

## Skill Development for Inclusive and Sustainable Growth in India

Mishra Archana

Associate Professor in Economics, SSDPC Girls (P.G) College. Roorkee, Uttarakhand (India)

---

### ARTICLE DETAILS

#### Article History

Published Online: 15 April 2019

#### Keywords

Skill, Inclusive, Sustainable, Growth, Employment.

#### Corresponding Author

Email: archanank1[at]gmail.com

---

### ABSTRACT

In today's global economy, skill and knowledge are the driving forces of economic growth for any country. Skill development is high on the agenda of developing countries for sustainable economic growth. Skill development is a way for these countries to speed up their growth and move up on the ladder from a middle to higher income category. Many of the Asian countries including India are among the most dynamic economies in the world. As a result of their rapid growth, most of these are experiencing skill shortages of higher technology in manufacturing and various other areas of production. As a consequence of the emerging skill and employability gap, they have marked out ambitious plans for training and developing skill as part of their national development plans.

In order to keep pace with the changing requirement of a fast growing economy, skill development is a national priority of government of India and skill development landscape has been gradually evolving during recent years. While governments at centre and states can provide an enabling environment, a coordinated approach is needed by combining skill development measures, workforce participation and social inclusion so that efforts made in this direction can ultimately lead to the achievement of wider goals of rapid economic growth, employment generation and other social objectives.

---

### Introduction

Labour market in India is undergoing a dynamic change. It is estimated that approximately 365 million people will be eligible to join the workforce. In the meanwhile, about 11 to 13 million new job seekers are expected to be added annually (Government of India -2009). Despite this huge labour pool however, employability continues to be a major concern mainly due to absence of a proper system of training and developing skills to suit the market demands for specific skills needed in various sectors of production.

It is an acknowledged fact that world is aging fast and by 2040 the global population aged 65 years and above is expected to reach 1.3 billion which in turn will result in severe labour shortage across the globe. India, home to the second largest population in the world, has the distinct advantage of having one of the youngest population globally.

As per the national policy for skill development and entrepreneurship -2015, it is estimated that the average age of population in India by 2020 will be 29 years as against 40 years in USA, 46 years in Europe and 47 years in Japan. In next 20 years the labour force in industrialised world is expected to decline by 4%, while in India it will increase by 32% which calls for a need and opportunity to provide its workforce with required skill sets and knowledge to enable them to contribute substantially to the economic growth of India.

### Skills challenge in India

The growing pressure to create jobs for millions poses a big challenge for government of India but this challenge can be turned into an opportunity with an appropriate policy of skill training. Also the available statistics reveals that a meager 2% of the Indian workers are with formal skill training of any kind.

Out of workers in manufacturing sector only 15% have received service training and about 93% working in the unorganised sector are without any formal training (Govt. of India -2007).

Statistically speaking 49% of India's population would be below 29 years in 2021, leading to the possibility of 650 million people being in the employable age of 15-59 years. Keeping in view the fact of having a large number of this employable labour pool possessing a distinct advantage of working knowledge of English to work across the globe, India will be in a position to reap its demographic dividend in domestic as well as international markets provided suitable skill-training is imparted to them.

As a consequence, ever increasing pressure to create jobs for millions and demand for specialized talent/skills has put skill development at the centre of economic policy making in India and recently there has been a renewed push on existing schemes of skill development being carried out by centre and state governments.

### Skill Development Initiatives in India

After Independence, Government of India initiated in the direction of skill development with the establishment of Industrial Training Institutes (ITIs). The objective was to provide skilled manpower for meeting the needs of a growing industrial sector. Initially these were run by the central Govt. but during 1960s they were transferred to states. Over the years a large number of private sector run Industrial training centres (ITCs) were also allowed to set up. Since then both ITIs and ITCs have grown in number and are providing training in numerous vocational courses. Curricula too have been revised and redesigned at periodical intervals to ensure that training

provided can effectively cater to the changing needs of industry.

