the labour force:**

Figure 5 precisely highlights that the decline in women's participation in employment (2004-05 to 2019-20) in Uttarakhand is the highest in the age cohort 30-34 years (24.1 percentage points) followed by 35-39 years (19.2 percentage points), thus indicating some reasons other than expansion of women's education to explain women's withdrawal. Mehrotra et al (2017) noted that domestic duties and care work, and the

ideology of the marital household govern the entry to, and withdrawal of women from the labour force to a large extent. As older girls entered and remained in secondary school, the task of younger sibling care performed by the older girls hitherto now had to be performed by these adult women. Also, with the greater nuclearization of families, there is a growing lack of support from other family members; thus, women are constrained from joining the labour force even if they have the necessary qualifications. India's gender chore gap, the difference between the amount of housework done by women and men is one of the highest in the world. The result of the Time Use Survey 2019 (TUS 2019) by NSSO for Uttarakhand corroborates

hypothesis 3. The TUS 2019 highlighted that a woman in rural areas of Uttarakhand on an average day spends just 26 minutes on employment-related activities while their male counterpart spends 322 minutes per day. Similarly, in urban Uttarakhand, men spend around 413 minutes on employment-related activities while women spend just 54 minutes on the same. In the case of unpaid domestic services for household members on average in a day, a rural woman in Uttarakhand spends around 296 minutes while their counterpart rural men spend mere 40 minutes. In urban areas also women spend around 284 minutes per day in unpaid domestic services while their male counterparts spend mere 32 minutes on the same.

**Figure 7: Minutes spent in a day on an average per person in the activities of major divisions of tus whether it is major activity or not**



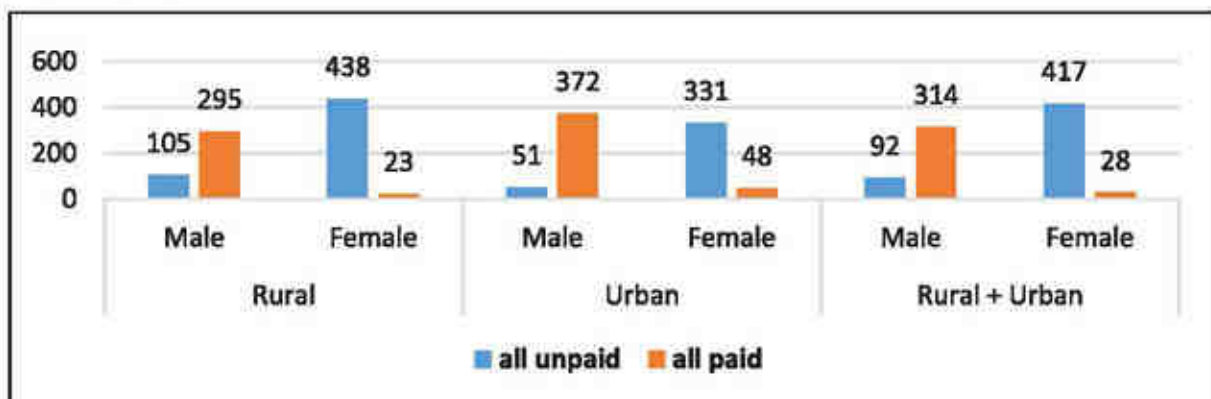
Source: NSS TUS 2019

The TUS 2019 data also highlighted that on average in a day, women in Uttarakhand spend around 417 minutes on unpaid activities while men spend just 92 minutes on unpaid activities. On the contrary, on average women spends just 28 minutes on paid activities while men spend 314 minutes on paid activities (see figure 8).

*In the light of the above-mentioned analysis, hypothesis 3 holds for Uttarakhand that the burden of care work is forcing women out of the labour force*

**Hypothesis 4: Collapse in the number of farming jobs without a parallel emergence of decent jobs in non-farm sectors:**

**Figure 8: Minutes spent in a day on an average per person in unpaid and paid activities irrespective of whether it is a major activity or not**



Source: NSSO TUS 2019



The percentage of employed women engaged in the agriculture sector in Uttarakhand has reduced from 76.2 percent in 2004-05 to a mere 12 percent in 2019-20 (see figure 3). The reduction in female employment in agriculture was mostly among unpaid female family workers. According to Rustagi (2013), this reduction in unpaid female family workers could be indicative of the increasing adoption of technology in agriculture. Mehrotra et al (2017) also point out that women perform more manual work in agriculture than men like weeding, harvesting, etc. Due to increased technological and industrial development in rural areas, there is now an increased use of seed drills, fertilizer drills for sowing and planting, power weeders for weeding, harvesters and threshers, which were occupations traditionally done by women. Between 2004-05 to 2019-20 around 1.8 lakhs, female workers left agriculture in rural Uttarakhand. In the same period, the manufacturing and construction sector saw an increase of 40,196 workers and the services sector saw an increase of 79,226 workers.

Thus, in effect around 61,000 women, workers who left the agriculture sector during 2004-05 to 2019-20 were not accommodated in any employment sector.<sup>48</sup>

According to Uttarakhand Skill Gap Study (2021), 30.6 percent of women between the age of 15-34 years reported their status as 'Neither in education nor employment nor in training (NEET)'. Around 20.5 percent of the women were in the NEET category for 1-2 years, 16 percent for 2-3 years, 8.2 percent for 3-4 years, and 22.5 percent for more than 5 years. 76.2 percent of the women in the NEET category reported that they are actively seeking work. The female respondents cited lack of family support, working culture, or availability of work in night shifts, as the main reasons for being in the NEET category and for those whose families allow them to work, are looking for a job in their current location only.

