

SKILL DEVELOPMENT INITIATIVES AND EMPLOYMENT OPPORTUNITY IN INDIA

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DOI Link: <http://doi-ds.org/doi/10.2020-62386357/>

Abstract

Skills and information are key drivers of macroeconomic growth and socio-economic stability. Appropriate policies for skill development occupy a most important place in the development of the economy. According to the five-year plan, India has set violent goals for the faster and sustainable economic growth of the nation. With the demographic dividend, India needs to impart sufficient skills to its workforce. Skill development has emerged as a national right of way for which a number of measures have been taken and in process for the future. In a progressively inter-dependent globe, all countries will vigorously pursue policies to optimize proportional factor endowments. The fast technological changes, while making transactions more seamless, will reinforce the process of global amalgamation. It has been understood that the battles of this century will be fought and won on the “power of ideas.” Societies will increasingly become knowledgebased and promote knowledge-based industries. Skills are a vital factor of prosperity and well-being. India has a distinct comparative factor advantage as a vast reservoir of skilled manpower. The demographic differentials reveal that over the next 20-30 years, India has distinct advantages in a population profile concentrated in the younger age group, where many new opportunities can be fully optimized. What are the policies that would enable India to optimize these emerging opportunities and what should we as a nation do in concert so that we turn out to be winners and not losers? For India, growth is an imperative. To be counted as a major economic powerhouse by the end of this century’s first quarter, India needs to accelerate its economic growth beyond the existing rates of 5-6% per annum. Then only can its citizens, more than a quarter of whom (~28%) live below the poverty line today, afford better lifestyles. In addition, at current growth rates India is projected to have a significant unemployed population estimates range between 19 and 37 million unemployed by 2012, the largest share of which will be educated youth. The unemployment and poverty resulting from inadequate growth will retard other efforts to place India amongst the top global economic powers. Therefore, the acceleration of economic growth and the employment of skilled youth in the next two decades are key concerns for India Inc. This challenge faced by some countries presents a great opportunity for some developing countries, such as India. India can target this shortage by providing remote services to these countries and also by importing customers and servicing their needs in India. The contribution of remote services alone, which is the main focus of this report, will be \$133-315 billion of additional revenue flowing into the country and the addition of 10-24 million jobs (direct and indirect) by 2020. In this context, present paper studies and analyses the present status of skill development and the challenges India faces while implementing different initiatives.

Keywords

proficiency, engagement, labor force, preparation, improvement

INTRODUCTION

India is uniquely positioned in the world due to demographic dividends as compared to developed countries whose population is aging. China, U.S.A, Western Europe, Japan and many countries in the world are grappling with an aging population. On the further steps, India with anormal age of approximately 29 years and with a middle-age much below China and OECD countries. India’s 65% of the population is below 35 years of age and 70% of the population will be of working age by

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

LITERATURE REVIEW

Atchoarena et.al (2003), “Skill Development” In their study findings show that policy and donor support has given away for rural development. The rural labor market has been increased due to education and it discusses the implication of the transformation of the rural labor market for skill development. Their study also shows the higher education has a major role in rural development.

Paul Benell (2007), “Opportunities for Rural Youth” In his study, it was indicated that for the employment generation among the rural youth the multi-sector approach is very essential and the partnerships from the private and public organizations are also essential. IFAD has an important role in employment and income generation. It was also discussed that policy formulation and implementation has an important role to play.

Surendra Kumar Misra (2015), “Skill Development: A Way to Leverage the Demographic Dividend in India” the objective of the study was to understand the present skill development policy and through skill development schemes finding out the way to produce world-class skilled manpower. Paper discussed the policies of the National skill development council, National Skill Development Coordination Board, and National Skill Development Agency and concluded that existing skill development policy should be modified in accordance with the need of the industry and global market and should promote the private partnership to accomplish the skill targets.

SanjeebHazarika (2016), “Skill Development for Rural Entrepreneurship: A study on State Institute of Rural Development (SIRD), Assam” the paper attempt to find out the different skill development facilities provided by State Institute of Rural Development for rural entrepreneurship and to examine the motivational role of training provided by the institute in Assam.

Singh &Kaur (2018), conducted a study entitled “A Study on Skill Development of Paint and Coating Industry”. This study aims to identify the reasons for the shortage of skills in the paint industry and to determine how to deal with the skill gap among painters. Primary data sources were used for the study.

