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**PRODUCTIVITY OF WORKERS AND TRENDS IN
EMPLOYMENT IN MANUFACTURING COMPANY:
STUDY TOWARDS MACHINE TOOL INDUSTRY**

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Productivity of Workers and Trends in Employment in Manufacturing Company: Study towards Machine Tool Industry

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Abstract – The Indian economy is firmly on the path of steady growth. Even during the last decade when other countries were in the grip of a massive slowdown, India continued to enjoy a comfortable economic position. This recent spurt in growth is propelled by radical reforms such as the removal of restrictions on foreign investment and industrial de-licensing. To keep these concepts in mind this paper focuses about productivity of workers in a manufacturing company.

Keyword: Productivity, Company, Machine Tool Industry, Manufacturing, Workers

INTRODUCTION

An industry, which has undergone a radical shift in its paradigm thinking, the Indian machine tool industry is now recognized as a provider of low-cost high quality lean manufacturing solutions [1-6]. The industry resiliently supports all its users to enhance productivity as well as improve competitiveness, for the betterment of the end user [7-8]. The Indian machine tool industry is approximately a US\$ 500 million industry. There are 138 major companies manufacturing metal cutting, metal forming, conventional and automated machine tools. The sector grew by 10 percent in 2002-03. Approximately 6 % of the production is exported. Exports include CNC lathes, vertical machining centres, grinding machines, etc. Major export destinations include USA, Germany, China, Italy, Mexico, Canada, UK and Brazil. Most manufacturers have their own in-house R&D and there exists tremendous scope for institutional colworkeration for development of new technology.

The structural transformation of the Indian economy over the last three decades has been spectacular growth of the services sector, which now accounts for about 50 percent of the GDP. However, the rapid growth of the services sector much before the manufacturing industry attaining maturity is not a healthy sign. A knowledge -based economy cannot be sustained in the long run unless it is adequately supported by a growing manufacturing economy. Moreover, a service economy cannot continue to thrive on a long-term basis in a country where over 80 % of the population is education below the middle-school level. Some sectors, such as IT, ITES and pharmaceuticals, will compete globally, employing

perhaps 2% of the population and bringing wealth to many parts of India. At the same time, around 60% of the population will remain dependent on the agricultural sector, sharing less than one -quarter of India's GDP. Without reform, the agriculture will continue to suffer from endemic underemployment, low wages and monsoon dependency. This will result in continued urban migration, but without the development of an industrial sector this will lead to rising unemployment in the cities. Recognition that this pattern is unsustainable is growing.

REVIEW OF LITERATURES:

The Government of India notified the National Manufacturing Policy on 4th November, 2011 with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs. It also seeks to empower rural youth by imparting necessary skill sets to make them employable. Sustainable development is integral to the policy and technological value addition in manufacturing has received special focus. The policy is based on the principle of industrial growth in partnership with States. The Central Government will create the enabling policy frame work, provide incentives for infrastructure development on a Public Private Partnership (PPP) basis through appropriate financing instruments, and State Governments will be encouraged to adopt the instrumentalities provided in the policy. The proposals in the policy are generally sector neutral, location neutral and technology neutral except incentivisation of green technology.

One of the instruments in the NMP is the creation of National Investment and Manufacturing Zones

(NIMZ) as planned integrated industrial townships. Nine NIMZs have been announced, eight of which are along the Delhi Mumbai Industrial Corridor (DMIC). Approval, in principle, has been secured for setting up of the ninth NIMZ at Nagpur. Apart from NIMZs, NMP also applies to manufacturing industry throughout the country including wherever industry is able to organize itself into clusters and adopt a model of self-regulation as enunciated [1].

Policy instruments for manufacturing industry are applicable to both NIMZ and Clusters. These include Rationalization/simplification of business regulations; simple/expeditious exit mechanism for non-viable units; Technology development, including green technologies; Industrial training and skill up gradation measures; Incentives for MSMEs; Special Focus Sectors; Leveraging infrastructure deficit and Government procurement; and Trade Policy [7-10].

TRENDS IN EMPLOYMENT IN MANUFACTURING:

The NSSO conducts periodical surveys estimates inter alia sector wise share of employment based on Usual Principal and Subsidiary Status of employment. Principal activity status is one on which the person spends relatively longer time during the 365 days preceding the date of survey and Subsidiary Status refers to the same person who may have pursued some economic activity during the reference period of 365 days. The Table-10 below shows the sectoral share of employment as compiled from various NSSO rounds, 1987-88 onwards to 2009-10.

During past two decades there has been about 13 percentage point reduction in the employment share in agriculture despite no increase in manufacturing share in employment. In fact there has been a decrease in the share of employment in manufacturing between 2004-05 and 2009-10. Though industry (comprising of manufacturing, electricity, mining and construction), as a sector has shown an increase in employment between the same period, this is mainly on account of construction, which has grown from 2.3 % in 1987-88 to 11.4 % in 2009-10. However, service sector has registered a significant increase in employment of about 7 percentage points between 1987-88 and 2009-1.

Table 1: Sectors Share in Employment

NSSO Rounds	Reference Year	Agriculture	Manufacturing	Industry	Services
66 th	(2009-10)	51.8	11.4	21.9	26.3
61 st	(2004-05)	56.5	12.2	18.7	24.8
55 th	(1999-00)	60.1	11.0	16.3	23.6
50 th	(1993-94)	64.3	10.5	14.8	20.9
43 rd	(1987-88)	64.5	11.2	16.1	19.4

Source: Computed from various rounds of NSSO

The table-2 below shows the trends in rural and urban employment

Table 2: Manufacturing (number of persons employed in Millions)

NSSO Rounds	Reference Year	Rural	Urban	Total
66 th	(2009-10)	24.12	28.23	52.35
61 st	(2004-05)	27.76	28.30	56.06
55 th	(1999-00)	22.99	21.99	44.98
50 th	(1993-94)	19.55	17.90	37.45
43 rd	(1987-88)	19.73	19.16	38.88
38 th	1983	15.84	14.65	30.49
32 nd	(1977-78)	14.47	15.34	29.82
Share of manufacturing in Total Employment				
NSSO Rounds	Reference Year	Rural	Urban	Total
66 th	(2009-10)	7.2	23.0	11.4
61 st	(2004-05)	8.1	24.5	12.2

Source: Computed from various rounds of NSSO

As seen from the table -2, the decline of number of persons employed in manufacturing from 56 million in 2004-05 to 52 million in 2009-10 implies that about 4 million workers have withdrawn from the manufacturing sector during this period despite 6.8 % average growth in manufacturing during the 11th plan. Of this, rural employment accounts for 98 % of the total workers who have left manufacturing. This is also reflected in the decline in rural employment in absolute numbers, which has fallen from 28 million to 24 million in this period.

CONCLUSION:

Some of the reasons for the decline in rural manufacturing employment may be the sluggish global demand for major export items like textiles, handicrafts, leather which are labour intensive. The massive rural employment generation by MGNREGS might have bearing on withdrawal of workers from rural manufacturing. A research study on “Tradeoffs of workers between MGNREGS and Manufacturing” shows that the vocationally educated persons in rural sector or those who have an acquired skill by hereditary are more likely to work under MGNREGS. This could also be a contributory reason for the fall in the manufacturing employment in the rural sector [11-12].

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