*Based on the above-mentioned analysis, the hypothesis holds for Uttarakhand also that there has not been a corresponding emergence of decent jobs in the non-farm sector for women workers to mitigate the collapse in the number of farming jobs for women.*

### SECTION III: WAY FORWARD

This section outlines some policy prescriptions to improve female employment in Uttarakhand. These recommendations will help the State government

increase the participation of women in the labour force and transition them into more productive sectors of employment.

#### 1 Creating an Educated and Skilled Women Workforce:

Despite substantial progress in raising female literacy, the proportion of working-age illiterate women in Uttarakhand remained almost the same between 2011-12 to 2019-20 at around 30 percent; against this, the percentage of illiterate working-age men was just 13.2 percent. Though the share of working-age women with just primary education has reduced significantly in the last decade, still, 13.1 percent of working-age women in Uttarakhand have their educational status as primary.

The Uttarakhand Human Development Report (2017) highlighted that 80.5 percent of women workers in Uttarakhand are medium-skilled, 10.6 percent are low skilled and a mere 8.9 percent are high skilled.<sup>49</sup> The Uttarakhand Skill Gap Study (2021) highlighted that 81.5 percent of women aged 15-34 years are willing to undergo training to get their desired job or enhance their skills for better employment prospects. Moreover, women in Uttarakhand have expressed their aspirations to undergo skill training and pursue employment in the services sector like agribusiness, hospitality, tourism, education, etc. These sectors have also been identified as major growth drivers of Uttarakhand.

To create an educated and skilled women workforce, interventions are required on two fronts: i). Focussed action on girls' school completion rates and providing an enabling environment that makes it conducive for girls to attend schools, ii). Ensuring the opportunity of skill development/training, especially for young women, which is accessible and affordable as per their aspirations and demand of employers in the State. Skilling in services sub-sectors like agribusiness, hospitality, education, and health services may be prioritized.

#### 2. Strengthening sectors where women dominate in non-farm employment: the case of education, health, and tourism services:

The analysis presented in section I shows that within the services sector women workers in Uttarakhand are predominantly employed in education, health services and public administration and defence services, etc. The percentage of urban female workers in the education industry has drastically increased from just 4.44 percent in 2004-05 to 25.3 percent in 2019-20.

<sup>48</sup> Authors calculation from NSSO EUS and PLFS data

<sup>49</sup> High skilled (senior officials, managers, professionals, technicians & associate professionals); Medium-skilled (clerks, service, shop & market sales workers, agriculture & fishery, craft & related trades, plant & machine operators & assemblers) and Low skilled (elementary occupations such as labour in agriculture; construction, mining, manufacturing, transport, & sales and services).

Uttarakhand has a conducive environment to become the national hub for education and health services and to supply education and health professionals, not just in India but to the world. With the presence of reputed higher education institutions like IIT Roorkee, IIM Kashipur, AIIMS Rishikesh, GB Pant University, WII, FRI, etc. and renowned boarding schools like the Doon, St. George's, etc., the State already has a strong base for education-related activities.

In health services, nursing is one such area which shows promising opportunity for Uttarakhand because other than Kerala no other Indian State has focussed on this. With ever-growing State and Private sector emphasis on health in the post-pandemic world, this sector has immense potential to create employment opportunities for women in Uttarakhand.

Similarly, tourism has traditionally been a growth driver for the State owing to its religious importance and natural beauty. Currently, the State is running numerous schemes to promote livelihoods through tourism in the State, e.g., Veer Chandra Singh Garhwali Yojna, homestay policy, etc. These programmes and policies have yielded a positive result for the State but have not been very successful in prioritizing women in tourism activities.

In the backdrop of the above analysis, the following interventions may be made:

- i). Introduction of industry-standard skill development courses in the education sector for women. The State may also facilitate placement activities for women by inviting educational institutions from other States. The focus of this intervention should be on the hilly areas,
- ii). Starting nursing colleges with a focus on the hilly regions to create a pool of trained nursing professionals who can cater to the national needs,
- iii). In the tourism sector, women should be trained in skills related to bookkeeping, room maintenance, food presentation, guest relations, online advertising etc.

### 3. Creating an Enabling Support System for Women to Reduce the Burden of Care Work:

The analysis presented in section 2 showcases that women bear majority of the burden of care work in Uttarakhand and hence spends significantly lesser time on employment-related activities as compared to their male counterparts. For example, a woman in rural Uttarakhand on average in a day spends around 296 minutes on unpaid domestic services for household members while their male counterparts spend mere 40 minutes on the same.

While gender parity has been achieved in almost every level of education enrolment in Uttarakhand, 45.4

percent of the women aged 3-35 years who enrolled in the past academic year are currently not attending classes. 36.5 percent of women reported domestic work as the reason for not attending classes. The intensity of the burden of domestic care work is very high in Uttarakhand given its geography where women have to climb up/down hills to fetch water, fodder for animals, sell farm produces, etc.