OBJECTIVES OF THE STUDY

The study has been conducted mainly to:

1. Awareness of the present status of skill development in India
2. To understand the challenges in skill development in India
3. Skill development initiatives and employment opportunities their impact on India

METHODOLOGY

The research article is going on exploratory research, based on the secondary data sourced from journals, magazines, articles. Looking into the requirements of the objectives of the study the research design employed for the study is of descriptive type. The observance in the analysis of the set objectives, this research design was adopted to have greater exactness and in-depth study of the research study. The presented secondary data was comprehensively used for the study purpose. The investigator procures the required data through the secondary survey method. There are various news articles, Books and Web were used which were enumerated and recorded.

SKILL DEVELOPMENT

Skill means the ability to do amazing well or something with correctness and development means to do develop by adding something new. This skill development means to add something more to the abilities that we have and to move it a step ahead, so as to keep on developing. Skill development is essential to absolute in this advancing globe. Skill development is serious for economic growth and social development. The demographic evolution of India makes it vital to ensure employment opportunities for more than 12 million youths entering the working-age per annum. It is expected that during the seven-year period of 2005-2012, only 2.7 million net extra jobs were created in the country. To enable employment-ready workforce in the future, the youth need to be equipped with the necessary skills and education. The country at the moment faces a dual challenge of severe scarcity of highly-trained, quality labor, as well as non-employability of large sections of the educated workforce that possess diminutive or no job skills. The skill development problem in India is thus significant both at the demand and supply level.

EMPLOYABILITY SKILLS

A group of important abilities that engage the development of a awareness base, knowledge level, and mindset that is increasingly compulsory for success in the modern place of work. Employability skills are typically measured essential education for many job positions and therefore have become compulsory for an individual's employment success at just about any level within a business background. Employability skills are a set of skill activities and behaviors that are compulsory for all job. Employability skills are occasionally called soft skills, initial skills, work-readiness skills, or job-readiness skills. Employability skills permit information with coworkers, solve problems, understands role within the group, make responsible choices, and take charge of your own profession. Personal qualities, habits, and attitudes influence how to interact with others. Employers value employability skills because they are linked to how get along with coworkers and customers, job performance, and career success.

PRESENT STATUS OF SKILLS IN INDIA

Reaping the benefits of the demographic profile looks more of a fantasy than reality due to quantity and the quality gap in terms of the skilled workforce in India. It is estimated that India will face a demand of 500 million skilled workers by 2022. But India is still struggling with the supply of skilled workforce as presently only 2% of the total workforce in India has undergone skills training. According to the Government of India estimates, 93% of workers and labors employment is in the unorganized or informal sector. It is not supported by a structured skill development system. No training on employable skills is being given to young people who can provide them with employment opportunities as per the current education system. Employees in the unorganized sector are often skilled on-the-job. The information channels and skill development processes are not understood or not clear. India's labor force constitutes the high number of labor forces with outdated skills. The pace at which the economy is growing and the rate of growth that is expected, the challenge will only increase further as more than 3/4th of new job opportunities are expected to be skill-based. The loss of employment and wages during the skill training program also acts as a disincentive to skill acquisition. The skill development environment in India is quite complex. The vocational training in India has been dominated by unrestricted. However, the private sector's participation and prominence in the skill development space have started to grow, particularly in services sector training.

KEY SKILL DEVELOPMENT INITIATIVES OF THE GOVERNMENT

Other key Skill Development Initiatives of the Government are as follows:

- Establishment of 1,500 new ITIs through the DGET
- Establishment of 50,000 Skill Development Centres through the DGET

- Setting up of PM National Council on Skill Development (already operational)
- Setting up of National Skill Development Coordination Board (already operational).

NATIONAL SKILL DEVELOPMENT CORPORATION

The National Skill Development Corporation (NSDC) is a one of its kind, Public Private Partnership in India. It aims to promote skill development by catalyzing creation of large, quality, for-profit vocational institutions. It provides viability gap funding to build scalable, for-profit vocational training initiatives. Its mandate is also to enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships. Its objective is to contribute significantly (about 30%) to the overall target of skilling/up skilling 500 million people in India by 2022, mainly by fostering private sector initiatives in skill development programs and providing viability gap funding. NSDC is a not-for-profit company set up by the Ministry of Finance, under Section-25 of the Companies Act. It has an equity base of Rs. 10 crores, of which the Government of India accounts for 49%, while the private sector has the balance 51%.

SKILL DEVELOPMENT INITIATIVES BY OTHER MINISTRIES/DEPARTMENTS

Apart from the initiatives mentioned earlier and initiatives of the Ministry of Labour and Employment and DGET, about 17 Ministries of the Government of India are also engaged in skill development activities. These include the following ministries/department:

- Ministry of Textiles
- Ministry of Rural Development
- Ministry of Human Resource Development (for Higher and Technical Education) including the setting up and up gradation of polytechnics
- Ministry of Urban Development and Poverty Alleviation
- Ministry of MSME
- Ministry of Food Processing Industries.

