



SKILL DEVELOPMENT PROGRAMMES FOR EMPLOYMENT GENERATION IN INDIA – AN ANALYSIS

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Abstract

Skill development is an important driver to address poverty reduction by improving employability, productivity and helping sustainable enterprise development and inclusive growth. It facilitates a cycle of high productivity, increased employment opportunities, income growth and development. However, this is just one factor among many affecting the productivity whose measurement differs for individuals, enterprise and economy. The increase in productivity could be due to availability of skilled & healthy manpower; technological up gradation and innovative practices; and sound macroeconomic strategies. The manifestations of improved productivity can be in the form of improvement in real gross domestic product (economy), increased profit (enterprises) and higher wages (workers).

Keywords : Skill Development, Entrepreneurship Development, National Skill Quality. Index, Individual Competencies.

Introduction :

Skill development is an important driver to address poverty reduction by improving employability, productivity and helping sustainable enterprise development and inclusive growth. It facilitates a cycle of high productivity, increased employment opportunities, income growth and development. However, this is just one factor among many affecting the productivity whose measurement differs for individuals, enterprise and economy. The increase in productivity could be due to availability of skilled & healthy manpower; technological up gradation and innovative practices; and sound macroeconomic strategies. The manifestations of improved productivity can be in the form of improvement in real gross domestic product (economy), increased profit (enterprises) and higher wages (workers).

The linking of skills and productivity would not only benefit the enterprise and economy but would also facilitate different segments of the population particularly the marginalized sections of the society to reap the benefits of the economic growth through skill development. The lack of access to education and training or the low quality or relevance of training keeps the vulnerable and marginalized sections into the vicious circle of low skills and low productive employment. The National Skill Policy provides a framework to ensure access to various target groups to realize their potential for productive work and contribute in economic and social development. However, different approaches need to be adopted which may overlap as groups are not mutually exclusive such as improving agriculture marketing extension; investing in rural infrastructure;



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making available quality education; on the job and targeted training for the disabled and identifying the requirement of migrant workers. The National Skill Development policy provides for integration of skill development into the national development policies such as developing infrastructure, reducing poverty and decent work agenda.

Skill development is the focus area of the government policy. It is central to accessing employment in the formal sector and enhancing productivity in the informal economy for reducing poverty and risk of underemployment. The National Policy on Skill Development aims to train about 104.62 million people afresh and additional 460 million are to be re-skilled, up-skilled and skilled by 2022.¹ Considering that majority of these labour force would be self or casual employed, the challenge is to how to improve the skill levels of these workforce. These categories cut across various target groups or vulnerable sections of the society. The groups are not mutually exclusive and there are overlaps because the workers in the self-employed category are a heterogeneous lot while the casual employed may be intermittently employed and in different unskilled works. The lack of access to good education and training keeps the vulnerable and the marginalized sections into the vicious circle of low skills; low productive employment and poverty. The marginalized group which includes rural poor, youth, and persons with disabilities, migrant workers and women constitute the highest number of poor. In India 70 per cent of the labour force reside in rural areas and depend on low productive agricultural activity where there is huge underemployment leading to low level of productivity. The high proportion living in poverty among women in India is due to their concentration in low productivity work. The skill strategy needs to focus on strategy of skill development should be aimed at addressing the skill needs of the self-employed as well as the casual employed.

Skills and knowledge are the engines of economic growth and social development of any country. Countries with higher and better levels of knowledge and skills respond more effectively and promptly to challenges and opportunities of globalization. The skill development has been assessed in the form of general education and vocational training level of the Indian workforce in the age group of above 14 to 59 year and which was found to extremely low i.e. around 38% of the workforce are not even literate, 24% are having below primary or up-to primary level of education and remaining 38% has an education level of middle and higher level whereas only 10% of the workforce is vocationally trained with 2% formal and 8% informal training.² The study also found that both the Government and its partner agencies have undertaken various measures and initiatives for the effective implementation of the skill development system in the economy, but still faces a number of unresolved issues and challenges that need immediate attention of the policy makers. Hence, skill development initiatives of the government should focus on these obstacles and develop the programs accordingly to resolve these hurdles for the complete success of the skill development initiatives. India with an average age of around 29 years and with a median age much below China and other developed countries. 62% of the population is below 35 years of age and 70% of the population will be of working

1. FICCI, Ernst and Young. (September 2012). Knowledge Paper on Skill Development Learner First.



2. Planning Commission Working Group Report. (2011). 12th Five Year Plan 2012-2017 Secondary & Vocational Education. Planning Commission, Government of India.

