

Concept Paper on Skill Development in India- Opportunities and Policy Framework

Dr. Ruchira Agrawal, Associate Professor & Co HOD, MBA, Sagar Institute of Research Technology & Science, Bhopal

ABSTRACT

India has gradually evolved as a knowledge-based economy due to the abundance of capable, flexible and qualified human capital. With the constantly rising influence of globalization, India has immense opportunities to establish its distinctive position in the world. However, there is a need to further develop and empower the human capital to ensure the nation's global competitiveness. Despite the emphatic stress laid on education and training in this country, there is still a shortage of skilled manpower to address the mounting needs and demands of the economy. This paper expands on the avenues and channels available to learners as provided by the central and state governments, private institutions, corporate houses and non-profit organizations, among others.

Keywords

Skill development, economic growth, opportunities, policies, learners

INTRODUCTION

India has seen rapid growth in recent years, driven by the growth in new-age industries. The increase in purchasing power has resulted in the demand for a new level of quality of service. However, there is a large shortage of skilled manpower in the country. In the wake of the changing economic environment, it is necessary to focus on inculcating and advancing the skill sets of the young population of the country. India lags far behind in imparting skill training as compared to other countries. Only 10% of the total workforce in the country receives some kind of skill training (2% with formal training and 8% with informal training). Further, 80% of the entrants into the workforce do not have the opportunity for skill training¹.

The accelerated economic growth has increased the demand for skilled manpower that has highlighted the shortage of skilled manpower in the country. Employees worldwide state a variety of reasons for their inability to fill jobs, ranging from undesirable geographic locations to candidates looking for more pay than what the employers have been offering. India is among the top countries in which employers are facing difficulty in filling up the jobs



Figure 1

Source: Planning Commission Report 2008

For India, the difficulty to fill up the jobs is 48%, which is above the global standard of 34% in 2012. The lack of available applicants, shortage of hard skills and shortage of suitable employability, including soft skills, are some of the key reasons in finding a suitable candidate for available jobs in the country.

According to the NSSO survey (2004–05), only ~6% of the total workforce (459 million) is in the organized sector. The World Economic Forum indicates that only 25%² of the total Indian professionals are considered employable by the organized sector. The unorganized sector is not supported by any structured skill development and training system of acquiring or upgrading skills.

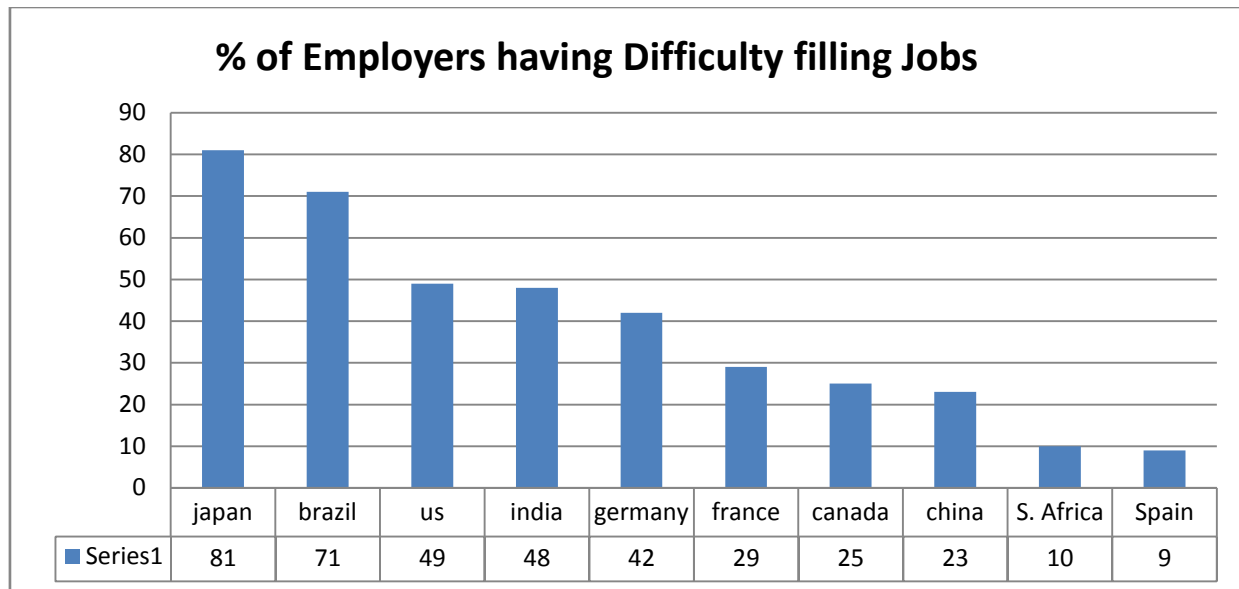


Figure 2

The skill formation takes place through informal channels such as family occupations, on-the-job training under master craftsmen with no linkages to formal education training and certification.

