

Skill Development in India : Future Prospects, Challenges and Ways Forward

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Abstract

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 their growth rate towards higher trajectory. For India, skill development is critical from both socio-economic and demographic point of view. Therefore, the present paper attempts to study the present skill capacity, challenges in front of skill development initiatives in India along with their solutions. The skill capacity has been assessed in the form of general education and vocational training level of the Indian workforce in the age group of 15-59 and which was found to extremely low i.e. around 38% of the workforce are not even literate, 25% are having below primary or up-to primary level of education and remaining 36% 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). The study also found that both the Government and its partner agencies have undertaken various measures/initiatives for the effective implementation of the skill development system in the economy, but still faces a number of unresolved issues/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.

Key Words: Skills Capacity; Challenges; Ways Forward; India

Introduction

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 as to 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. Thus, 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. 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 (with a headcount of around 1.4 billion by 2025) 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 the US and 45 years in Western Europe (FICCI, 2014). The increasing globalization and digital presence provide India a unique position to increase its share further in global market from current share of around 37% in the global outsourcing market. Hence such a scenario necessitates skill development for the workforce. But before going in for any sort of skill development program, it is important to determine the current skill capacity, the major obstacles in the way of the skill development programs along with their possible solutions.

Thus, the broad objectives of the present paper are to study the present skill capacity, the various challenges in the development of effective skill system along with their ways forward for the success of skill development initiatives in Indian context. In order to this, the study is divided into the following sections: Section-II discuss the data and methodological issues; Section-III depicts the findings pertaining to present skill capacity, challenges and ways forward for the success of effective skill development programs in India and Section-IV conclude the study.

Objectives of the Study

1. To study the present skill capacity of India.
2. To study the challenges faced by skill development system in India.
3. To suggest possible solutions or ways forward.

Data and Methodology

The proposed study mainly is descriptive in nature. It solemnly based on secondary data and information which is collected from the concerned sources as per need of the research. The relevant books, documents of various ministries/departments and organizations, articles, papers and web-sites are used in this study.

Findings / Results

India's transition to one of the largest and fastest growing global economies during the last decade has been a remarkable phenomenon. In order to sustain its growth trajectory, an efficient and continuous system of skill development for its workforce is critically imperative for India. Therefore, this section is devoted to portray the current skill capacity of India; the major challenges in the successful implementation of skill development initiatives along with their way outs or suggestions. Present Scenario of Skill Capacity of India In order to capitalize the demographic dividend, India will need to empower its workers with the right type of skills. Thus this section depicts the present skill levels of the Indian workforce in the age group of 15-59 years in the form of their general educational levels and vocational training levels:

- The drop-out rates of educational institution was estimated to be 50% in the age group of 5-14 years and 86% after 15 years of age and in contrast to this the participation rate of the workforce rises rapidly after 14 years of age and it results in a semi-literate workforce which finds it difficult to absorb higher form of skills.
- 38% of Indian workforce is illiterate, 25% has education below primary or up to primary level and remaining 36% has an education level of middle and higher level.
- 80% of Indian workforce does not possess any marketable skills.
- Only about 2% have received formal vocational training and 8% non-formal vocational training, thereby implying that very few new entrants to the work force have any marketable skills as compared to developed economies such as Korea (96%), Germany (75%), Japan (80%) and United Kingdom (68%).

In-nutshell, it can be said that despite making considerable progress in terms of literacy, high incidence of illiteracy cripples the Indian workforce even today. The above facts are a stark reminder that India's demographic dividend can rapidly convert into a demographic nightmare if skills are not provided to both new and existing workforce. Thus, there is a need for increasing capacity and capability of skill development programs. In this direction, both the Government and its partner agencies have undertaken various measures/ initiatives for the effective implementation of the skill development system in the economy. But still India faces a number of unresolved issues and challenges that need immediate attention of the policy makers. Hence, the next section deals with some of these bottlenecks along with their way outs.

Challenges before Skill Development Initiatives in India & Ways Forward:

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. Some of these hindrances along with their possible solutions are outlined below: 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:

- 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.
- 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%).

Way Forward: 1

Thus an ideal scenario is one in which supply of labour can be transformed into skilled workforce which is easily absorbed by the industrial-sectors. However, in India a small portion of labour force is actually undergoing for formal training. It has been observed that there are more people than the available jobs at the low skills level, while there are more jobs at the high skills level than those available for such jobs. This demand and supply mismatch indicates that there is a serious mismatch between the education and skills that the youth attain and what the labor market

demands. Therefore, in order to create a people-centric approach for skill development, it is required that the skill development initiatives needs to be coordinated with demand and supply scenarios across geographies, industries and labour markets so that new skills required by industry or changes in supply of labour are speedily adjusted with adequate and efficient training programs.

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:

- 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.
- 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.
- 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.
- 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.

Way Forward: 2

In order to combat the problem of large geographical and socio-economic conditions of the economy, the Government along with its partner agencies should set-up more standardized skillbased institutions or skill development centers across the country,

particularly in laggard/backward states with a view to provide equal access to all segments and sections of the society, so that the whole society gets the benefits of the skill initiatives and strategies.