EDUCATION, SKILLS AND JOB CREATION

- It will be opened 62 new Navodaya Vidyalayas
- Sarva Shiksha Abhiyan to increasing spotlight on the worth of schooling
- Regulatory building to be provided to new ten private and public institutions to emerge as world-class Teaching skills and Research Education Institutions
- New Higher Education Financing Agency to be set-up with the primary investment base of 1000 Crores
- Digital Depository for School Leaving Certificates, Education Degrees, Academic Awards and Mark sheets to be association.

CHALLENGES WITH RESPECT TO SKILL DEVELOPMENT INITIATIVES ANDJOB CREATION

- Allocation for skill development – 1804 crore.
- 1500 Multi Skill Training Institutes to be set-up.
- National Board for Skill Development Certification to be set up in affiliation with the diligence and academic education
- Entrepreneurship Education and Training through Massive Open Online Courses (MOOC)
- Government of India will pay the involvement of 8.33% for of all new workers enrolling in EPFO for the first three years of their employment. Financial plan provision of 1000 crore for this scheme.
- Conclusion under Section 80JJAA of the Income Tax Act will be available to all assesses who are subject matter to statutory audit under the Act.

- 100 Model Career Centers to outfit by the end of 2016-17 under National Career Service.
- Model Shops and Establishments Bill to be distributed to States.

BOOST EMPLOYMENT AND GROWTH

- Increase the proceeds limit under the Presumptive taxation scheme under section 44AD of the Income Tax Act to 2 crores to bring big assistance to a large number of assesses in the MSME category.
- Extend the presumptive taxation system with profit deemed to be 50%, to professionals with gross total admittance money up to 50 lakhs.
- Phasing out deduction under Income Tax:
 - Accelerated depreciation wherever provided in IT Act will be limited to maximum 40% from 1.4.2017
 - The benefit of deductions for Research would be limited to 150% from 1.4.2017 and 100% from 1.4.2020
 - The benefit of section 10AA to new SEZ units will be available to those units which commence activity before 31.3.2020
 - The weighted deduction under section 35CCD for skill development will continue up to 1.4.2020

MAKE IN INDIA GENERATE EMPLOYMENT OPPORTUNITIES

In the last decade, India has an impress economic growth rate but still, it is not able to generate employment opportunities to meet the growing employable population. Make in India focus on creating 100 million new employment opportunities in the manufacturing industry lowering down the growing problems of unemployment in India. In India, only about 14 percent of the labor force is employed in Formal jobs (Green, December 15, 2014). Other than initiatives like Smart City development, Skill India, Digital India, Startup India, FDI enhancement, National Investment & Manufacturing zone, creation of Industrial Corridor will not only make India a global manufacturing hub but it will also generate a huge number of employment opportunities with growing Industrial demand. (Sharma, Kaul, Goel, &Narang, 2015)

CURRENT STATUS OF EMPLOYMENT SKILL

On a long-term basis, up to 2022, it is expected that India’s GDP will grow at a CAGR of about 8%. With these growth rates, we expect that the employment in the economy will be about 500 million by 2022. For an economy to sustain this growth rate it is essential that the workforce is exposed to some form of skilling or the other (could be through higher/technical education or vocation skills or a combination of both). Thus it is predictable that India will have to be habitat to a skilled labor force of 500 million persons by 2022.

Table 1: Projected Employment in Agriculture, Industry, and Services

Year	GDP growth	Projected Employment (in millions)			
		Agriculture	Industry	Services	Total
2011-12	9%	229.2	105.0	153.5	487.7
	7%	225.4	102.0	149.0	476.4
	5%	221.5	99.1	144.6	465.2
2016-17	9%	240.2	126.2	189.5	555.9
	7%	232.0	116.8	174.8	523.5
	5%	224.0	108.1	161.2	493.3

Source: ‘The Challenge of Employment in India – An Informal Economy Perspective’ (April 2009)
 The following table presents the share of employment in various sectors for various growth scenarios until 2022. We do not see the part of employment to transform significantly between 2017 and 2022. Table 2: Share of employment of different sectors till 2022

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Year	GDP growth	Agriculture	Industry	Services	Total
2007-08	Actual	51%	20%	29%	100%
2011-12	9%	47%	22%	31%	100%
	7%	47%	21%	31%	100%
	5%	48%	21%	31%	100%
2016-17	9%	43%	23%	34%	100%
	7%	44%	22%	33%	100%
	5%	45%	22%	33%	100%
2021-22	7% to 9%	41%	23%	36%	100%

Source: ‘The Challenge of Employment in India – An Informal Economy Perspective’ (April 2009) and iMac analysis. The brave pertaining to the need for skilling would be further compounded by the fact that 95% of the employment would be generated in the informal sector (as per the National Commission for Enterprises in the unorganized Sector - NCEUS).