### **Beginning of Public-Private-Partnership (PPP)Era:**

In early 2000s, conscious of the need to modernise and upgrade ITIs, Government decided to adopt PPP approach. Subsequently decision was taken to upgrade 100 ITIs through domestic resources, 400 ITIs with world Bank assistance and the remaining 1396 ITIs through PPP mode (out of a total of 1896 ITIs working).

The scheme of upgradation of Government ITIs Through PPP was launched in 2007-2008. Under this scheme an industry partner was associated with each ITI to lead the process of upgradation, an Institute management committee (IMC) was constituted and a memorandum of understanding (MOU) was signed among different shareholders. Government, while retaining the ownership, assigned sufficient financial and academic autonomy to management to conduct the affairs of ITIs, Till September 2009 in all 721 ITIs were covered under the scheme.

In may 2007, to further the PPP agenda, government also made operational, the Modular Employability Scheme (MES) under the skill Development Initiatives (SDI). In this project one million people were to be trained over a period of 5 years . In this scheme there was also provision for testing skill levels of persons already in jobs.

In addition to the above, different ministries (viz-Textiles, Tourism, Housing etc.) also invited private sector to provide skill based initiatives. Simultaneously, the state governments in India have also taken to the PPP path and established vocation training institutes in new areas like aviation and shipping etc.

### **National Policy of Skill Development**

For coordinated action at the national level in the skills space , Prime Minister's council on skill development was setup in august 2008, under the chairmanship of honorable Prime Minister as an apex institution for policy direction and review. At the same time a National Skill Development Coordination Board (NSDCB), coordinated by planning commission was also established with an object to combine the public and private prongs of action. Also a National Skill Development Corporation (NSDC) was setup in October 2009 as a no profit no loss company, through the PPP route to catalyse private sector involvement in the skills space.

National policy on skills development was formulated by ministry of Labour and Employment in March 2009 to have a broad frame work towards sustainable development and enrichment of human resources in India. The ultimate goal was to increase productivity of workforce both in the organized and unorganized sectors in order to give a boost to the rate of economic growth. The policy in addition to seeking participation of youth also focused on bringing women, disabled and other underprivileged sections under its purview in order to make it more inclusive.

NSDC was launched with a mandate to skill 150 million people by 2022 in 22 high growth sectors and unorganized sectors (Govt. of India-2009 ) through a three pronged approach revolving around creating, funding and enabling sustainable skills training initiatives in the private space. Over the years , NSDC has put in place a mechanism in place that would allow for creation of demand driven (for profit) skills training ventures with the responsibility on skills providers to ensure the employment of atleast 70% of the people they trained.

There has been a growing interest among organizations to align with NSDC. From big corporates such as Centum( Bharti Group ), TVS, NIIT to NGOs such as Pratham and from educational institutions like Centurian Group of Orissa to various social entrepreneurs, all have joined this league. Corporate groups have realized the merit of setting up skill ventures of their own. More proposals are being submitted and approved for funding by NSDC Board. Also , the fact needs to be highlighted here is that the proposals for skill development have encompassed diverse spheres and different geographies.

With its comprehensive catering and monitoring framework , NSDC has been ensuring a transformation in skills space. It is also helping youth in remote North-East and in backward areas. Skill training ventures are also being started in areas affected by extremism (eg. Naxal affected belt of Orissa where NSDC funded institution Gram Tarang is operating ), so that they can join national mainstream and contribute to the process of economic development.

Many of the NSDC partners are making extensive use of technology to train people. Companies are also coming up with innovative models whereby a part of the training cost will be taken care of by potential employers (eg. Empower Pragati ). They are even training people to become housekeepers or driver and also helping them in finding gainful employment .

Educational institutions too are either starting separate courses for skill training or establishing exclusive facilities for skills related training . As a result of the efforts being made for skill training , a new category of entrepreneurs is slowly but steadily transforming the skills space.

### **Establishment of a separate Ministry of Skill Development and Entrepreneurship (MSDE)**

MSDE was established in November 2014 for keeping core focus on converging all skill development initiatives in the country under one National Skills Qualifications Framework (NSQF). MSDE has made great strides in a relatively short span of time. National Skills Development Mission was launched in 2015in order to drive ' Skill India' and 'Make in India' programmes in a mission mode. Various key policy initiatives have also been introduced which include PradhanmantriKaushalVikasYojna (PMKVY) in july 2015, initiatives for revitalising the ITIs across the nation by increasing their number, providing training to instructors by Central Institute of Directorate General of Training (DGT), distance learning infrastructure etc. In addition to these, 8 regional vocational training institutes (RVTIs) for women were started by the year 2017.

