



SKILL DEVELOPMENT: A WAY FORWARD

Dr. Saneel K. Thakur and Dr. Subhransu Tripathy

The demographic advantage of India in a real sense can be transformed into demographic dividend by imparting right skills to the youth in tune with the current and future skills in demand. Though there has been a significant focus on skill development, the employability of skilled manpower has remained a big challenge. In such a situation, skill development needs to be more comprehensive by including industry alliances for internship and employable skills within its ambit.

The National Policy for Skill Development and Entrepreneurship 2015 mentions that more than 54 per cent of India's population is below 25 years of age and 62 per cent of India's population is aged between 15 and 59 years. This demographic dividend is expected to last for the next 25 years. The policy also says that the average age of the population in India is 29 years as against 40 years in USA, 46 years in Europe and 47 years in Japan. Labour force in the industrialised world is expected to decline by 4 per cent, while in India it will increase by 32 percent.¹ The demographic advantage of India in a real sense can be transformed into demographic dividend by imparting right skills to the youth in tune with the current and future skills in demand.

India has a total workforce of about 52 crore out of which 49 per cent are employed in agriculture, however, their contribution is only 15 per cent of the GVA (Gross Value Added). In

China only 21 per cent of workforce is employed in agriculture.² Growth has often been highest in sectors that are relatively capital intensive, such as automobiles and pharmaceuticals. There is a need to increase the pace of generating good quality jobs to cater to the growing workforce, their rising aspirations and to absorb out-migration of labour from agriculture. By some estimates, the Indian economy will need to generate nearly 70 lakh jobs annually to absorb the net addition to the workforce. Considering the shift of labour force from low productivity employment, 80-90 lakh new jobs will be needed in the coming years.³

Globalisation, growing domestic market, automation and adoption of new technologies like AI, Robotics and Internet of Things by various segments of the economy have significantly impacted skills in demand. Though there has been a significant focus on skill development, the employability of skilled manpower has remained

a big challenge. As per India Skills Report 2019, the employability of final year students of ITIs and polytechnic has declined in recent years and Electronics and Communication Engineering (ECE) and IT courses have the highest employability rates. Lack of focus on industry linkages and core employable skills were the main reasons for the downturn in employability. This is corroborated by the fact that engineering courses which are linked with industries or corporates have higher employability rates. The report also revealed that around 43 per cent of engineers from various institutes across the country had remained unemployed. In such a situation, skill development needs to be more comprehensive by including industry alliances for internship and employable skills within its ambit.

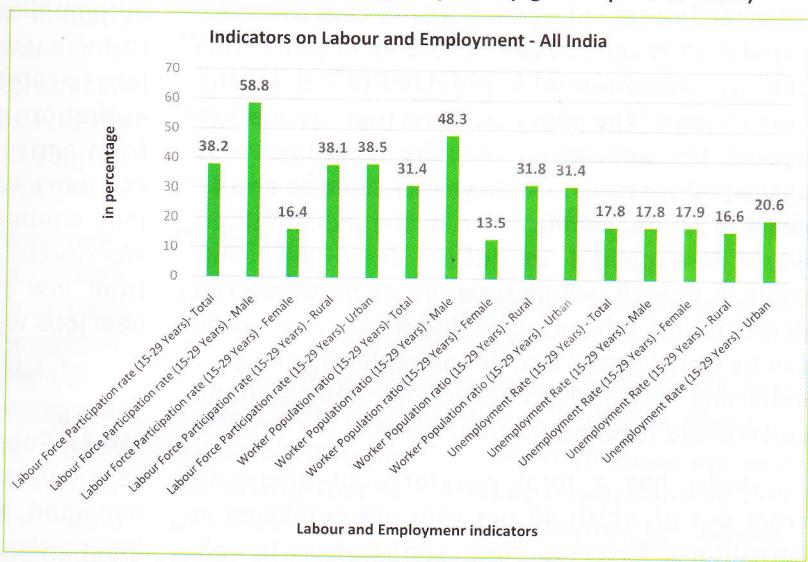
Aim of any skill development programme is to reduce unemployment and make a higher per cent of population economically active. Labour Force Participation Rate is one of the key indicators, which explains the conditions of labour market and the extent of population that is economically active. The Labour Force Participation Rate (LFPR) is defined as the percentage of persons in the labour force among the persons in the population. LFPR for the persons 15 years or above was nearly 49.8 per cent. The LFPR for persons of age 15–29 years was 38.2 per cent in 2017–18. LFPR had declined over the years by 5–6 per cent from 2011–12 to 2017–18. Workforce including the persons who worked for a relatively long part of a year constituted around 34.7 per cent in the year 2017–18. Worker Population Ratio (WPR) in India had also decreased from around 42.3 per cent in 1977–78 to 34.7 per cent in 2017–18. WPR during 2017–18 for the persons of age 15–29 years was 31.4 per cent.⁴

