University of Mysore

ABHYUDAYA

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Data on Secondary Sector

India – 2nd Largest Producer of Textiles & Garments

India Ranks 6th in Industrial Output

Global Competitiveness Index - India -2nd Position

Construction-Major Employer in Secondary Sector

Employment through Secondary Sector-Karnataka-18.3%

34.9% Employment in Urban Karnataka

11.1% Employment in Rural Karnataka

Role and Importance of Secondary Sector

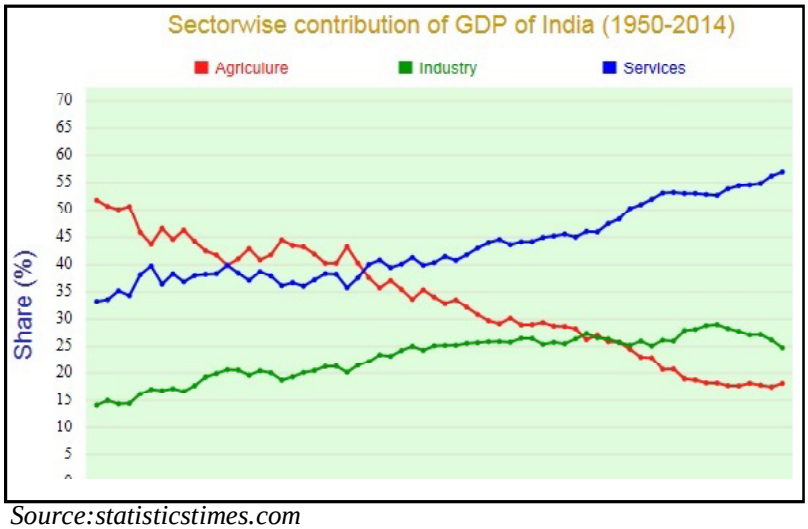
-Gayathri .R

Secondary sector includes all branches of human activities that trans- form raw materials into finished products. Some of the manufacturing industry that comes under secondary sector are Automotive industry, Electrical industry, Chemical industry, Energy industry, Metallurgical industry, Construction industry, Food industry, Glass industry, Textile and Clothing industry and Consumer goods industry (all consumables). Secondary sector sometimes is also known as production sector with small-scale units and large scale units. Some of the examples of small scale units are shoe factory, textile unit, printing, glass making, furniture etc. The large scale manufacturing industries include steel, automobiles, aluminium, etc.,

The secondary sector forms a substantial part of GDP, it creates values (goods) and it is the engine of economic growth and is crucial for all developed economies, although the trend, in most developed countries, is the predominant tertiary sector or service sector.

The development of secondary sector can be attributed to demand for more goods and food, which leads to industrialisation. Though primary sector is vital there is a natural limit on how much can be extracted from primary sector. However, when economy moves into the secondary sector, new farm techniques are used and industria- lisation becomes dominant as the goods can be transformed into articles of our need, distributed and sold.

Graph 1



Source:statisticstimes.com

The economy of India is the seventh-largest in the world by nominal GDP and the third largest by Purchasing Power Parity (PPP). The country is classified as a newly industrialised country, one of the G-20 major economies, a member of BRICS and a developing economy with an average growth rate of approximately 7% over the last two decades. According to CIA sector wise Indian GDP composition in 2014 are as follows: Agriculture (17.9%), Industry (24.2%) and Services (57.9%). The GDP of Industrial sector is $495.62 billion making India 12th in the world ranking. India ranks 6th in industrial output according to IMF and CIA World Fact book, 2015 , with output of 559 billion USD where China, United States and Japan occupy first three positions.

It is clearly understood from the graph that , the primary sector which mainly constitutes Agriculture is declining. However, the growth of secondary sector has been very slow vis-a-vis the services clearly indicating that there is a lot of scope for the growth of secondary sector in India.

Source: statisticstimes.com

Industries Contribute 16% of the Real GDP

- Nandeesha H.K.