Apprenticeship Act was reformed to scale up apprenticeship training and National Apprenticeship Promotion Scheme (NAPS) was also notified on August 19<sup>th</sup>, 2016 to train 50000 Apprentices during 2016-2022

New Sector Skills Councils (SSCs) in areas of Chemicals and Petrochemicals, Paints and Coating, Management, Green Jobs, Manufacturing etc. were setup. During 2015-16, 1794316 such councils were working and trained about 1793390 people. In addition to these, NSDC's 8179 operational training centres (6952 fixed centres and 1227 mobile centres) also provided Skill training in various states and UTs (MSDE report Dec. 21, 2016).

### Observations

In the final analysis, it can be said that over the past decade the skill development landscape in India has evolved tremendously. With a focused skill development policy, various changes have visibly marked the skills scenario. Major outcomes of the initiatives taken by the government can be summed up as given below :-

- By the end of 2018, a total of 15042 ITIs were working with a seating capacity of 294196. Grading exercise has been started by MSDE to provide 'star rating' to performing ITIs and by July 2018, a total of 4811 ITIs (including 2940 private ITIs) have been graded.
- An overwhelming response from private sector to align with NSDC is a clear indication that PPP approach can reap desired dividends.
- The equity infusion by leading philanthropic organisations/foundations (eg. Michael Susan Dell Foundation) in several NSDC partners is a testimony of NSDC funding model.
- MSDE has been able to create industry linkages through apprenticeship, CSR and partnership.
- MSDE with MHRD has partnered to create bridge courses for academic equivalence of ITI students.
- Recognition of Prior Learning (RPL) has been started to certify skills of people with prior experience without any formal training. A RPL portal has also been launched by MSDE
- MSDE has signed 27 MOUs with varied industries under the Dual System of Training (DST) in six states and around 80 more are in pipeline inspired by the German model of training which enables industries to partner with government and private ITIs for conducting training programs under high employability courses for fulfilling the needs of industry.
- MSDE has conducted special skills development projects with Armed forces, Navy, Airforce and CRPF etc.
- India has partnered with 11 countries in the skills agenda for promoting global mobility.
- With a view to make its skill initiatives more inclusive, 30% seats are reserved for women candidates in all government and private ITIs
- Regular skill training programs are being organised under Craftsmen Training Scheme (CTS) and Craft

Instructors Training Scheme (CITS) in trades having high demand.

- With a view to cover rural youth in the skills ecosystem, initiatives are being taken by MSDE and Ministry of Agriculture and Farmers Welfare (MoA&FW) and a pilot project has been started at a few selected KrishiVikasKendras involving aspiration and technologically oriented jobs like Micro irrigation, Technician, Green House Operators, Aquaculture Technicians under agriculture and allied sectors.
- Jan ShikshanSansthan (JSS) are imparting vocational skills programmes at the door step of beneficiaries with minimum cost and infrastructure with the support of voluntary agencies (247 JSS operational at the end of year 2018, with 100% govt. funding)

In addition to all above, MSDE has launched a Skills India Portal and is organising RozgarMelas, Mega Counselling Programmes (Skill Saathi) etc. with an objective to spread awareness about its various programmes and initiatives on a regular basis.

The above list is not exhaustive and can be much longer if we go for the detailed inclusion of various schemes/programs being carried out by different agencies, departments and ministries.

### Concluding Remarks

All said and done, we can say that skill development initiatives still have to take deep roots in India. At the outset NSDM had taken on the ambitious target of skilling and upskilling 500 million people by 2022. But later in June 2017, newly established ministry of skill Development and Entrepreneurship abandoned the goal of training 500 million (150 million by NSDC and 350 million under various schemes run by ministries) which indicated a clear shift in strategy. Reasons can be traced in the previous years' performance. Between 2011 and 2015 the union government missed the skill training target in 3 out of 4 years, barring 2013-14.