Unemployment Rate, defined as the percentage of unemployed person in the labour force, was 6.1 per cent in 2017–18 and if, one considers unemployment as a percentage of population, around 2.2 per cent of total population was unemployed as per latest NSSO survey in 2017–18. NSSO data reveals that Unemployment Rate was higher among the educated than among those whose educational

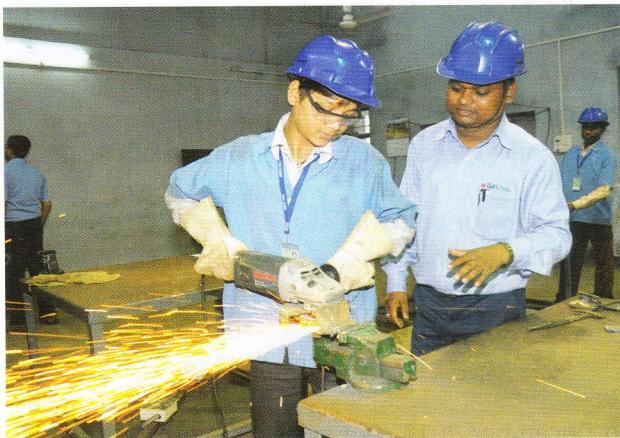
level was lower than secondary. Furthermore, the Unemployment Rate among the youth has increased over the years. During 2004–05 to 2011–12, the Unemployment Rate among rural youth was much higher as compared to that in the overall population. Unemployment Rate among the rural male youth increased from around 5 per cent to 17.4 per cent from 2011–12 to 2017–18 and similarly, in urban areas Unemployment Rate among urban male had increased from 8.8 per cent to 18.7 per cent during 2011–12 to 2017–18. Unemployment Rate of female youth in rural areas also increased by around 13 per cent during the above-mentioned period. This indicates that despite increasing pace of skill development, unemployment rate among the youth has not declined. Table 1 has mentioned LFPR and WPR among the persons of age group 15–29 years. The people in this age group are the most likely target group of skill development programmes in India. From Table 1, it can be inferred that more than 60 per cent population of the mentioned age-group are not in the labour force.

If, one examines the distribution of workers by status of employment in terms of broad categories like self-employment, regular wage/salaried employees and casual labourer, it is observed that around 24.90 per cent of workers are casual labourers and 22.8 per cent of workers are from salaried/wage employment category.⁵

Table 1. Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and Unemployment Rate among the youths (Age Group- 15–29 Years)



Source: NSSO, Annual Report, PLFS, 2019



Sector-wise employment status as per the NSSO survey reveals that there has been reduction in persons engaged in agriculture. The proportion of rural male workers engaged in agricultural activities fell from 59.4 per cent in 2011–12 to 55 per cent during 2017–18. The proportion of workers in rural areas engaged in manufacturing sector, trade, hotel and restaurant, transport, storage and communication has increased as per the NSSO's latest report. With advent of government focus on infra-sector, there has been structural shift of employment from agriculture to non-farm sector like construction, trade and transport. In addition to this, introduction of advanced automation technology has given boost to growth of information technology and business process outsourcing sectors. These sectors are expected to provide employment to many trained youth provided that they acquire the skills to meet the changing needs.