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age by 2025 in India.. High population if employed, trained and productive can easily capitalize the advantage of demographic dividend and lead to sustainable development but same high unemployed, untrained and unproductive population can even turn demographic dividend into demographic liability.

For India, skill development is also critical from both socio-economic and demographic point of view. For the economy to grow at 8% to 9%, with the targeted growth rate of 10% for secondary, 11% for tertiary and 4% for agriculture sectors, a multi-faceted and highly efficient skill development system is imperative. Further, India is destined to be a contributor to the global workforce pool on account of demographic bonus, with the growth rate of higher working age population as compared to its total population and home to the second largest population in the world with distinct advantage of having the youngest population with an average age of 29 years as against the average age of 37 years in China and 45 years in Western Europe. Globalization knowledge and competition have intensified the need for highly skilled workforce in both the developing and developed nations as it enables them to accelerate the growth rate of their economy towards higher trajectory. Today all economies need skilled workforce so that meet global standards of quality, to increase their foreign trade, to bring advanced technologies to their domestic industries and to boost their industrial and economic development. The skills and knowledge becomes the major driving force of socio-economic growth and development for any country. As it has been observed that countries with highly skilled human capital tend to have higher GDP and per capita income levels and they adjust more effectively to the challenges and opportunities of the world of work.

Despite various concentrated efforts, there is still a long way to bring the skill development mission to completion due to the presence of certain serious key challenges in the path of the mission for employment generation purposes. Some of these hindrances along with their possible solutions are summarized as under::

(a) **Geographical Problem** : It is another serious problem plaguing the labor market and has a more serious impact in larger economies like India as the geographical set-up or outreach of the people for skills in India are uneven and in dismal share i.e. (i) The states with much higher economic growth rates have more new jobs with lower rate of labour-force while on the other hand; the states with slower economic growth rates have higher population growth rates with fewer new jobs. Thus laggard states need to rely on migrant workers so as to cope with this challenge; (ii) Majority of formal institutions are located in urban areas as compared to rural areas and even private sector institutions are also reluctant to operate in rural areas. Hence, large proportions of rural population do not have any formal vocational training institutions; (iii) Districts notified as backward have serious paucity of formal skill training as majority of skill development institutions in these locations emphasized only on basic livelihood skills and that is generally provided by NGOs or provided by other agencies as a part of social development programs. Therefore, these types of skills are often not formally assessed and as a result are not recognized for employment by industrial sectors; (iv) There is lack of block level mapping of



employment demand, local economy activities, youth population profile, social demographic profile etc. This leads to sub-optimal planning of skill development initiatives resulting in a gap between skill development and local employment demand.

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(b) Low Educational Attainment : Though the country has made progress on educational attainment as reflected below : (i) There are about 1.5 million schools in India with a total enrolment of 250 million students (from pre-primary to high/senior secondary levels) i.e. schools constitute the maximum number of enrolments; (ii) Higher education sector comprises around 20.7 million. The total number of students enrolling for open universities and other diploma courses constitute 24.3% of the total students; (iii) Vocational training in India is primarily imparted through the government and private industrial training institutes (ITIs). There are total 9,447 (in 2016), with a total seating capacity of 1.3 million. The total number of ITIs has increased at a CAGR (2011–2016) of 11.5%, while the total number of seats has increased at a CAGR (2007–2012) of 12.2%; (iv) Current annual training capacity of India is 4.3 million, which is 20% less than the industrial requirement of 22 million skilled workers a year; (v) But the reality is that some regions are still lags behind as compared to other regions in terms of accessibility of education and skills in India are: (a) Higher drop-out rates of educational institutions mostly after the age of 15 years and above and especially in female students; (b) Accessibility for the disadvantaged and rural section of the society is difficult due to high costs and other social impediments like transportation problems especially for a girl student traveling away from home; (c) Poor quality of education which result in lack of literacy and numeric skills on the part of students. These students find it extremely difficult to absorb even basic skills; (d) Many skills taught in curriculum are obsolete and their end result is that workers are unable to find jobs according to their aspirations; (e) Increase in educational institutions further lead to multiplicity of curriculums for the same skill resulting in uneven competency levels; (f) There is lack of platforms where industrial and governmental agencies can meet regularly for systematic up-gradation of curriculum for new skills. Ultimately it results in lack of coordination between the job aspirants and employers; (g) Inflexibility in curriculum framework of vocational training and education made it difficult for the individual to imbibe the proper skills as who enters the vocational training will find it extremely difficult to enter general education field due to lack of equality between the two; (h) Hence, a low proportion of the workforce has higher education or any form of skills training. In spite of massive effort to expand the capacity of providing high-quality formal education or skills training, the workforce is still unable to gain any kind of benefit from the high economic growth.³