Low Educational Attainment:

Though the country has made progress on educational attainment as reflected below:

- 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.
- 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.
- Vocational training in India is primarily imparted through the government and private industrial training institutes (ITIs). There are total 9,447 (in 2012), with a total seating capacity of 1.3 million. The total number of ITIs has increased at a CAGR (2007–2012) of 11.5%, while the total number of seats has increased at a CAGR (2007–2012) of 12.2%.
- 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.

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:

- Higher drop-out rates of educational institutions mostly after the age of 15 years and above and especially in female students.
- 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 travelling away from home.
- Poor quality of education which result in lack of literacy and numeracy skills on the part of students. These students find it extremely difficult to absorb even basic skills.
- Many skills taught in curriculum are obsolete and their end result is that workers are unable to find jobs according to their aspirations.
- Increase in educational institutions further lead to multiplicity of curriculums for the

same skill resulting in uneven competency levels.

- 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.
- 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
- 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.

Way Forward: 3

The need of the hour is to provide quality educational curriculum at all levels with targeting skills development programs. Hence, the instructional material or syllabus must be prepared jointly by the industry and the educational planners. It should be regularly updated and must include more of practical learning than theoretical. So that students should imbibe the necessary job skills as demanded by the industrial sectors.

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 education

- 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.
- The current capacity of vocational training is 31 lakh against an estimated annual capacity of 128 lakh workers whereas the overall

national target of skilling 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.

- 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.
- 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.
- 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.

Way Forward: 4

Hence, a scalable, efficient and comprehensive vocational training system with proper awareness generation programs is the need of the hour. As these programs help in spreading information about existing skill development courses and market requirements which lead to increase the student enrolment as well as enhance the credibility of vocational institutes. As education and vocational training are the important contributors to overall skill capital pool of an economy. Education provides a base in the form of ability in literacy, numeracy and cognitive abilities and vocational training equips an individual with specific skills. Vocational training is practical/manual in nature in contrast to education which is purely theoretical in nature. Thus linkages of both serve simultaneously the hand and the mind, the practical and the abstract aspects.

Skill Development for Women

In India, women also form an integral and substantial part of the workforce; but the working percentage of women in total labor force is declining.

- 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.
- 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.
- Currently, 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.

Way Forward: 5

In order to unlock the full potential of women workforce in India, the need of the hour is to bring about an employment revolution along with a skill development revolution. The planners should focus on women specific policies for their effective participation in the employment market. As it would help India to meet its skilling target and reap benefits of having the largest workforce by 2025.

Private Sector Participation

The current situation in respect to the participation of the private sector is as follows:

- The private sector is not involved adequately in curriculum development and policy formulation related to educational and vocational training.
- Mostly private sector institutes are located in urban areas therefore rural population remains lags behind. Furthermore, due to high cost of these institutes the weaker or disadvantaged section also unable to get proper skill training?

Way Forward: 6

Hence, a strong policy measures and operational linkages are needed to bring together the public and private sector to improve the quality and relevance of training.

Placement-Linked Challenge

A major problem of India's existing skill (or education) development system is lack of linkages between

education and placement of that trained workforce.

- In India, the vocational training is offered nearly in 120 courses and mostly of long duration (i.e. of 1 to 2 years duration). Whereas in China, there exist approximately 4,000 short duration modular courses, which provide skills more closely aligned to employment requirements.
- In India, as compared to large firms, the micro, small and medium enterprises (MSME) find it difficult to invest in skill development institutions and this result in deployment of semiskilled workforce in many MSME firms.
- Majority of ITI/ITC do not offer job placement services i.e. they struggle for appropriate employment except in areas with high economic activity. Lack of correlation between demands of local economy and provisioning of skills by local institutions create an employment gap and lead to job related migration. It also gives rise to social tensions due to the skilled unemployed phenomenon.
- Majority of the current government schemes of India like Swarnjayanti Gram Swarozgar Yojana (SGSY), Roshini and Himayat aimed at providing employment to around 75% people at above minimum wages; while in reality significant number of trainees are still not able to get jobs or some dropped due to inadequate wages or poor working conditions etc. For instance, in case of Himayat scheme which was launched as a training-cum-placement program for the unemployed youth of J & K in 2011, with a view to train 100,000 youth in 5 years and to provide jobs to at least 75% of them results in the following: Only 1,904 youths applied for various courses in the first year of the scheme. Only 37% participants have been placed within two years of the scheme.

Way Forward: 7

In this era of knowledge highly skilled workers who are flexible and analytical in nature are recognized as the driving force for innovation and growth. To achieve this India needs a flexible education system with multi-faceted and highly efficient skill development system. This system must provide linkages between each of its constituents and provide a seamless integration between skill development and employment.

Multiplicity of Institutional Framework:

Over the past few decades, India has witnessed significant progress in the skill development landscape as various types of organizations have been set up both at national and at state level.

- Around 17 ministries, 2 national-level agencies, several sector skill councils, 35 state skill development missions and several trade and industry bodies comes forward with a view to push the national skill development agenda.
- Given this mind-bogglingly complex institutional setup with overlapping and conflicting priorities and little co-ordination and standardization ultimately resulted in fragmented outcomes with limited impact.