Supply of appropriately skilled manpower is a necessary condition for reducing unemployment, meeting the aspirations of youth, increasing productivity and remuneration. On the skill development front, the mismatch between demand and supply of skilled labour is one of the causes for increasing Unemployment Rates among youth. As per the data published by NSSO, Annual Report, PLFS, 2019, around 44.14 per cent of employment was coming from rural based activities like agriculture, forestry and fishing and manufacturing was contributing 12.13 per cent and construction sector had a dominant position with 11.67 per cent employment. Across the service sector related activities, wholesale, retail trade, repairing motor vehicle and motorcycle had provided 10.09 per cent employment. Table 2 gives the details of employment across different segments of the economy.

Table 2: Percentage of employment across various sectors of Indian economy

Sectors as per NIC	Percentage of Employment –all India
Agriculture, forestry & fishing	44.14
Mining & quarrying	0.41
Manufacturing	12.13
Electricity, gas, steam, and air conditioning supply	0.34
Water supply, sewerage, waste management and remediation activity	0.25
Construction	11.67
Wholesale, retail trade, repairing motor vehicle and motorcycle	10.09
Transportation and storage	4.93
Accommodation and food service activities	1.87
Information and communication	0.99
Financial and insurance activities	1.05
Real estate activities	0.21
Professional, scientific and technical activities	0.83
Administrative and support service activities	1.19
Public administration and defence, compulsory social security	1.62
Education	3.78
Human health and social work activity	1.20
Art, entertainment and recreation	0.28
Other service activities	1.92

Source: NSSO, Annual Report, PLFS, 2019

NSSO defined technical education as a degree in engineering, medicine, agriculture, etc., or a diploma/certificate in agriculture, engineering/technology, medicine, craft, etc. In India around 97.30 per cent of persons of age 15 years and above had no technical education and around 2 per cent of persons of age 15–59 years had received

formal vocational training. The per cent of persons of age 15–59, who received non-formal vocational training were 6.1 per cent. This implies that around 8.1 per cent of persons of age 15–59 had received vocational training by the year 2017–18. In terms of sector specific vocational training, the NSSO report has mentioned that higher percentage of persons of age 15–59 had received vocational trainings in IT-ITES, beauty and wellness, textiles and handlooms, healthcare and life sciences, etc.

Percentage distribution of males/females in the age group 15–59 years according to the status of vocational technical training

Category of person	Formal Training	Non-formal training	Total
Total (Male & Female)	2.0	6.10	11.4
Male	2.30	9.10	4.8
Female	1.7	3.10	8.1

Source: NSSO, Annual Report, PLFS, 2019

Given that 83 per cent of the workforce is engaged in the unorganized sector with limited training facilities, up-gradation of skills, both in manufacturing and services sectors, remains a challenge. Recognising this challenge, the Government of India has launched many initiatives to equip fresh entrants with relevant skills and to upgrade the skills of the existing workforce. In order to focus on skill development, Ministry of Skill Development and Entrepreneurship (MSDE) was set up in 2014 to implement the National Skill Development Mission, which envisions skilling at scale with speed and standards. On July 15, 2015, on the first ever World Youth Skills Day, the Hon'ble Prime Minister launched the Skill India scheme courses, which are being aligned to the National Skills Qualifications Framework (NSQF). Recognition of Prior Learning (RPL) was commenced for certification of skills and training of the existing workforce. Both Central Government and State Governments are implementing skill development programmes to skill the youth under different models. At all India level, two major skill development programmes—Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and DDU-GKY—are being implemented. Around 2.5 crore candidates have been skilled under the Ministry's programmes since its inception. This includes 40.5 lakh candidates trained under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and 74 lakh

candidates under fee-based training programmes run by National Skill Development Corporation (NSDC). MSDE has also oriented 9.33 lakh youth under the Recognition of Prior Learning (RPL) programme of PMVKY which recognises and certifies skills acquired through informal means, bringing about a major shift from unorganised to organised economy. More than Rs. 3000 crores have been allocated to states under PMVKY with a total training target of more than 20 lakh in the period of 2016–2018. Under DDU-GKY, the flagship training programme of Ministry of Rural Development, 9,36,879 youth have been trained up to December 2019. Out of these 6,06,798 trainees are assessed and 4,96,599 trainees are given placements.