Industries play a crucial role in the economic development in the world. The Gross Domestic Product popularly known as GDP of an economy requires contribution from major industries to be healthy. As famous saying goes, "industrialise or perish" is the mantra. Various sectors contribute to India's GDP. Some of the major sectors are Automobile industry, Steel industry, Real Estate industry, Tourism industry, Energy sector, Textile industry, Airlines industry, Medical industry, Biotechnology industry, Electronics and Hardware and the Power industry. Amongst all the major industries include; Textiles, Chemicals, Food Processing, Steel, Transportation Equipment, Cement, Mining, Petroleum, Machinery and Software.

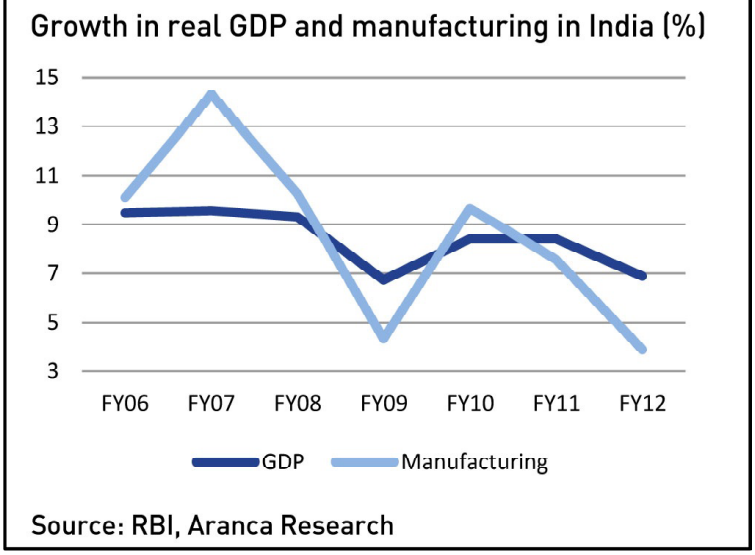
Manufacturing holds a key position in the Indian economy, accounting for nearly 16 percent of the real GDP in FY12 and employing about 12 percent of the country's labour force. Growth in the sector has been strong, outpacing overall GDP growth since the past few years. For example, while real GDP expanded at a CAGR of 8.4 percent over FY05–12, growth in the manufacturing sector was marginally higher at around 8.5 percent over the same period. Consequently, the sector's share in the economy increased marginally to 15.4 percent from 15.3 percent.

The rising competitiveness of India's manufacturing companies is reflected in the country's second position in the world in terms of competitiveness as per the 2010 Global Manufacturing Competitiveness Index followed by China, which occupies the first position.

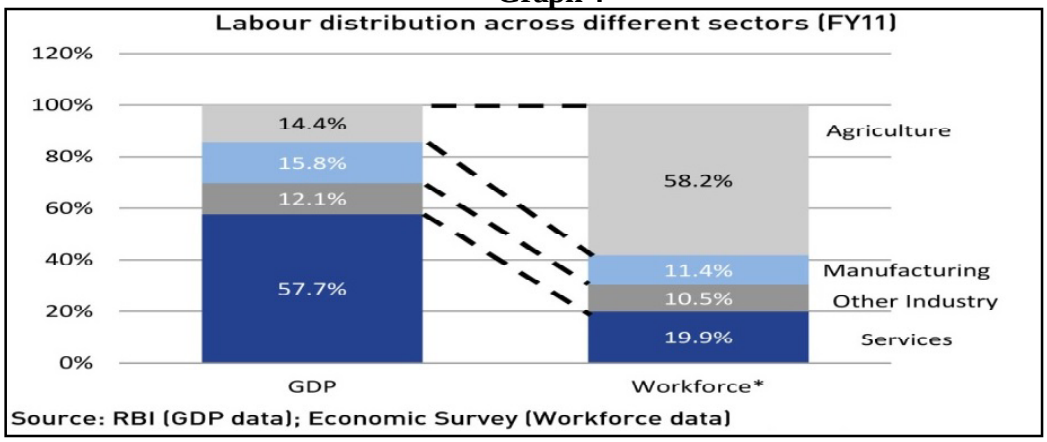
The manufacturing sector employs 12.0 per cent of the country's labour force as well as provides a transitional opportunity to the labour force from agriculture. According to National Manufacturing Policy 2011, every job created in the manufacturing sector creates 2-3 additional jobs in related activities.

