

Human Resource and Skill Requirements in the **Furniture & Furnishings** **Sector** Executive Summary



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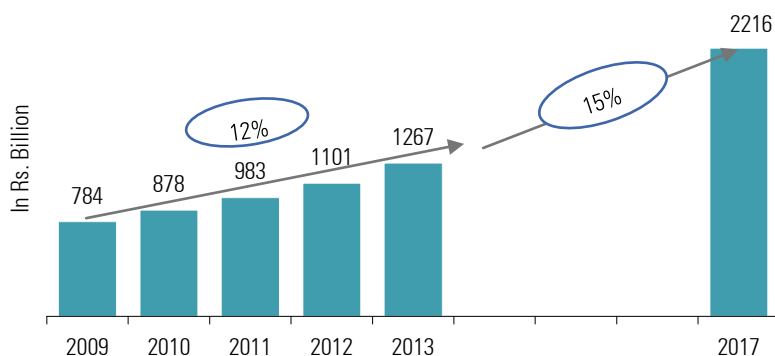
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Demand for Furniture in India



Sources: Furniture in India, October 2013, Euro monitor

- Demand for furniture in India surged at 12% annual rate over 2007-2012, and in 2013 it increased at a rate of 15%.
- The market is moving more towards organised segment. This is marked by increasing customer preference for readymade, branded furniture.
- Preference is tilting towards high-end, low maintenance, quickly installable products, with customisation options.
- Simple, contemporary designs are preferred over heavy, complex traditional furniture.

Labour –

- Youth aspiration to enter this sector is low and existing workforce is looking at other sector/ opportunities for better wages and facilities.
- Sector doesn't offer competitive wages compared to other employment options such as- Drivers or self employment opportunities

Absolute and per capita Consumption –

- In India absolute consumption is very high. However, Per capita consumption is low as compare to other countries, largely due to huge income disparity. However with rise in middle class segment, trend is moving towards achieving high per capita consumption in future.

Availability of raw material -

- Raw material is available only in limited states. It leads to manufacturers purchasing raw material from other states, paying transport & carriage apart from other charges. It results to higher raw material cost increasing their manufacturing cost.

Technology -

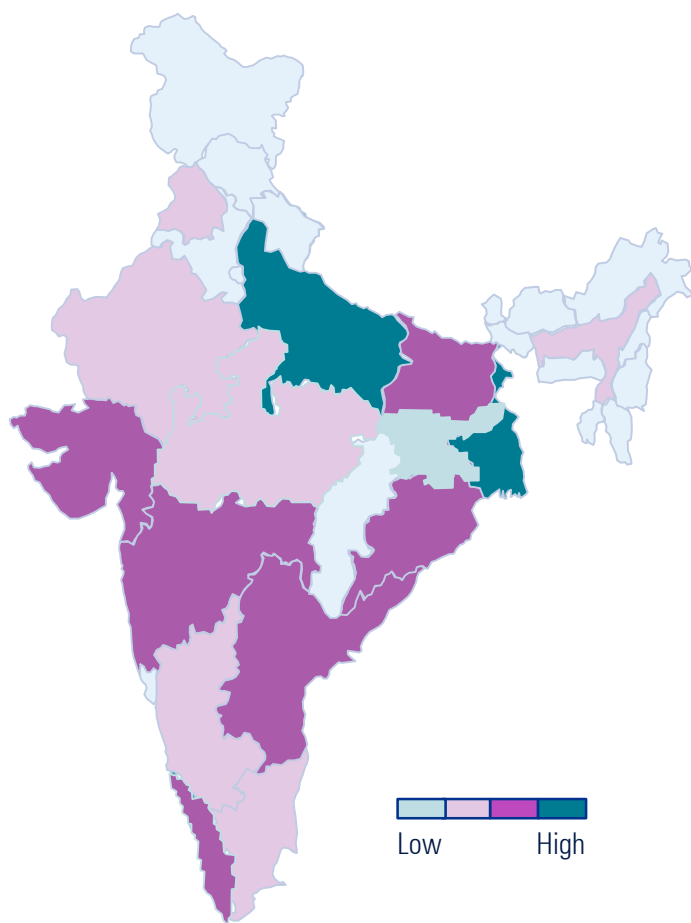
- While a large amount of manufacturing activity takes place in unorganized sector, market is slowly moving towards technology advancement with growing number of organized players stepping-in. As unorganized segment is having a major share in Furniture and Furnishings sector, therefore their products are not competitive enough in the domestic as well as Global market.
- As per an ASSOCHAM report, there are total 1,419 registered furniture factories. However, only 1,157 factories were under operation as of 2011-12 i.e. about 20 per cent of registered furniture factories in India were non-operational due to labor dogs & lack of modernization