(c) Demand & Supply Mismatch : The demand made by the industries and supply of labour-force mismatch leads to aggravate all types of skill development initiatives of the Government and its partner agencies as: (i) The number of people formally trained in a year is only 1,100,000 by Ministry of Labour and Employment and approximately 3,200,000 trained by 17 other central government ministries; and (ii) According to the Manpower Group (USA), in Germany, USA, France, and Japan, the percentage of employers who find it difficult to fill jobs is 40%, 57%, 20% and 80% respectively as compared to Indian employers (67%).

(d) Vocational Training : India is progressively moving towards knowledge economy, where skills are widely recognized as the important lever of economic growth, but the perception about vocational education is still doubtful i.e. it is generally meant for those who fail to get admission in the formal system. Thus, it still need time to be considered as a viable alternative to formal



3. Ministry of HRD. (2014). Guidelines for Implementation of National Vocational Education Qualification Framework for Implementation of NVEQF. New Delhi, India: Government of India.

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education, i.e. (i) As it was observed in India, around 90% of the jobs are skill-based i.e. they require some sort of vocational training whereas in reality only 2% of the population (in 15-25 years age group) enrolled for vocational training in India as compared to 80% in Europe and 60% in East Asian countries; (ii) The current capacity of vocational training is 31 lakh against an estimated annual capacity of 128 lakh workers whereas the overall national target of schilling is 50 corer of workers by 2022 i.e. India needs to impart vocational training to at least 300–350 million people by 2022 which is significantly lower than the government target of 500 million; (iii) Moreover, the private sector provide skill training as required by service sector mainly to educated youth (especially 12th pass) and largely in urban regions. Ultimately, hundreds of workers in unorganized sector do not get any kind of skill training which results in low productivity levels and employability gaps among majority of workforce; (iv) Due to lack of awareness about industrial requirements and the availability of matching vocational courses, most of the prospective students in the country do not go for vocational education; (v) Despite of various efforts on the part of Government and its partner agencies, the credibility of vocational courses in India is still questionable. Moreover, the low reputation linked with vocational courses (or blue collar jobs) and also low compensation levels among people with such skills, prevents the students from taking vocational education as they are not aware on how vocational courses can improve their career prospects.

(e) Skill development for women : In India, women also form an integral and substantial part of the workforce; but the working percentage rate of women in total labor force is declining; i.e. (i) The share of women workforce (between 25-54 years of age) is about 30% in 2010 as against 39% in 2000, which is quite below as compared to 82% in China and 72% in Brazil. All it depict the under-representation of women in the workforce and results in the wastage of the demographic dividend to India; (ii) Moreover, women in India are mainly concentrated in the informal sector and are engaged in low paid jobs with no security benefits. This represents lack of employment opportunities and skills for women workforce; (iii) A majority of the female workforce in India is unskilled, i.e. a very low percentage of women have any kind of formal education. In India, around 65% of women in rural areas and over 30% of women in urban areas lacked basic primary school education

(f) Complicated Set-up of ITIs: The existing structure for skill development includes complex and complicated. The Government data shows that in the recent time, skill development initiatives are spread across about 20 different ministries, and 35 state governments and union territories. Under this complicated Government and Private ITIs setup, the National Skill Development Agency (NSDA) was created to consolidate efforts in Skill Development. But it lags behind being under-resourced, without any effective authority and power and just has a coordination role.

(g) Insufficient Infrastructure: The training infrastructure and institutional set-up for providing skill training in technical and vocational skills is insufficient. In terms of current capacity around 3.5 million labour force are trained in various professional skill by different publicly funded organizations whereas 12.8 million new addition in the labour force every year. The infrastructure available for skill development currently is mainly Government funded still



private sector investment has not been capitalized. The emphasize on vocational training provided in India is not matching with the requirement of the unorganized workers who constitute 90% of the work force, resulting in a shortage of skilled workers at the national level.

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Unorganized and unskilled labour like construction workers from village and slam areas with little or no education and require special attention from Government providing them basic skill enhancing their employability.