The National Skill Development Mission was approved by the Union Cabinet in July 2015 and was officially launched by the Hon'ble Prime Minister on July 15, 2015 on the occasion of World Youth Skills Day. The Mission has been developed to create convergence across sectors and states in terms of skill training activities. Further, to achieve the vision of 'Skill India', the National Skill Development Mission would not only consolidate and coordinate skilling efforts, but also expedite decision-making across sectors to achieve skilling at a large scale. It will be implemented through a streamlined institutional mechanism driven by MSDE. The key institutional mechanisms for achieving the objectives of the Mission have been divided into three tiers, which will consist of a Governing Council for policy guidance at apex level, a Steering Committee and a Mission Directorate (along with an Executive Committee) as the executive arm of the Mission. Mission Directorate will be supported by three other institutions: National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), and Directorate General of Training (DGT) – all of which will have horizontal linkages with Mission Directorate to facilitate smooth functioning of the national institutional mechanism.

Way Forward

- As per NITI Aayog's report, Strategy for New India@75, skill development plans and strategies should be developed by geography and sector by mapping the availability of infrastructure and on the basis of assessing skill requirements both at the national and state levels. Talukas/districts



should be required to provide the information required for such mapping. In addition to this, Panchayat should be a geographical entity to mobilise rural youth for skill development and training programmes in a formal manner and Panchayat office should maintain a data base on skill requirements after counselling rural youth. Employment and skill counselling centres should be established in each Panchayat. If possible, Government should establish skill training centres at the Panchayat level in PPP mode on long-term basis.

- It should be made compulsory for Industry stakeholders to publish their vacancy details through the National Career Centres with some incentives given to industries, which are hiring trainees of flagship schemes like PMKVY and DDU-GKY.
- Training capacities of trainer in training institutes need to be upgraded to ensure the availability of qualified trainers. Trainers' training centres should be established in each of the districts of India. The training centres in addition to providing training should conduct trainings to upgrade the training skills of trainers. The training centres for trainers should have labs equipped with advanced tools and technology. Trainers' training should include a relevant industry exposer component in the course work. Master trainers may be selected from reputed industries to train the trainers.
- MSDE should have a single regulatory body with branches in all states to lay down minimum standards for all players in the skilling system like training providers, assessors, etc., and to issue NSQF aligned certificates.
- Centralised MIS should be there to provide information on skill development on all types of

short-term training programmes implemented by various departments, ministries, institutes and other organisations.

- MSDE should issue guidelines to the TSPs regarding training centre locations and selection of job roles through state level officials and TSP should obtain clearance from labour department prior to starting the training programmes. More emphasis should be given to link labour department with skill development missions at the state/district level. Labour department should generate demand for skilled manpower and coordinate accordingly with the skill development functionaries.
- NITI Aayog's report, Strategy for New India@75 states that to address the requirement of skilled workers in the unorganised sector, scaling up RPL is required under the PMKVY, using bridge training, apprenticeship, dual training, work-based learning and advanced courses. In addition to scaling RPL, there should be a focus on the identification of transferable skills.
- NITI Aayog's report, Strategy for New India@75, also posits that an Overseas Employment Promotion Agency should be set up at the national level under the Ministry of External Affairs, apart from working with the MSDE to train and certify Indian workers keen on overseas employment, in line with international standards.
- Internship in industries is quite important as both the employer and trainee understand each other's requirements. So, more emphasis should be given on increasing interactions between industry and trainees.

Footnote

1. National Policy For Skill Development And Entrepreneurship, 2015
2. Strategy for New India@75, Niti Aayog, Govt. of India
3. Ibid., p. 1
4. NSSO, Annual Report, PLFS, 2019
5. Ibid., p.2.

(Dr. Saneel K. Thakur is General Manager Himachal Pradesh Kaushal Vikas Nigam, Govt. of Himachal Pradesh, Shimla. E-mail: thakursaneel@gmail.com and Dr. Subhransu Tripathy is M&E Expert, ADB-Himachal Pradesh Skill Development Project. E-mail: dr.subt@gmail.com)