NATIONAL POLICY ON SKILL DEVELOPMENT

India is expected to grow at a rate of 8%, on an average, in the next 10 years. More than 700 million Indians are estimated to be of working age by 2022. Out of these, more than 500 million require some kind of vocational or skill development training. The country has set a tough challenge in the field of vocational education and training in its approach paper in the Twelfth Five Year Plan. It aims to increase the percentage of workforce with formal skills to 25%7 at the end of the plan. It is estimated that 50–70 million jobs will be created in India over the next five years and about 75%–90% of these additional employment avenues will require some vocational training.

There are several challenges that are faced by the government in imparting quality skill training to the youth of the country. These challenges include:

- Increasing capacity and capability of the existing system to ensure equitable access for all

- Maintaining quality and relevance
- Creating effective convergence between school education and the government’s skill development efforts
- Creating institutional mechanism for research development quality assurance, examinations and certification, affiliations and accreditation
- Mobilizing adequate investment for financing skill development

In order to provide adequate training to the youth and develop necessary skills, the Government of India took steps to improve the skill training scenario in the country. The Government has recognized the need for Skill Development with the 11th Five Year Plan providing a framework to address the situation. The first National Skill Development Policy was framed in 2009 and subsequently a National Skill Development Mission was launched in 2010. The Policy was to be reviewed every five years to evaluate the progress and revised appropriately. The **12th Five Year Plan** observes that Skill development programmes in the past have been run mainly by the government, with insufficient connection with market demand. It has called for **an enabling framework that would attract private investment in Vocational Training through Public–Private Partnership**

(PPP).The NDA Government created a Ministry of Skill Development & Entrepreneurship to address the Skill Development needs.

MINISTRY OF SKILL DEVELOPMENT & ENTREPRENEURSHIP

A Department of Skill Development and Entrepreneurship was created under the Ministry of Youth Affairs and Sports in July, 2014 and was subsequently upgraded to full-fledged ministry in November 2014. The role of the Ministry involves coordinating and evolving skill development frameworks, mapping of existing skills and certification, industry-institute linkages among others .Human Resource and Skill Requirement reports across 24

sectors were prepared which serve as a baseline for all skill development initiatives.The Ministry works primarily through the National Skill Development Corporation (NSDC), National Skill Development Agency (NSDA), and the Directorate of Training (DT). The roles and functions of these entities are mentioned in fig-1

Of the **500 million** targeted to be skilled under the National Skill Development Policy 2009, the National Skill Development Corporation (NSDC) was mandated to skill **150 million**, while the Directorate General of Employment and Training (DGET), under the Ministry of Labour and Employment was to skill **100 million**. Currently, over **70 skill development schemes** across various sectors are being implemented by over 20 Central Ministries/Departments.

NSDC	<ul style="list-style-type: none"> • Public Private Partnership entity set up to promote and fund private training providers and set up Skill Development Centres. Funds to NSDC are received through NSDF • Facilitate setup of Sector Skill Councils (SSCs)which are autonomous industry-led bodies. SSCs design Qualification Packs (QPs) and National Operation Standards. • Implement STAR (Standard, Training, Assessment and Reward) and UDAAN Schemes
NSDA	<ul style="list-style-type: none"> • Autonomous Body registered under Societies Act. Rationalize Skill Development Schemes of Government of India • Anchor and implement the National Skills Qualifications Framework (NSQF) • Create integrated Labour Market Information System (LMIS), engage with states to plan their skill development and facilitate Skills Innovation
DT	<ul style="list-style-type: none"> • Training and Apprentice Divisions have been transferred from Labour department from April 2015. • Comprises government and private ITIs, PPP skill schools and other institutions • 25 new Advanced Training Institutes to be setup.

Figure 3

DRAFT NATIONAL POLICY FOR SKILL DEVELOPMENT AND ENTREPRENEURSHIP 2015

The objective of the Policy is to meet the challenge of skilling at scale with speed, standard (quality) and sustainability. It aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link skilling with demand centres. The Policy lists out ten major directions for the Skill Development Framework, including increasing the *capacity*, *synergy* among existing schemes, *global partnerships* and *inclusivity*. It seeks to address the lacunae in Entrepreneurship by steps like streamlining

entrepreneurship in education system, inventing business through mentorship, fostering social entrepreneurship, promoting inclusivity, improving the ease of doing business and providing access to finance. It also mentions the possibility of the launch of the National Mission for Skill Development &Entrepreneurship in next six months. The policy encourages companies to spend at least **25%** of Corporate Social Responsibility (CSR) funds on skill development, seeks to introduce fee paying model along with Skill Vouchers, and set up a Credit Guarantee fund for Skill Development. A ‘Project Implementation Unit’ (PIU) is also proposed to be set up to review the implementation and progress of the various initiatives under this policy.