In this direction, the interventions should not only be developmental, but should also call for reforms in the underlying social conditions that promote gendered division of labour. Some interventions in this regard could be:

- i). Enabling policy and programmatic interventions that reduce the time burden of women on domestic duties and care responsibilities like, provisioning water facilities in the vicinity, increased access of LPG cylinders, logistical arrangement to transport farm produce to markets,
- ii). Public educational programmes that focus on issues surrounding the value of a girl child and gendered roles may be launched,
- iii). Opening of creches' for working women not only in formal settings but also in informal settings,
- iv). Promoting policies that provide childcare support and maternity benefits. Child subsidies free up mothers' time to enter the labour force. The Government of Uttarakhand can become a pioneer in this direction by constructing a fund, such that the maternity benefits are raised from multiple sources including the employer, employee, government, community contributions, and CSR.

### 4. Promoting Entrepreneurship Among Women

Around 78.8 percent of women workers in Uttarakhand are self-employed out of which around 38 percent are working as a helper in household enterprises. These helpers are not paid anything for their labour. The Uttarakhand Skill Gap Study (2021) noted that the career aspiration of 26 percent of women between the age of 15-34 years is in self-employment and entrepreneurship. Promoting self-employment and entrepreneurship among youths has been one of the core focuses of the Uttarakhand government, especially for women. The State government has also started women-specific schemes like Shilpi Gram Yojna, Special Scheme for Women Entrepreneurs, Nanda Devi Yojna, etc. along with implementing central sector schemes like MUDRA, especially to promote entrepreneurship among women.

While these schemes have created a space for women entrepreneurs in Uttarakhand, some preparatory interventions are also required so that aspiring women entrepreneurs in Uttarakhand can benefit from these schemes. Some prescribed interventions in this direction are: i). Project counselling support in form of

support in project plan formulation ii). Training on thematic areas of entrepreneurship like dairy, food processing, agri/horticulture produce processing etc. iii). Procedural support in accessing benefits under Mukhyamantri Swarojgar Yojna, MUDRA Yojna etc. iv). Convergence of State sector schemes on entrepreneurship for a concerted effort, currently, the scale of the State sector schemes is very low.

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## Chapter 9

# Human Resources Management

### Introduction:

This chapter initiates with the announcement made by the Prime Minister Shri Narendra Modi on 14th June that all ministries and departments have been asked to enhance hiring on a “mission mode” and have set a target to provide employment to 1 million people in the next 18 months. It is to be noted that there exist 8,72,243 regular civilian vacancies in various central ministries and departments on March 1, 2020. The situation of government posts lying either empty or vacant by design or by default is true for the State of Uttarakhand as well. The situation becomes worrisome because of the variation in the geography and remoteness of certain areas where public servants are hesitant to serve for a long duration. There are several other problems including management of the human resources and limited skilling, may have made public jobs unattractive. The State government has been declaring rewards, remuneration and enhancing facilities to promote efficiency of the public employees but a concerted effort and setting achievable goals would ensure better outcomes.

### Current State of Public Employment in Uttarakhand:

The State of Uttarakhand has a population of more than 100 lakhs and to cater to the needs of the growing population, the State has enhanced the employment

across various State departments. According to the State Budget 2022-23, as on 1st April 2021 there were a total of 22,338 total sanctioned gazetted posts and 2,54,920 non-gazetted posts. The budget reports the detail post summary in the government department, aided department and other public undertakings. There are 26 Organisations and Boards, 63 Departments and 7 Directorates. The list of the different entities is presented in Table 1.

In this section, we are going to present a review of the overall employment situation across various departments and entities under the Government of Uttarakhand. In the case of Uttarakhand, with 13 districts and most in the hilly regions and bordering China in the north and Nepal in the east, significant number of public sector employment is from the armed forces. Apart from the armed forces, there are institutions of national interest under the Central Government that provides employment to State residents. In an estimate, the central Government employs close to 10 percent of the organized workforce and a report from the International Labour Organisation suggest that globally, “The importance of the public sector is an indisputable social and economic reality”<sup>30</sup>. Within the State also, the State government is the largest employer

**Table 1: List of Organizations and Boards, Departments and Directorates under Uttarakhand Government**

Organisations and Boards	Departments	
1. Bhagirathi River Valley Project	1. Accountant General Office	34. Rajeev Gandhi Navodaya Vidyalaya (Almora, Bageshwar, Chamoli, Champawat, Dehradun, Haridwar, Nainital, Pauri, Pithoragr, Rudraprayag, Tehri, Udham Singh Nagar, Uttarkashi)
2. Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand limited	2. Agriculture Department	
3. Department of Revenue	3. chief development office	
	4. Co-operative Department	
	5. Department of Accounts & Entitlement	
	6. Department of Animal Husbandry	

<sup>30</sup>See [https://www.ilo.org/public/english/bureau/stat/download/wp\\_pse\\_e.pdf](https://www.ilo.org/public/english/bureau/stat/download/wp_pse_e.pdf) for details.