Indian economy is one of the fastest growing economy in the world. Labour dependency is low compared to the agriculture sector but the GDP contribution is higher than agriculture sector. This is brought out clearly in the above graph where we can see that agriculture and allied activities have 58.2% workforce and GDP contribution is 14.4 % whereas, manufacturing sector has a workforce of 11.4% and contributes 15.8% of GDP.

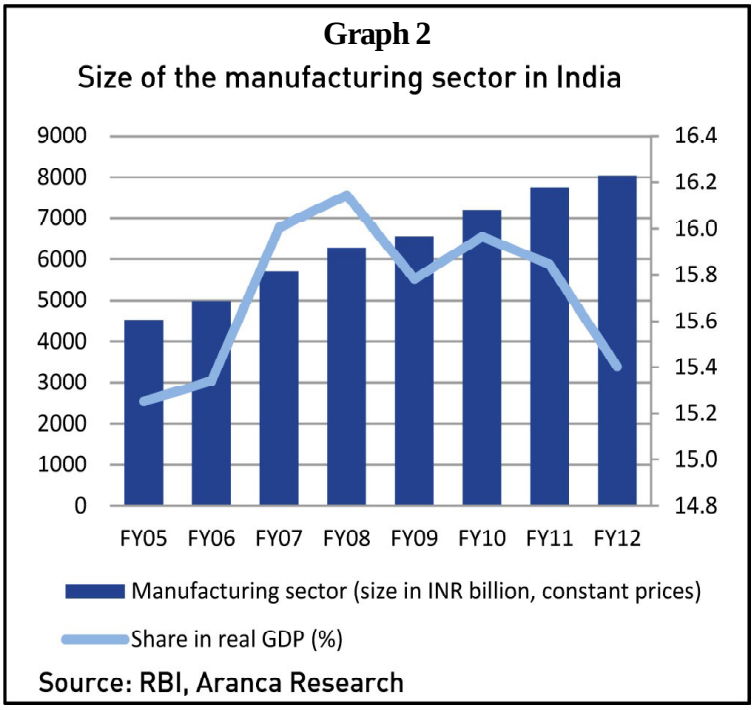
Graph 3



Graph 4



Graph 2



Source: India Brand Equity Foundation

Employment Growth Rate in Secondary Sector

-Mahamad Musstaf P. S. & Vagdevi H. S.

Secondary sector has been a key sector in raising productivity and generating employment in the country. The pace of expansion of this sector in India is, however, marked by fluctuations in growth and differences in trends in different phases. India's experience in the expansion of secondary sector is unique both with regard to the structural transformation as well as with regard to the impact of this transformation on employment. In India like the rest of the world, the structural transformation followed the archetypal pattern of agriculture giving way to industry, and industry in turn paving way to the service sector. However, the dynamics of this shifting pattern is what makes Indian economy distinct. Post-independence and in the wake of socialisation of democracy, share of agriculture in total output was declining and the share of industry was increasing. This trend had however come to an abrupt halt with the share of services going up sharply post liberalisation.

Employment growth in the secondary sector, consisting of mining, manufacturing, electricity, water and gas, and construction, has been relatively high; in fact, it is the highest among the three sectors. Even during 2004-05/2009-10, when overall employment virtually stagnated, the secondary sector employment grew at around 3.5 per cent. Within the secondary sector, 65% of the incremental employment came from construction alone during 1994-2012. Construction has thus emerged as a major employer. Manufacturing, the share of which remained stagnant in GDP, increased its share in employment slowly but not steadily and contributed 33% of the incremental jobs during the period of liberalisation. Utilities did not show perceptible changes, while mining has experienced a continuous decline in terms of the rate of growth of employment since 1993-94.

Growth Effects by Sector: 1973-2012

Sectors	1972-83	1983-94	1994-2005	2005-2012
Mining	4.77	4.33	2.18	1.13
Manufacturing	17.52	14.10	16.19	19.44
Utilities	3.00	4.40	1.89	1.87
Construction	2.01	6.29	9.40	9.61

Source: Based on the CSO data

When we look at the above table it is quite clear that among the secondary sector construction sub sector has emerged as major employment growth sector from 2.1% share in 1972 – 83 to 9.61 % share in 2005 – 12. Manufacturing sub sector has also shown a slumber growth. Whereas, mining and utilities has been declining over the past four decades.