Table 3: Projected share of informal employment (in millions, and %)

Year	GDP Growth Rate	Employment (in millions)			% share		
		Formal	Informal	Total	Formal	Informal	Total
2011-12	9%	34.5	453.1	487.6	7.08%	92.92%	100%
	7%	34.1	442.2	476.3	7.18%	92.82%	100%
	5%	33.8	431.4	465.2	7.27%	92.73%	100%
2016-17	9%	33.9	522.0	555.9	6.10%	93.90%	100%
	7%	33.0	490.5	523.5	6.32%	93.68%	100%
	5%	32.3	461.0	493.3	6.54%	93.46%	100%
2021-22	7% to 9%				6%-7%	94% to 95%	100%

Source: ‘The Challenge of employment in India – An familiar Economy Perspective’ April 2009 and iMac analysis)

CONCLUSIONS AND SUGGESTIONS

Presently 80% of the workforce in India (rural and urban) doesn’t possess any identifiable and marketable skills. Therefore, bridging this gap through various skill development initiatives could make India the global hub for skilled manpower, and also result in a surplus of skilled manpower of approximately 47 million 2020 (FICCI). Despite various efforts and investments in shaping the skills of a huge labor force there are grave drawbacks in the system. Even after the government investing a lot in training costs and infrastructure, creation of robust workforce for the industry is still a fantasy. As a fast growing developing economy, besides white and blue collar, India also needs Grey collar- knowledge workers which include ICT skills, problem solving, analytical and effective communication skills and rust collar-skilled workers at the grass root level in currently unorganized sector and un-benchmarked sectors like construction, agriculture and related trade. Government, industry leaders are constantly from time to time launching new skill development initiatives but somehow it is not reaching the casual workers who dominate the Indian work-force. Stakeholders (Industry leaders, Government etc) have realized that none of them can work in isolation. They will need to collaborate as the stake involved is huge. Mandatory Monitoring and Quality Certifications should be in place which will ensure high standards training programs with prime focus on enhancing the employability. Sector specific Labor Market Information System (LMIS) at national and state level is to be established for reducing the skill mismatch which can help in the reliable and realistic assessment of economic trends and labor market. Labour market analysis to be under taken by Area specific LMIS at local levels with the help of Sector Skill Councils (under National Skill Development Corporation). Supply and demand of skilled manpower can be mapped with the help of Human Resource Planning (HRP) which is also one of the important components. These exercises can help to anticipate skill gap over a period of time at different levels, sectors and geographical areas. A designated agency should work on generating information from the LMIS and HRP exercises. Government employers, national, state and local level training providers, trainees and prospective trainees should be disseminated with information so collated

so that they can use it in their skill development plans. The information at National level can be disseminated by NCVT by receiving inputs from state and local levels. Counseling, placement and guidance can be provided by strengthening and upgrading the Employment Exchanges.

In a male dominated society, there has always been a limited scope to develop their skills form women and girls in rural areas due to social, economic and cultural constraints. The payment of wages is also on lower side. Socio-economic empowerment of rural women can be attained by investing in their skill development. They can be provided with basic education, technical training and other women extension services. Support by self help groups and NGOs can help in improving their conditions by making them understand the importance of basic education and also by making the change in attitude of society towards women. A designated agency should design the courses and introduce them at various levels on the basis of emerging opportunities for skill development and employment generation. The change should be brought from education system which needs to be renovated and restructured. The young population even after having a degree is not able to fit in the industry due to a lack of expertise to compete. The vocational training should start from High School. Students should be made industry ready by making the curriculum for professional courses such as Engineering and MBA in a way that provides complete on the job training. The standard and quality of training needs to be upgraded. Soft skills training along with technical skills will bring desired results. International players find a great opportunity in the Indian skill sector to enter a growing market whilst ensuring service to society. Also considering the demand of 500 million skilled laborers by 2022 these issues need to be addressed. Moreover, with the passage of the Companies Act 2013, the mandate for Corporate Social Responsibility has been formally introduced and it is likely that the total CSR spends will increase for employability linked programs to promote skill development. Prime Minister in his maiden speech said, "Skill development should be accompanied by a spirit of 'Shram-evjyate' – giving dignity to labor." Skill development and entrepreneurship is one of the topmost priorities of the new government due to which the first time an independent ministry has been created to take the mandate forward. Finally, it is important that the intended beneficiaries of the skill development program join training programs with an inspiration to learn and make them self-reliant to live a better life.

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