4. Environment Protection and Pollution Control Board	7. Department of audit	35. School Education Uttarakhand
5. Pey Jal Nigam Uttarakhand	8. Department of Budget	36. State Higher Education Council
6. Sarva Siksha abhiyan	9. Department of Entertainment tax	37. State Horticulture Mission
7. State Biodiversity Board - Uttarakhand	10. Department Of Fisheries	38. State Program Management Group
8. State Consumer Disputes Redressal Commission	11. Department of Food & Civil Supplies	39. State Tax Department
9. State Council Educational Research & Training	12. Department of Higher Education	40. State Transport Department
10. State Institute of Educational Management and Training Uttarakhand	13. Department of Labour	41. Sugarcane Development and Sugar Industries
11. State Planning Department	14. Department of Medical Education	42. Town & Country Planning
12. State Water & Sanitation Mission	15. Department Of Prison	43. Twenty Point Programme
13. Swajal Project	16. Department of Sanskrit Education	44. Uttarakhand Information Department
14. Uttarakhand State Rural Livelihood Mission	17. Department of Social	45. Uttarakhand Audit
15. Uttarakhand Board Of School Education	18. Department of Sericulture Welfare	46. Uttarakhand Forest Department
16. Uttarakhand Civil Aviation Development Authority	19. Department of Sports	47. Uttarakhand Jal Sansthan
17. Uttarakhand Judicial and Legal Academy	20. Department of Stamps and Registration	48. Uttarakhand Police
18. Uttarakhand Public Services Tribunal	21. Department of Woman Empowerment & Child Development	49. Uttarakhand Renewable Energy Development Agency
19. Uttarakhand Tea Development Board	22. Disaster Mitigation and Management Center	50. Uttarakhand Rural Roads Development Agency
20. Uttarakhand Tourism Development Board	23. Excise Department	51. Vigilance Department
21. Uttarakhand Transport Corporation	24. Firms, Societies and Chits	
22. Uttarakhand Waqf Board	25. Geology and Mining	<b>Directorates</b>
23. Uttarakhand Forest Development Cooperation	26. Health Department	1. Directorate of Economics and Statistics
24. Department of Planning Government of Uttarakhand	27. Information Technology Development Agency	2. Directorate of Industries
25. Uttarakhand Rural Development Samiti (UGVS)	28. Minor Irrigation Department Uttarakhand	3. Directorate of Training and Employment
26. Shri Badarinath Kedarnath Temple Committee-UK	29. Minority Welfare, Uttarakhand	4. Directorate of Treasuries, Pension and Entitlements
	30. National Health Mission	5. NCC Directorate
	31. Public Works Department	6. Urban Development Directorate
	32. Rashtriya Madhyamik Shiksha Abhiyan	Watershed Management Directorate
	33. Rural Engineering Services	

Total employees in Gazetted posts (Category A and Category B) have increased from 5.83 percent in 2016 to 7.21 percent in 2021. On the other hand the total non-Gazetted posts (Category C and Category D) dropped from 94.17 percent in 2016 to 92.79 percent in 2021. The total sanctioned position in 2016 was 261580 of

which 18598 was Gazetted posts and 242982 was non-Gazetted posts. In 2021, the total sanctioned positions was 254920 of which Gazetted posts was 22338 and non-Gazetted posts was 232582. The total sanctioned and filled posts is presented in Figure 1(a) and Figure 1(b), respectively.

Figure 1(a): Total Sanctioned Posts

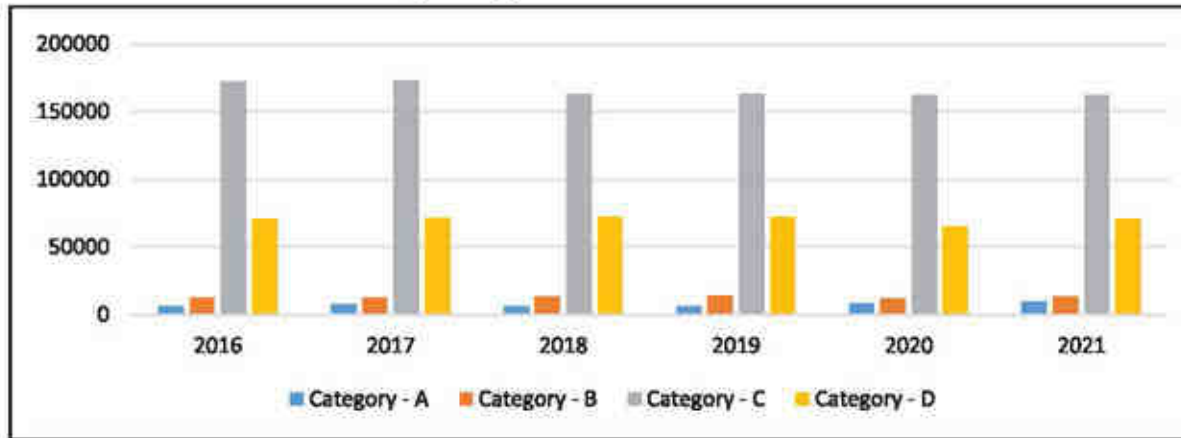
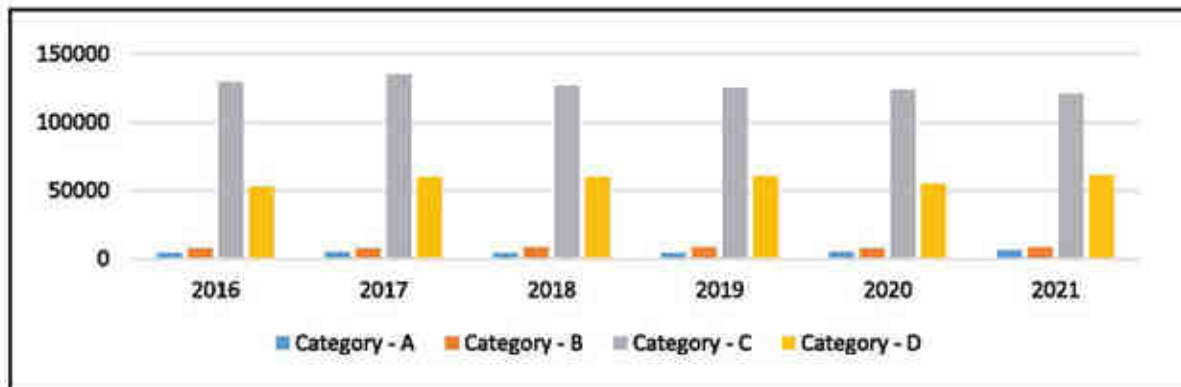