As per the NSS 66th Round, Employment & Unemployment Survey, 2009-10, all states in India record employment share of the secondary sector above 13 % against the national average share of 11 % only. Jharkhand remains top in the country in share of employment in secondary sector with 21 % share of employment in construction, 2.4 % in mining and quarry and the aggregate of rural (1.6 percent) and urban areas (6.2 percent). Karnataka's share in secondary employment are; mining and quarrying (0.7 %), manufacturing (10.4 %), electricity, gas and water supply (0.3 %) and construction (6.9 %). Where Jharkhand's aggregate in secondary sector employment is 31. 6% Karnataka's share in secondary employment aggregate is 18.3%. In Karnataka, 34.9% in urban areas and 11. 1% in rural area depend on secondary sector for employment.

Source: *Report on Employment and Unemployment Survey,GoI*

Measures to Boost Secondary Sectors

-Kiranbabu P.

An entrepreneur requires a continuous flow of funds not only for setting up the business, but also for successful operation as well as regular upgradation/ modernisation of the unit. To meet this requirement, the Government (Central and State) has been undertaking several steps like setting up of banks and financial institutions; formulating various schemes, etc. All such measures are specifically focused towards the promotion and development of Secondary Sector.

The public sector banks are the major source of financial assistance to the industrial sector. They extend credit support to the firms in the form of loans, advances, discounting bills, project financing, term loans, export finance, etc. Some such financial supports through banks are;

Modified Special Incentive Package Scheme (M-SIPS): The scheme provides capital subsidy of 20% in SEZ (25% in non-SEZ) for units engaged in electronics manufacturing. It also provides for reimbursements of CVD/ excise for capital equipment for the non-SEZ units.

(continued page-6)

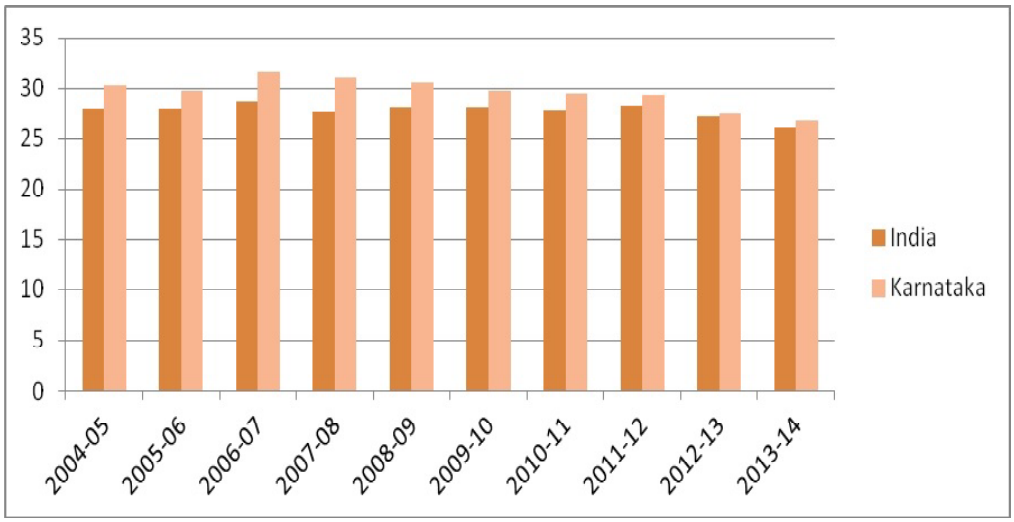
Share of Secondary Sector in GDP – India & Karnataka

-Punithkumar L. M.

Indian economy is classified into three sectors like Primary sector, Secondary sector and Tertiary sector. Agriculture, forestry, pasturing, mining, fishing are known as primary activities as their products are essential or vital for human existence. Manufacturing industries, trade and commerce, transport and communication are known as secondary activities, whereas all types of services are under tertiary activities which directly or indirectly help the above mentioned other two types of activities.