Way Forward: 8

The diversity and lack of coordination among government, non-government and private providers lead to create obstacles in the effective integration of the system and focusing on national development objectives. Hence, it is necessary to introduced integrated reforms in the form of establishing some nodal authority or bodies ranging from advisory to executive in nature with a view to coordinate and governs various skills development and policy making initiatives.

Informal & Formal Sector Skill-Gap

As the Government of India has set a target to impart the necessary skills to 500 million people by 2022 in the Twelfth Five Year Plan, whereas in reality the country is facing a significant skilled manpower challenge over the next decade.

- In India, around 12 million people are expected to join the workforce every year whereas the current total training capacity of the country is around 4.3 million, thereby depriving around 64% entrants of the opportunity of formal skill development every year.
- Furthermore, out of approximately 0.4 million engineering students graduating every year in India, only 20% are readily employable.
- Around 93% of the Indian workforce is employed in the unorganized or informal sector, which lacks any kind of formal skill development training.
- Barely 2.5% of the unorganized workforce reportedly undergoes formal skill

development in comparison to 11% of organized sector.

- In addition, only around 12.5% and 10.4% of the workforce in the unorganized and organized sectors, respectively, undergoes informal skill development. This indicates that around 85% of the work force in the unorganized sector does not imbibe any form of skill development — formal or informal.

Way Forward: 9

The dire need of the hour is to focus more on the labour force of the unorganized sector. Though the better and superior skills are essential requirements of the competitive market but practically the unorganized sector do not have the affordability to hire expensive labour of high quality. Thus this conflicting objective can be resolved with an integrated approach that gradually enhances labour quality while maintaining a purposeful balance with the demand and affordability of labour markets. Advancement in the skills over time in association with industrial support leads towards progressive improvement in the overall economic scenario. On one hand availability of workforce with higher skill levels would increase competitiveness of unorganized sector and on the other hand it would benefit the organized sector too as some of the workforce with higher competency may get absorbed there despite having low education levels.

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.
- The situation is more severe in case of institutions located in semi-urban and rural areas. These institutes need rapid expansion and up-gradation in order to provide efficient training capabilities to prospective aspirants.
- Hard 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. Further, the lack of industry

linkages which would otherwise provide some help in addressing several infrastructure-related challenges including trainers, machines etc. also woefully inadequate.

Way Forward: 10

Hence, the policy-makers must focus on providing the required infrastructure and equipment/s namely computers, software's, tools, machines etc. and qualified instructors so that they provide high-quality skills as required by industrial sectors and relevant practical exposure to the students. Secondly, appraisal of institutes against standard norms and guidelines need to be conducted regularly and ratings should be based on outcomes assigned to every institution.

Training of Trainers

Training of trainer is one of the important key of the skill development framework. And absence or inefficiency of the same would result in serious bottleneck in the implementation of skill development projects.

- In India, the gross requirement of trainers is approximately 79,000. Furthermore, the annual incremental requirement of trainers is approximately 20,000, whereas at present the current annual capacity of the trainers is only 2,000.
- 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 (like private/public limited companies registered under the Companies Act, societies and trusts registered as per the Act) to set up ITIs/ITCs, as well as undertake instructors training programs.

Way Forward: 11

Therefore, the Government and its participating agencies should focus on the provision of more effective training centers of the trainers, otherwise this mismatch between demand and supply of trainers could impede the success rate of the whole skill and training framework. Further, the educators/trainers must be chosen on the basis of academic qualification.

Their level of competence should be measured in terms of their theoretical knowledge, technical and

pedagogical skills as well as being abreast with new technologies in the workplace. Lack of Labor market information system (LMIS):

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. As a result, on one hand the Government lacks reliable data that would otherwise help it in making effective policy decisions and on the other hand, the inadequacy of such a system disappoints both employers and employees as it result in job mismatch and inferior quality output.
- However, in order to deal with this problem the NSDC, through its SSCs, has initiated the process of developing sector-specific labor market information systems (LMISs), which will pave the way for a shared platform that would provide quantitative and qualitative information to all the stakeholders, but the major challenge in this regard is that each such SSC-specific LMIS will work in isolation and will not be integrated with the master LMIS and end result is the wastage of efforts and resources.

Way Forward: 12

Hence, a well-integrated or consistent LMIS is required which will ensure timely provision of all types of relevant information to all the stakeholders which ultimately help in systemic planning for skill development initiatives which incorporates local employment demand and skill requirements. Thus, it is imperative for the success of skill development system that market institutions work efficiently and well connected with educational and vocational training institutions. As the main objective of education and vocational training is employment. Therefore educational and vocational system has to be linked to the job market in such a way that it must be competent to provide relevant information about the growing employment opportunities, types of skills required by different jobs, and where and how the skills can be acquired. And this will ultimately lead to enhance the socioeconomic relevance of education and vocational training along with strengthening the performance of the market institutions in the economy.

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 skilling target, it is imperative to have holistic solutions of the challenges instead of piecemeal interventions.

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