Figure 1(b): Total Filled Posts



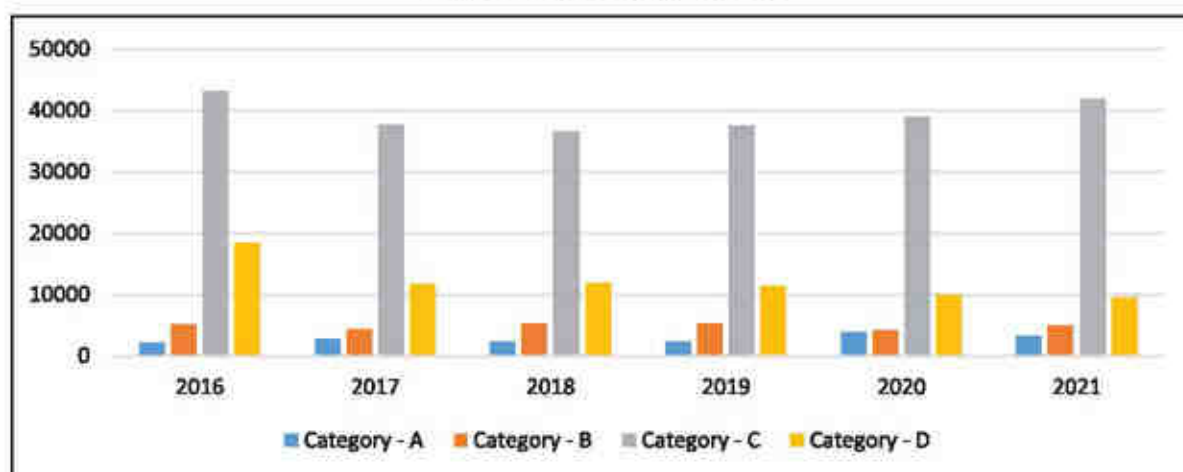
Source: Author's own representation using data from State Budget Documents. Figures pertain to 1st April of the reported year.

Total sanctioned posts consist of posts that are permanent and temporary in nature. The temporary posts in 2016 was 88123 which has fallen to 46656 in 2021. On the other hand, the number of permanent posts has increased from 173457 in 2016 to 208264 in 2021. There is a significant change in the total number of temporary Gazetted posts (Category A and Category B) which has decreased from 6887 in 2016 to 1871 in 2021. Similarly, total number of Temporary Non-Gazetted posts has declined from 81123 in 2016 to 44785 in 2021. Although, significant number of temporary posts seems to have been regularized but there is still scope to recruit individuals under various categories and those requiring varying levels of skill because the total number of vacant posts in 2021 was at 59699. Figure 2 shows the category wise distribution of total vacant posts in various State government

departments and posts that are classified as Gazetted and non-Gazetted.

From Figure 2, it is evident that the number of vacant posts under Category C has remained high because both under the Central and the State governments, employees belonging to Category C is more than 60 percent followed by Category D, Category B and finally Category A. Category A employees typically occupy higher administrative positions in the government and are responsible for execution of key decisions on behalf of the State legislature and the deliveries of such orders and the efficient implementation of the decisions rests on the Category B and Category C employees who act as middle management and provide much needed assistance. It is important to note that these positions are all skilled

**Figure 2: Total Vacant Posts**



Source: Author's own representation using data from State Budget Documents. Figures pertain to 1<sup>st</sup> April of the reported year

positions requiring varying degrees of skill set. The "minimum government maximum governance" principle propounded by the Central Govt. may have its implications for the State government as well. Moreover, following the Seventh Pay Commission (implemented from January 2016), the burden of salaries and other benefits for over 2.5 lakh government employees have increased manifold a State where more than 60 percent land is under forest cover. Since there is very limited scope for expansion of the secondary sector in the hill districts and that also limits the scope for private employment, the State de facto becomes the second largest employer followed the armed forces.

Directorate General Schools Education Dehradun has the maximum number of sanctioned posts (35838 permanent and 54 temporary) of which 31708 are filled and remaining vacant in 2020-21. The number of vacant posts is maximum at 7899 with Schools Education (Rajiv Gandhi Navodaya Vidyalaya) and with Forest Department (3519). The list of Departments with maximum number of vacant posts is presented in Table 2.

