Action Plan for 'Champion Services'

Why in news?

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The Union Cabinet has recently approved a Rs 50 billion fund to promote 12 “Champion Services”.

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What is the proposal?

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- An action plan for 12 champion services sector was identified by the Ministry of Commerce and Industry.
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- A Rs 5,000-crore fund is proposed to be established to activate the plan for realising the full potential of the sector.
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- The funds will be used to create services-specific plans.
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- The sectors identified for special focus are:
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1. IT and IT enabled services (ITeS)
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2. tourism and hospitality
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3. medical value travel
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4. transport and logistics
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5. accounting and finance
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6. audio visual
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7. legal
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8. communication
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9. construction and related engineering
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10. environment
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11. financial
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12. education
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- Ministries responsible for these sectors have to come up with the implementation timelines and a monitoring mechanism.
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- This is done under the overall guidance of the Committee of Secretaries (CoS) under the Cabinet Secretary.
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What are the objectives?

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- **Growth** - Services sector now accounts for over half of India’s gross domestic product (GDP).
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- The move is expected to promote this further.
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- Through these focus sector, the government also targets raising the gross value added (GVA).
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- Services sector share in GVA is envisioned to be increased from about 53% in 2015-16 to 60% by 2022.
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- **Exports** - The share of India’s services sector in global services exports was 3.3% in 2015 as against 3.1% in 2014.
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- The present proposal envisages a goal of 4.2 % to be achieved by 2022.
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- Increased productivity and competitiveness of the champion service sectors will further boost exports.
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- **Jobs** - Consequently, it is also expected to create more jobs.
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What is the significance?

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- The decision reflects a recognition of the critical role of the services sector.
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- Manufacturing has not delivered the kind of employment potential that the government had hoped for.
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- A dynamic services sector, on the other hand, holds out far greater promise in this respect.
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What are the concerns?

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- The issue of the foundations on which to build a strong services sector is uncertain.
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- Services, by definition, are people-intensive.
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- But the present scenario is that basic functions are increasingly automated.
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- Naturally, job opportunities will only lie higher up in the value chain of the knowledge economy.
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What should be done?

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- Opportunities from the kind of relatively sophisticated services have to be maximised.
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- It demands a far higher standard of basic social infrastructure than India has at present.
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- **Education** - India urgently needs to improve the all-round standard of education.
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- This is essential to provide for the knowledge workers to support India's IT and ITeS expansion.
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- Setting aside the IITs and IIMs, the delivery of most vocational and professional education lies in the private sector domain.
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- However, the quality standards of these are widely varying.
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- Spending funds on creating an "IIT/IIM" education model for these "champion services" could be a good start.
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- **Enabling environment** - Merely creating superior knowledge workers will be a zero-sum game if the enabling environment remains constrictive.
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- India's long experience with brain drain stands as a proof for this.
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- **Regulations** - The whole exercise should also involve streamlining rules and regulations.
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- Increasing protectionism and regulations that restrict foreign investments should be given a relook.
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- Championing services demands a hard look at such micro-issues too.
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- Besides, the Champion Services programme would do well to build on this experience for other sectors of the economy too.
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Source: Economic Times, Business Standard

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