Key Growth Drivers

- **Legislation**
- **Hybrid business model**
- **Growing Disposable Income**
- **Importance on Design and Designing**
- **Emerging segments**
- **Premiumisation**
- **Changing Consumer preference**
- **Energy Efficient Technology**

Demographic characteristics of workforce

Almost 50% of the total employment is distributed among five states alone



States	Furniture Employment	Proportion of Employment
West Bengal	355,124	16.58%
Uttar Pradesh	238,544	11.14%
Maharashtra	203,124	9.49%
Bihar	150,996	7.05%
Gujarat	138,213	6.45%
Kerala	137,156	6.41%
Odisha	122,181	5.71%
Andhra Pradesh	117,997	5.51%
Assam	104,121	4.86%
Tamil Nadu	94,117	4.40%
Rajasthan	83,652	3.91%
Punjab	82,592	3.86%
Karnataka	73,238	3.42%
Madhya Pradesh	55,643	2.60%
Rest of India	184,663	8.62%
Total	2,141,362	100.00%

NSSO employment data gives the total employment figures for the sector. Thus, the numbers are inclusive of the unorganised sector employment figures as well. According to its 68th Round, 50% of the total employment in furniture manufacturing is concentrated in the five states of West Bengal, Uttar Pradesh, Maharashtra, Bihar and Gujarat. West Bengal, UP and Maharashtra alone account for nearly 38% of the work force.

About 97% of the workforce involved in furniture sector are school drop outs. Of this, 88% have an education qualification of secondary education or less.

In the organized furniture segment, workers account for more than half of the total workforce. Managerial and supervisors account for 10% of the total workforce and contractor workers account for nearly 25 percent of the total workforce.

Source: NSSO 68th Round, KPMG in India Analysis, ASSOCHAM

Incremental human resource requirement (2013-22)

Current workforce of 4.11 million (2013) is expected to increase to ~11.3 million by 2022

Incremental Human Resource Projections (2013-22)

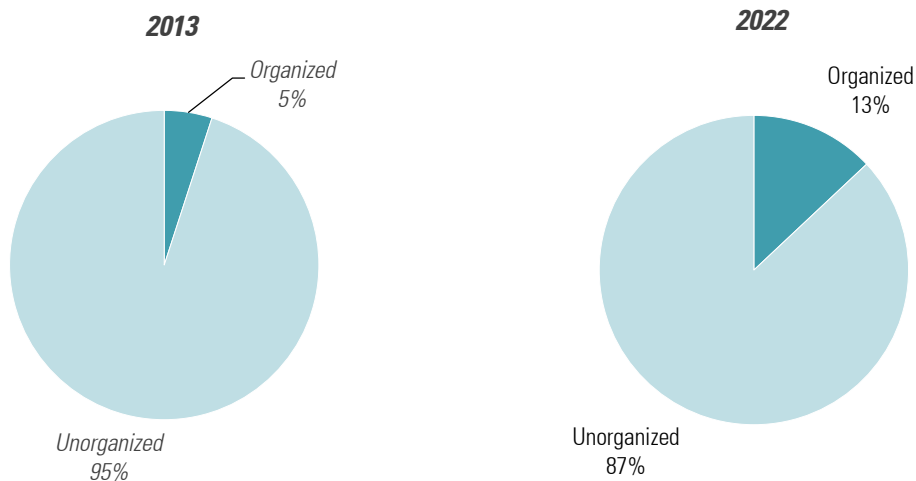
Segment	Employment in million (2013)	Employment in million (2017)	Employment in million (2022)	Employment Growth in million (2013-17)	Employment Growth in million (2017-22)
Furniture-Manufacturing	2.16	3.39	5.95	1.24	2.56
Furniture Retail	0.29	0.40	0.61	0.12	0.20
Furnishing	1.67	2.60	4.73	0.93	2.13
Total	4.11	6.39	11.29	2.28	4.90

Source: Primary Interactions, NSSO 68th Round of EU Survey, KPMG Analysis

The sector currently employs over 4.11 million employees and is slated to employ more than 11.29 million employees by 2022. This implies additional creation of ~7.2 million jobs in the 9 year period.