The above list consists of only 22 departments out of 140 listed departments/ sections/ offices under the State government. There are 39 departments where the vacant posts are between 100 and 500 as on 1st April

**Table 2: Summary Details of Departments having more than 500 Vacant Posts**

	Department Name	Permanent	Temporary	Total Sanctioned Posts	Total Posts Filled	Total Vacant Posts
1.	Schools Education (Rajiv Gandhi Navodaya Vidyalaya)	32588	0	32588	24689	7899
2.	Directorate General Schools Education Dehradun	35838	54	35892	31708	4184
3.	Forest Department	9237	0	9237	5718	3519
4.	Medical and Public Health	8797	2582	11379	7976	3403
5.	Medical Education	3075	2140	5215	2322	2893
6.	Main Irrigation	7767	0	7767	5311	2456
7.	Public Works Department	11101	125	11226	8893	2333
8.	Schools Education (Primary)	10508	2325	12833	10667	2166
9.	Higher Education	1669	1894	3563	1433	2130
10.	Revenue station	3267	111	3378	1854	1524
11.	Police Department (Headquarters)	25977	32	26009	24542	1467
12.	Forest Department	3550	0	3550	2148	1402
13.	Family Welfare	4037	528	4565	3206	1359
14.	Labor and Employment - Training	2234	0	2234	948	1286



15.	Women Empowerment and Child Development	1081	29954	31035	29762	1273
16.	Agriculture Crop, Department of Agriculture	2489	0	2489	1219	1270
17.	Subordinate District Court and Family Court	2227	367	2594	1435	1159
18.	Tax on Sales Trade etc. (Commercial)	1657	360	2017	886	1131
19.	Revenue - District Establishment	2705	213	2918	1971	947
20.	Rural Development (District Establishments)	2509	0	2509	1606	903
21.	Horticulture	2990	452	3442	2688	754
22.	Secretariat Administration Department	1779	75	1854	1170	684
	<b>Total</b>	<b>200279</b>	<b>46396</b>	<b>246675</b>	<b>189731</b>	<b>56944</b>

2021. On an average 23 percent positions under various categories were reported to be vacant but a closer examination would reveal that of the significant departments, State Planning Commission has 75 percent vacant positions followed by Sports Department (65 percent), Higher Education (60 percent), Labour and Employment-Training (58 percent). There are 40 departments where the number of vacant posts against total sanctioned posts is more than 50 percent. In 2016, 28 percent sanctioned posts were vacant and therefore there has been 5 percent reduction in vacant posts in the State. It is therefore important to assess the reasons behind this gap and the inability of the State departments to enhance employment opportunities.

One of the major factors highlighted behind inefficient performance of the departments is unavailability of skilled labour force and/or limited exposure of labour to perform department specific duties. It would of interest to further analyse the age-wise classification of labour force in public employment under different categories.

There is an urgent need to engage the youth of the State and train them before inducting in the government departments.

Another problem, often discussed in the case of hilly States such as Uttarakhand is the reluctance from the part of an employee is to accept positions in remote areas. Since such posting comes with its own challenges and there are long delays and bureaucratic procedure to transfer to places with better basic amenities, demand for jobs in such locations are relatively less or are not attractive.

The State government has several aided departments under which as on 1st April 2021 there were 18703 permanent, 3240 temporary and a total of 21943 sanctioned posts. Of these posts, only 13145 posts are filled and therefore the number of vacant posts is at

8798. This is an increase of almost 34 percent in vacant posts in comparison to the figure in 2016 (total vacant posts were 6568). The Category B (Gazetted) and Category C (Non-Gazetted) posts are more in number and subsequently, the vacant posts are too large under these two categories.

Finally, there are Public Undertakings in the State and as on 1st April 2021, the total number of sanctioned posts in the State under the four different categories stand at 29794 of which 15775 are filled and 14019 are vacant. Therefore, approximately 47% positions are vacant. In 2016, only 20% posts were vacant in the public undertakings. With a total of 10618 posts, the largest number employed is under Category C. But the total number of vacant posts are under Category D. It would be worthwhile to examine the eligibility criteria, educational requirement, career mobility and future upgrades, and social status of employees under Category D and what is the perception of unemployed youth for such posts, in particular those under Category D. Total number of vacant posts under Category D was only 9% in 2016 but it was 55 % in 2021. Again, 23% posts were vacant under category C in 2016 and that in 2021 stood at 46%.

The changing demographic profile, perceived higher salaries and perks in private/ corporate sector, better working environment and facilities may be few reasons that kept educated and well-trained job aspirants distant from government jobs.

Another reasons could be delays in the selection process, complication and finalization of appointments and postings in un-preferred or undesired locations may be reason for posts being vacant.

The Uttarakhand Public Service Commission constituted under the provisions of the Article 315 of the Constitution of India by the Governor of Uttarakhand conducts examinations for appointments to the Services of the Union and the State respectively. The

working of Uttarakhand Public Service Commission is regulated by the Uttarakhand Public Service Commission Procedure and Conduct of Business Rule 2013 (Framed by the Lok sewa Aayog Uttarakhand under section 11 of U.P. State Lok sewa Aayog (Prakriya ka viniyaman) Adhiniyam, 1985 Uttarakhand Anukulan awam Upantaran Adesh, 2002.)

### **Need for Skill Enhancement and Capacity Building:**

Human resource can play a major role in the development and growth of the State. The components of human resource include health, skill development, education, vocational training among others (Tripathi 2021). India is experiencing 'demographic dividend', and 64.8% population of the country is in the working-age group, i.e., between 16 to 64 years (Economic Survey 2015-16). Hence, it has the largest young workforce globally. Every year the demographic dividend adds two percent in the GDP growth rate (Aiyar and Mody 2011). The increasing working population requires employability, and the employers look for relevant skills in the workforce according to the requirements of the job. There is a significant demand for skilled workforce in India but the supply of skilled workforce as not adequate and therefore there exists surplus demand. Hence, there is a gap in the demand and supply of the skilled workforce in the country as pointed out by many studies (Abrahart et al. 2009). According to the Global Education Digest, UNESCO (2012), only 2.3 % of the total population in India is skilled. Limited of no access to education towards improving basic skills required by different industries, vocational training and the existing skill gap are major reasons.