In the secondary sector of the national economy, naturally available resources are used to create products and services that are subsequently used for consumption. This sector can be regarded as one that adds value to the products and services on offer. The latest gross domestic product estimates show that industry grew by just 1.0 percent in 2012-13 and slowed further in 2013-14, posting a modest increase of 0.4 percent (Rani Anju, 2015).

Graph 5- Secondary Sector Contribution to GDP in India and Karnataka



Secondary Sector Contribution to GDP in India and Karnataka (GDP at Constant 2004-05 Prices)

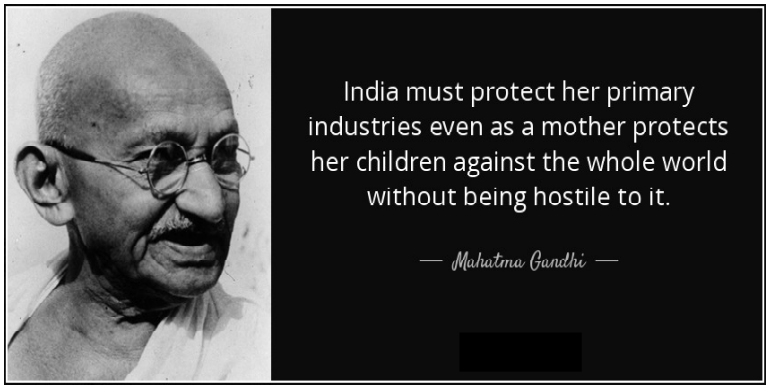
Year	India	Karnataka
2004-05	27.93	30.30
2005-06	27.99	29.70
2006-07	28.65	31.60
2007-08	27.74	31.10
2008-09	28.13	30.50
2009-10	28.17	29.70
2010-11	27.92	29.50
2011-12	28.22	29.40
2012-13	27.27	27.60
2013-14 (P)	26.13	26.80

Source: Planning Commission Report 2014, Directorate of Economics & Statistics, GOK.P-Provisional

Gross Domestic Product (GDP) represents the monetary value of all final goods and services produced within a nation's geographic borders over a specified period of time. The share of different sectors in Indian economy is different i.e. primary sector contribution to GDP is less compared to secondary and service sectors. The table explains the secondary sector contribution to GDP in India and Karnataka.

The table and graph shows the secondary sector contribution to GDP in both India and in Karnataka. The comparison of the data clearly shows that secondary sector contribution to the state's GDP in Karnataka is higher than in India in most of the years. The reason being the state's favourable industrial programmes and policies, which encourages investment in the sector.

Source: Planning Commission Report 2014, Directorate of Economics & Statistics, GOK. , Indiastat.com , Economic survey of India and Karnataka 2014-15



Investing in industries and technology for the 21st century generates high skilled, high wage jobs for industries of the future.

Jay Inslee
Governor of Washington, USA

India: The Largest Three Wheeler Market

- Deepa T.M

India's automobile industry is one of the most competitive in the world. The Indian automotive industry has emerged as a 'sunrise sector' in the Indian economy. India is emerging as one of the world's fastest growing passenger car markets and second largest two wheeler manufacturer. It is fifth largest commercial vehicle manufacturer. India is emerging as an export hub for sports utility vehicles. The automobile industry is one of the key drivers that boost the economic growth of the country. Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. Today, almost every global auto major has set up facilities in the country.

India is a very favorable market for small car production, sales or export. The large manufacturer of small cars companies like Hyundai and Nissan Motors export about 2.4 to 2.5 lakh cars annually. India emerged as Asia's fourth largest exporter of automobiles, after Japan, South Korea and Thailand. The growth trend of automobile industry is: Two Wheelers-32.31 percent, Commercial Vehicle - 19.10 percent and Passenger Cars grew by-19.10 percent in the year 2011.

The world standing for the Indian automobile sector, as per the Confederation of the Indian industry is denoted in the box.