The period 2017-22 will see a higher growth in employment vis-a-vis 2013-17 due to expected changes in consumer preferences and penetration of organized furnishing services in tier-I and tier-II towns.

Break up of composition of workforce (2013, 2022)



Source: Primary Interactions, KPMG Analysis

An analysis of the breakup of workforce across organized and unorganized segments indicates that the share of organized employment would increase from 5% in 2013 to 13% by 2022

Supply & Training Infrastructure

Details of courses and seats on furniture and furnishing

Training Capacities in Industrial Training Institutes (ITIs)

ITI Trades	No. of I.T.I.'s		Capacity	
	Govt.	Pvt	Govt.	PVT
Carpenter	379	91	7088	1904
Cane, willow, bamboo work	1	1	32	16
Fitter	1731	8650	55040	293792
Interior decorating and designing	32	36	704	896
Machinist	441	84	17984	2160
Mechanic machine tool maintenance	70	6	1680	144
Operator advanced machine tool	4	1	0	0
Upholsterer	1	0	16	0
Upholster	3	2	48	32

Aside these institutes, electrical engineers from various colleges are hired in the lighting industry. Also, IITs and NITs offer course on interior designing.

Other Leading Institutions:

NAME	LOCATION	COURSE
National Institute of Design (NID)	Ahmedabad	<ul style="list-style-type: none"> 4 year graduate diploma in design 2.5 year post graduate diploma in design.
Indian Institute of Crafts and Design (IICD)	Jaipur	2 year Post Graduate Diploma in Craft Design with Hard Material Specialization
MIT School of Energy and Lighting	Pune	2 year course of Lighting including Illumination Engineering incorporating the art, science and technology of lighting
Srishti School of Art, Design and Technology	Bangalore	<ul style="list-style-type: none"> 3 year professional diploma program program in furniture and spatial design 2 year post graduate advanced professional diploma program in furniture and spatial design

Labour supply for furniture and furnishing

- Labor is easily available in Uttar Pradesh, Madhya Pradesh, Bihar, West Bengal, Orissa, Maharashtra.
- People in these states have no alternative employment opportunity and as they are minimally skilled, they find furniture & furnishing sector attractive.
- Youth aspirations for employment in the sector across demand clusters is low considering that these geographies are metro, tier 1 and tier 2 cities with better employment prospects in other manufacturing/services segments.

Source: Directorate General of Employment & Training, KPMG Analysis

Select recommendations

Recommendation	Details
Focus on Research and development	<ul style="list-style-type: none"> Research and development has to be a focus area, hence there is a need for sector-academia collaboration as well as individual R&D efforts by companies.
Liberalize Tax Policy	<ul style="list-style-type: none"> The Government of India presently allows duty free import of furniture for all the SEZs and STPIs. A sales tax of 14.5% is being imposed for transactions with local players. This incentives import rather than local buying, which is affecting the sector growth. Revisiting this tax policy will help local business
To Design Course Content in Alignment with Global Trends	<ul style="list-style-type: none"> Collaborative training should be encouraged in the sector. Due to increased automation, machine operation is driving production in the organised sector. Machines are mostly imported and thus operating them needs specialised guidance. Investment on such machines for training purposes could be unviable given the rapidly evolving technologies. Thus, having foreign partners to run training programs can result in effective and efficient knowledge sharing. More initiatives like the Karnataka German Multi Skill Development Centre should be encouraged and initiated across the country
Standards in Quality and Certifications	<ul style="list-style-type: none"> At present there are no standards in the sector against which production quality can be benchmarked. Also, there is no standard authority to issue certificates for any training course. These need to be developed if the sector is to gain patronage by the potential workforce
Shift to Necessity sector	<ul style="list-style-type: none"> It should be considered as a necessity good and VAT should be reduced for this sector.
Minimum wage rate policy	<ul style="list-style-type: none"> Minimum wage rate policy should be revised. As it is discouraging labor to use their skills efficiently.



cutting through complexity

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