In order to address these issues, the Ministry of Skill Development and Entrepreneurship introduced an initiative for skill development known as the "Pradhan Mantri Kaushal Vikas Yojana (PMKVY)" on 15 July 2015 under the flagship scheme of "National Skill Development Mission". The main objective of this programme is to provide adequate training in market-relevant skills to 10 million youth of the country in various skills by the year 2020. The Government allocated Rs. 12000 crores to train individuals enrolled under the programme. The initiative may help reduce the skill gap and enhance supply of skilled individuals according to the market demand. Tripathi (2021) found that there exists a positive relationship between the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) programs and conversion of unskilled labour into skilled labour. It highlights that there is a possibility to channelise the potential of the youths and utilise the 'demographic dividend'. The PMKVY may play an important role in addressing the challenge of unskilled workforce in the country.

According to the World Trade Organization (cited in Suman et al. 2021), if India concentrates on skill development and training, its GDP may rise by 3 percent to 5 percent by 2035. The term "skill" may refer to general cognitive and non-cognitive abilities (e.g., information processing skills, teamwork, and problem-solving) as well as to knowledge and abilities that are specific to a particular job, occupation or sector (Becker, 1962). According to Oliver and Turton (1982), skills are considered as a combination of aptitudes and features possessed by an individual. It describes the person's ability to execute several activities with utmost prominence. Every work allotted to a person needs to have a favourable result in order to be efficient and match the employer's standards. However, incongruity happens when the worker fails to balance the proficiencies that are needed by their respective organisations. The labour market accommodates two different kinds of discrepancies in skills. The former is the issue of inadequate qualification that usually happens when the labour does not possess sufficient knowledge which is necessitated by the designation allotted to them in the organization. The latter happens when individuals have a different field of education while the job allotted to them has a different requirement. According to the International Labour Organisation (ILO), India may experience a 29 million skill-deficit by 2030. Indian workforce reported the highest skills gap after Brazil, where 94% employees admitted to skill mismatch. Around 76% employees in India feel they have been individually impacted by such a skill gap, as put forth by the 2019-2020 Global Skills Gap Report. The generic solution to bridge the gap of talent is to groom talent according to specific roles at hand.

The public sector in India is plagued with skill gaps. There exists plethora of explanations behind the skill gap in the public sector. The size of the public service boasts over 1.1 million employees (Public Enterprise Survey, 2016-17). The dynamic nature of the public sector involves employees leaving their occupation only through retirement, change of occupational positions, successions, technological changes, implementation of new projects, change of strategic objectives and policy changes for organisations. All these changes regularly lead to the changes in the employees duties, and hence require the employees' to acquire new skills, which may lead to the emergence of or of removal of skills gaps. Similar scenario is observed when a new technology is introduced in the department. The employees are expected to adopt the new technology without prior or adequate training. In such cases, the efficiency of the employees may be reduced owing to the lack of necessary skills. According to Delbridge et al. (2006), the skill base of the existing workforce in an organisation is directly

proportional to the performance outcomes of the organisation. Such is also true for the public sector employees and the performance of the sector.

Skills gaps exist when organisations identify that their workforce has a lower level of skills than what is necessary to meet the objectives of the organisation (Morris and Reed, 2008). Skills gaps refer to the significant difference between the skills that the organisation demands from its workforce and the skills that the workforce offers (OECD, 2015). Morris and Reed (2008) highlight the distinction between skills gap and skills shortages which are often assumed as synonyms. They state that skills gap may occur due to the inability of the people in the existing work force to perform to the desired level of the organisation whereas skills shortages arise from the from insufficient numbers of recruits in the industry workforce. Formal or on-the-job training in the required field of work may help an employee to acquire and specialize necessary skills. Shifting the roles of such an employee should be avoided to keep a check on his efficiency. It is worthy to note that the success of an organisation may be directly dependent upon having skilled force it possesses (ACT, 2017), therefore the bridging of skills gaps become central. A skills gap analysis may not only assist an organisation to hire the right employee for the right positions but can further assist the organisation to plan for the future in terms of addressing their future skills needs.

### Strategies for Future:

#### Way Forward

To strengthen functioning of Uttarakhand State Government Departments, following measures are recommended:

1. Carry out professional review of the functioning of each department, its processes, workloads of existing workers, their knowledge, attitudes and practices and their skills, to identify gaps in required number of workers and their skills to make the department more competent to perform assigned role in the achievement of Uttarakhand Vision 2030.
2. Assess which existing workers can be reskilled, upskilled to effectively perform assigned functions as per revamped processes and through better use of technology.
3. Review and redefine job responsibilities of each category of workers.
4. Revisit/strengthen the human resource management manual and systems of each department.
5. Strengthen the training function in the State Government to prepare the workforce to meet the current and future challenges.

6. Establish a regularly updated personnel management system using available technology.
7. Develop and conduct re-skilling/up-skilling programmes and orientation of existing workers in their modified job responsibilities.
8. Fill critical vacancies in the workforce to improve efficiencies and quality of services for the people.
9. Revisit the promotion, transfer and deployment policies, criteria and procedures of each department and update them to serve current requirements.
10. Establish robust systems for induction and refresher training.
11. Establish strong systems of organised and documented handing over at the time of transfer or retirement and training in new functions before starting a new job responsibility.
12. Establish a 360° performance evaluation system accompanied with appropriate rewards and recognition for good performance and disincentives to non-performers.
13. Establish a strong workforce performance monitoring system with feedback loop to alert the workers allowing them to address shortcomings in real time.
14. Install strong team building mechanisms in each department, including mentorship for new entrants and recognition of mentors accompanied with suitable rewards.
15. Establish a readily accessible repository of departmental orders, notifications, guidelines, reports and documents to service as institutional memory, prevent duplication and redundancies.