In 2014-15, all departments including NSDC, trained around 7.6 million people against a target of 10.5 million as per official data. In the next 2 years (2015-16 and 2016-17) they trained 11.7 million people (This is apart from numbers contributed through various programmes and initiatives under other central ministries) but no official figures were available on how many trained persons are actually in jobs.

In spite of the fact that skill development has become a national priority, efforts do not seem adequate to meet the growing pressure on government to create jobs for millions entering the labour pool every year. Answer lies in the skilling initiatives focussing on specific needs of various sectors and training entrepreneurs for self employment.

At the same time attention has to be paid to address certain areas of policy gaps more effectively. To mention a few

- The fact that 92% of country's workforce is engaged in the unorganised sector and this sector cuts across all the economic activities in rural as well as urban areas and contributes about 60% of country's GDP,

due attention has to be given to its needs in government initiatives to develop skill ecosystem.

- So far there has been growing emphasis on developing only traditional industrial skills (e.g. fitting, welding, plumbing etc.). As the global economy is changing fast, concerted efforts are needed to keep pace with rapidly changing technology and to catch up with the latest developments for acquiring suitable skills to increase productivity and sustain a rapid rate of growth.
- A predominant concern is also that skill training of a few weeks or a few months is of limited value for both workers and employers. Apprenticeships are a globally recognised vehicle for effectiveness of “learning and doing” and “learning while earning”. India has taken initial steps towards such a dual learning system by creating a National Skills Qualifications Framework which recognises learning across streams and allows mobility between vocational and academic studies. Promoting a culture of giving up obsession for degrees and giving academic equivalence to skill training is required.

In the end we can conclude that globalisation of skills has to be an essential element of any skilling strategy aiming to achieve a higher rate of sustainable growth. In the coming years India will have to accommodate approximately 800 million people in its workforce. Keeping in view the needs for trained labour in the domestic job market coupled with the expected global requirements of increasing skill gap in aging rich countries, India will have to speed up its skilling efforts for reaping its demographic dividends (younger workforce, majority of it English speaking) effectively. While making strategies for quantitative expansion, the focus on maintaining quality should not be lost. The implication being that India's national occupation standards and certifications benchmarks have to be synced with the international standards. In order to meet the requirements of sustainable rapid growth of its fast growing economy, a coordinated approach is needed to combine skill development with workforce participation and social inclusion to ensure that efforts made in this direction can ultimately lead to achievement of wider goals of rapid economic progress, employment generation and other cherished social objectives.

## References

1. Govt. of India (2007), 11<sup>th</sup> five year plan 2007-12.
2. Govt. of India (2009, February) National Policy on Skill development, Ministry of Labour and Employment, New Delhi.
3. National Skill Development Corporation (NSDC 2012) [www.nsdcindia.org](http://www.nsdcindia.org)
4. Sethi Rekha, skilling for change, Home Business Today April 9, 2017 (Available online) <https://www.businesstoday.in/magazine/columns/skillingforchange/story.html>
5. Chenoy Dilip, public-private-partnership to meet the skills challenges in India, Pages 181-194 (R. Maclean et al – Skills Development for Inclusive and Sustainable Growth in Developing Asia-Pacific, Technical and Vocational Education and Training issues, concerns and prospects – 19, DOI 10, 1007/978-94-007-5937-4-10 Asian Development Bank, 2013, Asian Development Bank, available online. OPEN ACCESS. Springer link.com
6. Sabbarwal, Manish, Education, Employability, Employment and Entrepreneurship : Meeting the challenge of the 4 Es (Ibid – pages 67-87).
7. John Newbiggin, New skills for a New Economy <https://creativeeconomy.britishcouncil.org/guide/new-skills-new-economy>
8. National Policy for Skill Development and Entrepreneurship, 2015.
9. MSDE, Skill Development Sector : Achievements report, December 21<sup>st</sup>, 2016.
10. Press Information Bureau, Government of India – Year End Review 2018 : Ministry of Skill Development and Entrepreneurship.