(h) **Lack of Labor Market Information System:** The absence of proper Labour Management Information System (LMIS) impedes the very objective of the skill initiative in India as it results in poor linkage between skill development and employment. At present, there is no proper system available in the job market where the industrial, job seekers and government come forward and share the relevant information among them and derive collective benefit from it. The Government lacks reliable data that would otherwise help it in making effective policy decisions and the inadequacy of such a system disappoints both employers and employees as it result in job mismatch and inferior quality output.

(i) **Training of Trainers:** Training of trainer is one of the important key of the skill development frame work. It is estimated that various publicly funded organizations produce 3.5 million trained personnel per annum against the 12.8 million new entrants into the workforce each year. However, to address this issue, NCVT approved a proposal to upgrade Model Industrial Training Institutes (MITIs) for conducting instructors training and in addition to this the council also allow various types of organizations private and public limited companies registered under the Companies Act, societies and trusts registered as per the Act to set up ITIs and ITCs as well as undertake instructors training programs.

(j) **Basic Infrastructure Challenge:** One of the important requirements for the proper implementation of the skill and training development programs is the availability of the basic infrastructure for the same. It has been noticed that many skill development institutions suffer from lack of proper infrastructure. Apart from a detailed evaluation while sanctioning approval for establishing a new institute, the assessment of the fitness evaluation of the institutes is not conducted regularly. Complicated infrastructure including equipments, machines and tools etc. are not available in majority of the institutions. As a result, workers get trained on outdated machines and find themselves deficient in skills when employed.

(k) **Skill-Gap between Informal and Formal Sector:** As the Government of India has set a new target to impart the necessary skills to 402 million people by 2022 in the Twelfth Five Year Plan, whereas in reality the country is facing a significant skilled manpower challenge

India has an impress economic growth rate but still it is not able to generate employment opportunities to meet the growing employable population. To achieve this India needs skilled, educated and healthy workforce. According to World Bank, 2015, India literacy rate measured to be only 73% in 2011 in comparison to the literacy rate of 95% in China and Mexico, 93% in Malaysia, 90% in Brazil which reveals that only 1 out of 4 person in India can read and write. Indian work force is immensely talented and adaptable. In order to develop an organization and ensure its sustained growth, it is very much important to develop its human resource working in it. Continuous investment in up gradation of their skills, knowledge and competencies is



essential for an organization if it wants a guaranteed survival in the immensely competitive environment.

Directorate General of Training (DGT), Ministry of Skills Development and Entrepreneurship has implemented various remarkable skill development programs across India such as: (a)

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Craftsmen Training Scheme (CTS); (b) Advanced Vocational Training Scheme (AVTS); (c) Apprenticeship Training Scheme (ATS)-1961, revised 2015; (d) Skill Development Initiative Scheme (SDIS-MES); (e) Vocational Training Institute FTIs, ATIs, MITIs and CTI; (f) Special coaching scheme for SC/STs; and . Vocational Rehabilitation Centre for Handicapped (VRCs).

The newly incorporated National Skill Development Corporation (NSDC) consist of distinguished technical professionals initialed Industry specific skill councils with foreign skill development initiatives by Up-gradation of 100 Govt. ITIs into Domestic Funding , Up-gradation of 400 Govt. ITIs into VTIP Project with World Bank Assistance and Up-gradation of 1396 Govt. ITIs through Public Private Partnership Mode (PPPs) total establish 1896 Govt. ITIs and more than 6,500 skills development centers. The NSDC, ITIs and Polytechnics are expected to grow in providing their training facilities to train 402 million people by 2022.The implementation of National Skill Development Policy (NSDP) aims to increase opportunities to foreign collaboration in technical and vocational training and accordingly Singapore equipped with proven advanced training has collaborated with Institutes in India to provide vocational and technical training. Centre of Excellence for Tourism Training (CETT) in Campus of Mohanlal Sukhadia University Udaipur Rajasthan has been started with annual intake capacity of 480 trainees with the help of Singapore. In the recent times, the number of educational institutions have positively increased across all levels, especially in the service sector. Despite this growth of education opportunities, India youth still lag behind in skill enhancement.

Conclusion :

To make India internationally competitive and to boost its economic growth further, a skilled workforce is essential. As more and more India moves towards the Knowledge economy, it becomes increasingly important for it to focus on advancement of the skills and these skills have to be relevant to the emerging economic environment. For transforming its demographic dividend, an efficient skill development system is the need of the hour. Therefore to achieve its ambitious schilling target, it is imperative to have holistic solutions of the challenges instead of piecemeal interventions.

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