SELECT SCHEMES AND FUNDING

The Government has introduced new schemes along with a revamp of few existing schemes. Some of the more important ones are listed below, along with information on implementing agencies and budgetary outlay for this financial year.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY):

This is a flagship outcome-based skill training scheme aimed at benefiting 24 lakh youth. A monetary reward is provided to trainees on assessment and certification. The steering Committee for PMKVY is responsible for providing directions for implementation.

Implementing Agency: The scheme will be run through the National Skill Development Corporation (NSDC), by the Ministry of Skill Development and Entrepreneurship

Scheme Outlay (2015-16): Budgetary Allocation of Rs 1,500 crore (including awareness, mobilization and administrative expenses). NSDC supports vocational training institutes by providing funding upto 75% of the total project cost in case of for profit entities and upto 85% of the total project cost in case of not for profit entities.

Deen Dayal Upadhyaya Gramin Kaushal Yojana (DDU-GKY):

The Skill component of NRLM, Aajeevika Skills, has been revamped as the Deen Dayal Upadhyaya-Grameen Kaushalya Yojana. The minimum entry age for the scheme has been reduced to 15 years (from the earlier 18). Training will be imparted through 1500-2000 centres to be set up for the purpose over the next two years. The Government is also exploring a Project for providing Livelihoods in Full Employment (LIFE) for skilling the unskilled workers in NREGA. This project is likely to start from mid-July.

Implementing Agency: The DDU-GKY National Unit in the Ministry of Rural Development functions as the policy making, technical support and facilitation agency. DDU-GKY State Missions provide implementation support and the Project Implementing Agencies (PIAs) implement the programme through skilling and placement projects.

Scheme Outlay(2015-16):Budgetary Allocation of Rs. 1200 crores.This scheme will run with a changed sharing pattern, with states bearing the revenue expenditure.

Other Schemes: Under the Deen Dayal Upadhyaya Antyodaya Yojana (DAY) scheme, Ministry of Housing

and Urban Poverty Alleviation will undertake skill development of 5 lakh urban poor per year. The first phase of DAY in urban areas is to be implemented from 2016-17. The Ministry has signed a Memorandum of Undertaking (MoU) with NSDC to assist in training.

Other new programmes include *NaiManzil* for education and skill development of dropouts; *USTTAD* (Upgrading Skills and Training in Traditional Arts/Crafts for Development) to conserve traditional arts/crafts and build capacity of traditional artisans and craftsmen belonging to minority communities; *NaiRoshni*, a leadership training programme for minority women; and *MANAS* for upgrading entrepreneurial skills of minority youth

ADVANTAGE INDIA

As compared to western economies where there is a burden of an ageing population, India has a unique 20–25 years window of opportunity called the “demographic dividend.” This “demographic dividend” means that as compared to other large developing and developed countries, India has a higher proportion of working age population vis-à-vis its entire population.”

India has the world’s youngest work force with a median age way below that of China and OECD countries. Half the population of India was younger than 25 in 2010. It will change to half the population being under 28 in 2030, making India a very young country for the next 20 years. The result is low dependency ratio, which can provide a comparative cost advantage and competitiveness to the economy. The above chart provide a glimpse of the demographic dividend that India would be able to achieve.

Further, it is expected that the ageing economy phenomenon will globally create a skilled manpower shortage of about 56.7 million by 2020. With the rising trend of outsourcing work globally, India has the opportunity to become a global reservoir of skilled manpower, accounting for 28% of the graduate talent pool among 28 of the world’s. Among all the countries, India enjoys a unique advantage not only to fulfil its internal demand of skill manpower, but also cater to the labor shortage in other countries. The government is taking proactive steps to fill the existing skill gap in order to leverage its position as a supplier of skilled manpower to the world.