- **Largest three-wheeler market**
- **Second largest two-wheeler market**
- **Tenth largest passenger car market**
- **Fourth largest tractor market**
- **Fifth largest commercial vehicle market**
- **Fifth largest bus and truck segment**

However, since the year 2013-2014 there has been a decline in the industry's growth. High inflation, soaring interest rates and rising fuel prices along with economic slowdown are the major reasons for the downturn of the industry.

Except for the two-wheelers, all other segments in the industry have been weakening. To match the decline in demand, automakers have resorted to production cuts and lay-offs, due to which capacity utilisation for most automakers remains at a dismal level.

Despite the comprehensive market being under extreme burden, the luxury car market has observed a robust double-digit hike during the year 2013-2014, as a result of rewarding new launches at compelling lower price points. Further, with the measured increases in the price of diesel, the overall market continues to shift towards petrol-fuelled cars. This has lead to the growth in sales of the 'Mini' segment of the PV market by of 5.5% in the year 2013 – 14.

The auto-shows in February 2016, promised a blend of technology and automotives. With the recession trend breaking its leashes from the past two years, 2016 is expected to get back on track with the sale of automobiles in the country.

The Indian automobile industry has a prominent future. Apart from meeting the advancing domestic demands, it is penetrating the international market too. Favoured with various benefits such as globally competitive auto-ancillary industry; production of steel at lowest cost; inexpensive and high skill manpower; entrenched testing, the industry provides immense investment and employment opportunities. The global automobile majors are looking to leverage India's cost-competitive manufacturing practices and are assessing opportunities to export SUVs to Europe, South Africa and Southeast to feed the world demand for SUVs.

Source: www.ibef.org/industry/india-automobiles.aspx

Think Big, Think Fast , Think Ahead, Ideas are no One`s Monopoly

-Dhirubhai Ambani

Measures to Boost...

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Small Industries Development Organization (SIDO) is an apex body for promotion and development of small scale industries in the country. SIDO has devised a comprehensive range of schemes for providing credit facilities, technology support services and marketing assistance, etc. Some of the major schemes are:-

National Small Industries Corporation Ltd (NSIC), has been assisting small enterprises through a set of specially tailored schemes which facilitate marketing support, credit support, technology support and other support services.

- Marketing support schemes
- Credit support schemes
- Equipment financing
- Financing for procurement of raw material
- Financing for marketing activities
- Financing through syndication with banks
- Performance and credit rating scheme for small industries
- Technology support schemes

ARI Division Schemes

The major schemes in the ARI Division are;

- The Scheme for providing financial assistance to set up new enterprises under Prime Minister Employment Generation Programme (PMEGP). The Khadi and Village Industries Commission is implementing the programme.
- Scheme for providing insurance cover to Khadi artisans under Janshree Bima Yojana
- Providing financial assistance to Coir units for export under Plan (General)
- Providing financial assistance to Khadi institutions
- Providing training to the aspiring Coir workers for capacity development and quality improvement under Plan (General)
- Providing financial assistance for R & D activities of Coir Board under Central Sector Plan Scheme of Science & Technology (S&T) of the Coir Board
- Providing financial assistance to Coir units for infrastructure development under Plan (General)
- Providing financial assistance to Coir units
- Providing insurance cover to Coir workers under Plan (General)

SME Division Schemes

The major programmes provided to MSME are;

- Providing financial assistance on International Cooperation'. It is related to the International Cooperation Scheme. It deals with providing assistance to MSME, so that they are able to send delegations to overseas locations, thus enabling them to find out and know more about newer technologies being used in those countries.
- Providing financial assistance for performance and credit rating under PCR Scheme
- Providing financial assistance on marketing support under Marketing Assistance Scheme
- Providing establishment of new institutions (EDIs) and strengthening the infrastructure for EDIs under ATI Scheme

DC MSME Schemes

The DC MSME division boasts of 22 programmes for companies in the MSME sector.