The Uttarakhand Vision 2030 noted that there is a huge disparity between hills and plains and that limited employment opportunities and scope for livelihood diversification has been driving out-migration. The Vision documents reported the rate of unemployment among the labour force of the working age was 4.3 percent in the year 2012. According to the Periodic Labour Force Survey (PLFS) 2019-20, over 7 percent of labour force is unemployed in the State and the figure is almost double than the national average of 4.8 percent. This rate was higher among females compared to males and the rate of youth unemployment rate remains higher than the overall unemployment.

Important to note that the unemployment rate is even higher for youth with education above the secondary and high school levels. A quarter of the youth in the State were not in education, training, or employment.

The growth of industrial activities in the three plain districts have led to labour migration from other States and this is a paradox because the State is known to be experiencing out migration.

The State is also a popular destination for migrants from the neighboring country of Nepal and many Nepali migrants work on farms abandoned by the local population (Bruslé, 2008).

High economic growth is partly due to the growth of the manufacturing sector and the expansion of the service sector among which tourism is one of the notable sub-sectors along with growing non-farm activities.

In the above discussion, one may feel very limited scope for public employment to be a solution for the increasing trend of youth unemployment in the State. However, a closer look at the ground realities may present a completely different picture. In the following points we rationalize the need and scope for enhancing both the quantity (in numbers) and quality (in terms of skill and human resource) of public employment:

- a. The State receives a large number of tourists every year and this influx of tourists puts pressure on the existing State work force and allied resources. In particular, the departments directly impacted are tourism, transportation, health, police, disaster management, to mention a few. These departments require additional human resources and often, these personnel require some basic skills to be engaged in say crowd management. Therefore, the State may focus on creating a contingent group of unemployed youth who may be identified to support the departments falling short of staff in such periods of heavy tourist influx in the State or during period of religious gatherings in places of significant religious importance. The State is heavily reliant on State Disaster Relief Force (SDRF) aided by the National Disaster Relief Force (NDRF). The State Disaster Management Authority (SDMA) requires additional manpower in the event of a minor or major disasters. Therefore, youth may be trained at the high school level itself through a structured curriculum on how to support the activities of the SDRF and SDMA in line with what is imparted to those registering for the National Social Service (NSS) and National Cadet Corps (NCC).
- b. One of the primary reasons for out migration as cited by the Uttarakhand Migration Commission in its report was “education and training for the children”. It is a vicious cycle because the data on department wise sanctioned posts and the number of vacant posts show that the vacancy is maximum with the education department. More children moving from the hills to the cities and towns in the plains for education would imply

further reduction in demand for education in the hill districts and there would be redundant/surplus number employed in the education sector. Therefore, soon, there may be further depletion of posts in the education sector or increase in the vacant post.

It is the right time to assess the performance of the schools and the net impact of school grade consolidation on the State exchequer and the education outcome of the students/pupils. More emphasis should be on restructuring the curriculum and syncing the school timetable with the local environment/ climate so that the children find it easier to access the school and the quality of the delivery improves. The education sector is one where the State may directly intervene and along with other flagship programmes rejuvenate the poor State of the school infrastructure in the State and in particular in the hill districts.

The schools may also be used as training centres and extension centres of Universities to provide the unemployed youth in the region skill enhancement opportunities. Such schools may be linked with the Prdhan Mantri Kaushal Kendra (PMKK) or Agricultural Extension Centres (AECs).

- c. During the COVID pandemic, different departments starting from agriculture to health, were under pressure of performance. It is important to learn from the pandemic and prioritise hiring in those departments where labour was in short supply.

Further, there should be regular training of staff members so that they may assume higher roles in situations of need. The delivery of public services should be smooth and the delivery should not be dependent on the availability of a specific individual.

Often, there is a urge to re-invent the wheel to improve managerial efficiency but ideally there should be a set of best practices and the protocols thus defined should be followed and not changed with the manager in charge. For example, there are various positions of importance that see frequent change of personnel mostly for operational reasons. However, to fulfil some of the goals whether that are specific to the SDGs or to any Government policy, the personnel in part invests her/his vision and therefore the strategies adopted to achieve those goals become individual specific. Thus, a system should be

built whereby achieving these goals will be the system's responsibility. There should be emphasis on building basic skills starting from working as a part of a larger group to working completely independently and/or alone and dispense the assigned duties. Some degree of creativity, leadership and consultative decision making may make work easier for the so-called final beneficiary of public projects and for the public servant.

- d. There should be a practice of reward and recognition of the best performers in every department. Such incentives may motivate the employee to take extra initiatives. A system of benchmark setting may also be devised and there may be regular evaluation of employer performance preferably by an independent agency so that any scope for bias in the analysis can be avoided. In the State of Uttarakhand, often public employers prefer to have postings in the plain's districts or in towns and cities where there are basic amenities available for them. The transfer policy should be therefore rotational in practice, but it is equally important to identify that the most suited person is sent to most responsible positions in the remote locations. Therefore, mentoring along with training to handle adverse situations is a must in finalising postings in such critical regions.

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