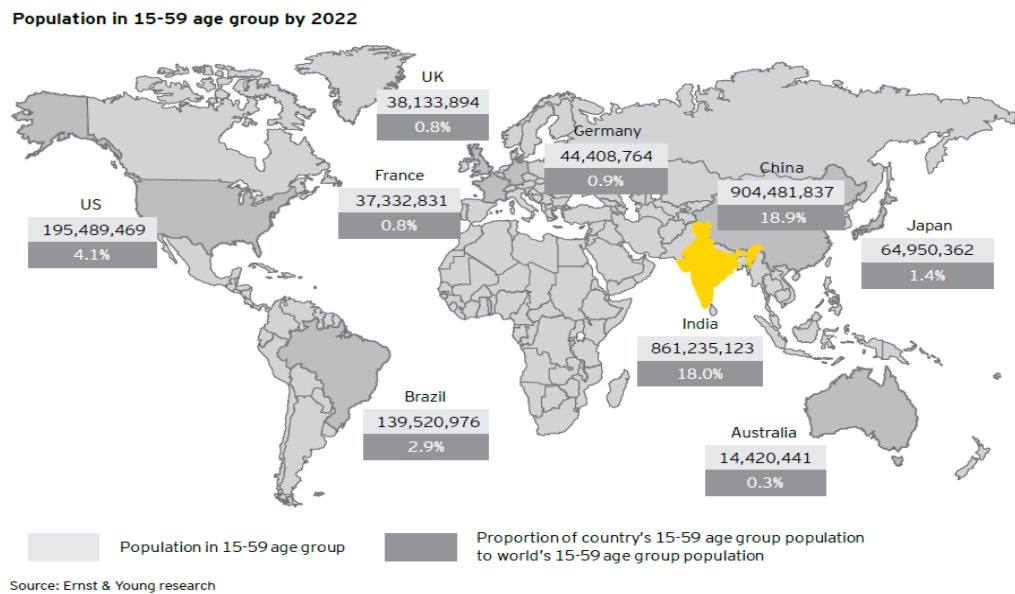


Figure 4

CONCLUSION

India has the advantage of the “demographic dividend” (younger population compared to the ageing population of developed countries), which can be cultivated to build a skilled workforce in the near future. The World Economic Forum indicates that only 25% of the total Indian professionals are considered employable by the organized sector. The unorganized sector is not supported by any structured skill development and training system of acquiring or upgrading skills. The skill formation takes place through informal channels such as family occupations, on-the-job training under master craftsmen with no linkages to formal education training and certification.

As an immediate necessity that has urgently arisen from the current scenario, the government is dedicatedly striving to initiate and achieve formal/informal skill development of the working population via education/vocational education/skill training and other upcoming learning methods. The skill development of the working population is a priority for the government. This is evident by the exceptional progress India has witnessed under the National Policy on Skills (2009) over the years. The objective of the policy is to expand on outreach, equity and access of education and training, which it has aimed to fulfil by establishing several industrial training institutes (ITIs), vocational schools, technical schools, polytechnics and professional colleges to facilitate adult

learning, apprenticeships, sector-specific skill development, e-learning, training for self employment and other forms of training. The government therefore provides holistic sustenance through all its initiatives in the form of necessary financial support, infrastructure support and policy support. In addition, the private sector has also recognized the importance of skill development and has begun facilitating the same via three key dimensions — non-profit initiatives, for profit enterprises, and as a consumer. Finally, a need for intensive efforts in achieving the skilling target of 500 million workers by 2022 exists. However, the good news is that a sense of realism and realization has evolved among both the government and private sector, which will lead the country toward further economic prosperity through their pooled endeavors.

REFERENCES

- [1] “ Knowledge Paper on Skill Development in India” E & Y September 2012
- [2] “A skilled India,” indiatoday website, <http://indiatoday.intoday.in/story/a-skilled-india/1/146363.html>, accessed 4 August 2012
- [3] “Bridging India’s skills gap,” The Hindu website, <http://www.thehindu.com/education/issues/article2963328.ece>, accessed 30 december 2017

- [4] "Labour market performance and the challenges of creating employment in India," International Labour Organisation, 23 June 2011.
- [5] "Skill development and training," Planning commission (Government of India), 2008
- [6] "Skills is the future," The Times of India website, http://articles.timesofindia.indiatimes.com/2012-04-30/news/31506351_1_soft-skills-vocational-education-sectorkills-council, accessed 2 december 2017
- [7] "The skill development landscape in India and implementing quality skills training," FICCI, August 2010.
- [8] "Transforming India's skill development," Economic times website, http://articles.economic-times.indiatimes.com/2012-02-17/news/31071290_1_nsd-national-skilldevelopment-corporation-sector-skills-councils, accessed 5th December 2017
- [9] "India Journal: Why India's Demographic Dividend Will Lag China's," Lakshman Krishnamurthi and Sugandha Khandelwal, WSJ, 10 April 2011 (c) 2011 Dow Jones & Company, Inc.