- The Scheme for 'Providing Financial Assistance on Bar-Code', a National Manufacturing Competiveness Programme (NMCP) Scheme, is one of the major names in this area. It is basically a programme in which the fees paid for bar coding is reimbursed to the company that has made the payment.
- 'Support for entrepreneurial and managerial development of SMEs through incubators' – an NMCP Scheme
- 'Credit Guarantee Fund for Micro and Small Enterprises'
- 'Enabling manufacturing sector to be competitive through Quality Management Standards and Quality technology tools' – an NMCP Scheme
- ISO 9000/ISO 14001 Certification Reimbursement
- Building Awareness on Intellectual Property Rights (IPR) for the Micro, Small & Medium Enterprises – an NMCP Scheme
- Market Development Assistance (MDA) to MSMEs
- Lean Manufacturing Competitiveness of Micro Small and Medium Enterprises (LMCS)' – an NMCP Scheme
- Strengthening of Training Infrastructure of existing and new Entrepreneurship Development Institutions
- Setting up Mini Tool Room & Training Centres under PPP Mode' – an NMCP Scheme
- Micro Finance Programme
- Building Design expertise of MSMEs Manufacturing sector (Design clinic scheme) – an NMCP Scheme
- National Awards
- Marketing Assistance and Technology Up-gradation of MSMEs – an NMCP Scheme
- Supporting 5 selected universities / colleges to run 1200 entrepreneurship clubs per annum
- Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme to Women and others.

Source:http://www.archive.india.gov.in/business/business_financing/goverment_fund.php

Start up India & Stand up India

- Shivaprasad B. M.

It cannot be denied that there are huge number of small and developing companies in India that are not able to sustain in the present market due to lack of a stable capital and appropriate investment. The "start up India, stand up India" is undoubtedly an appreciable initiative taken up to support these companies by raising capital in certain incubation centers and ease procedures. This is not only going to support small startup business organisations but will also enhance the financial stability of our country.

It is true that our country faces a critical problem of unemployment and a huge number of skilled youth in India are still unemployed. This initiative to support the startup companies will help in dealing with unemployment issues to a considerable extent. The initiative is to encourage entrepreneurship within the youth of India. The scheme includes even the vulnerable sections of society like the dalit's, tribals and women so that they do not feel deprived.

The Stand up India Scheme provides for:

• Refinance window through Small Industries Development Bank of India (SIDBI) with an initial amount of Rs. 100 Billions.

• Creation of a credit guarantee mechanism through the National Credit Guarantee Trustee Company (NCGTC).

• Handholding support for borrowers both at the pre loan stage and during operations. This would include increasing their familiarity with factoring services, registration with online platforms and e-market places as well as sessions on best practices and problem solving.

The details of the scheme are as follows:

• Focus is on handholding support for both SC/ST and Women borrowers.

• The overall intent of the approval is to leverage the institutional credit structure to reach out to these under-served sectors of the population by facilitating bank loans repayable up to 7 years and between Rs. 1 to 10 million for Greenfield enterprises in the non farm sector set up by such SC, ST and Women borrowers.

· 100% deduction of profits for 3 out of 5 years for start-ups set up during April 2016 to March 2019.

Make in India:

Make in India is an initiative launched in September 2014 by the Government of India to encourage multinational, as well as national companies to manufacture their products in India.

The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.

♦ Under this initiative skill development programs would be launched especially for people from rural and poor ones from urban cities.

♦ 25 key sectors have been short listed such as telecommunications, power, automobile, tourism, pharmaceuticals and others.

♦ Individuals aged 15-35 years would get high quality training in the following key areas such as welding, masonries, painting, nursing to help elderly people.

♦ Skill certifications would be given to make training process, a standard.

♦ Over 1000 training centres would be opened across India in the next 2 years.

♦ For companies setting up factories, "Invest India" unit is being set-up in the commerce department which would be available 24/7.

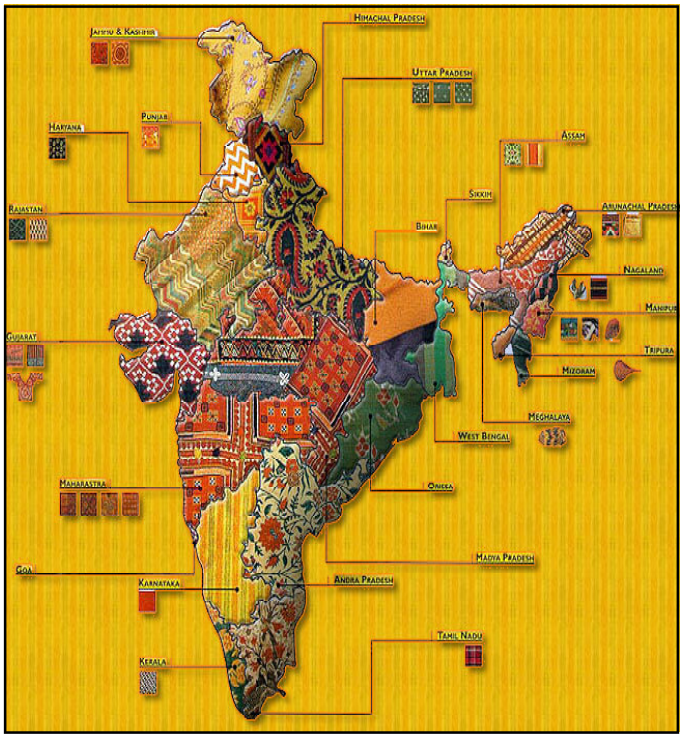
♦ The main focus of this department would be to make doing business in India easy by simplifying all the approval processes and resolving the issues in getting regulatory clearances faster, within 48-72 hours

Source: http://startupindia.gov.in/, http://www.makeinindia.com/

Sunrise Sector of Indian Economy

- Venugopal Gowda M.K.

The archaeological surveys and studies have found that the people of Harappan Civilization knew weaving and the spinning of cotton. It is also known that, a block printed and resist-dyed fabrics, whose origin is from Gujarat is found in tombs of Egypt. Large quantities of Indian silk were traded through the silk route in China to the western countries. During the late 17th and 18th century there were large export of the Indian cotton to the western countries. All these show that, textiles have had played a major role in shaping up our culture and also economy. This sector is popularly called as 'Sunrise Sector' of India.



India is the world's second largest producer of textiles and garments overtaking Italy, Germany and Bangladesh. The Indian textiles industry accounts for about 24% of the world's spindle capacity and 8 % of global rotor capacity (Report on Textile Industry of India, 2015). Abundant availability of raw materials such as cotton, wool, silk and jute along with skilled workforce have made the country a sourcing hub. As per the report, the potential size of the Indian textiles and apparel industry is expected to reach US$ 223 billion by 2021.

This sector contributes about 14% to industrial production, 4% to the gross domestic product (GDP), and 27% to the country's foreign exchange inflows. The industry is the second largest employer after agriculture, providing direct employment to over 45 million and 60 million people indirectly. Apparel exports from India have registered a growth of 17.6% in the period April - September 2014.

The global trade of textile and garments was approximately $781 billion in 2013. This is almost 4.6 % of the trade of all commodities traded in that year. From 2008 to 2013, the global textile and garment trade has grown at a CAGR of 4 %. The top five textile and garment exporting nations are China, India, Italy, Germany and Turkey. China is the single largest exporter with 39 % share while India stood at a distant second place with 5 % share.

With a view to raise India's share in the global textiles trade the Ministry of Textiles have proposed 50 new textile parks , Scheme for Integrated Textile Parks (SITP), Technology Mission on Cotton , Technology Upgradation fund Scheme , Setting up of Apparel Training and Design Centres , 100 % Foreign Direct Investment (FDI) in the textile sector under automatic route, revival of 18 textile mills, machineries for the upgradation and modernisation of the mills and other programmes and schemes are introduced for the sector's development.

The Indian domestic consumption of textile and garment is valued at US$ 63 billion in 2013. Within this, garment retail has the highest share of 73 % contributing $46 billion, technical textile contributes $13 billion with a share of 21 % and home textiles contribute $4 billion with a 6 % share.

Source: *WWW.cci.in*

University with Potential for Excellence of University Grants Commission was awarded to the University of Mysore in the disciplines of Science and Social Science. In Social Science, the focus area of study is ***'Media and Social Development: A Case Study of Karnataka'***. The ***Newsletter ABHYUDAYA*** is an initiative to create awareness in the area of media and social development by encouraging Project Fellows to submit contributions in interdisciplinary areas of social sciences.

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