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# An Analysis of Benefits and Challenges of Skilling India

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**ABSTRACT**

**India lags far behind in imparting the skill training as compared to other emerging economies. Only 10% of total workforce in the country receives skilling training. Further, it has been seen that 80% of the entrants into the workforce do not have the opportunity for skill development training and just because of it, the productivity of new entrants fall or they waste the scare resources while learning the operationatility of work. Although, the accelerated economic growth has increased the demand for skilled manpower that has highlighted the shortage of skilled manpower in the country. Employees worldwide state a variety of reasons for their inability to fill jobs, ranging from undesirable geographic locations to candidates looking for more pay than what the employers have been offering. India is among the top countries in which employers are facing difficulty in filling up the jobs. For India, the difficulty to fill up the jobs is 48%, which is above the global standard of 34% in 2012. The lack of available applicants, shortage of hard skills and shortage of suitable employability, including soft skills, are some of the key reasons in finding a suitable candidate for available jobs in the country. This paper aims and attempt to study the current situation of skilling in India and further to study the problems faced during skilling the individuals in terms of financial resources.**

**Keywords: Skilling India, Skills Evaluation, Economic Growth, Industrial Efficiency**

## 1. INTRODUCTION

India lags far behind in imparting the skill training as compared to other emerging economies. Only 10% of total workforce in the country receives skilling training. Further, it has been seen that 80% of the entrants into the workforce do not have the opportunity for skill development training and just because of it, the productivity of new entrants fall or they waste the scare resources while learning the operationatility of work.

Although, the accelerated economic growth has increased the demand for skilled manpower that has highlighted the shortage of skilled manpower in the country. Employees worldwide state a variety of reasons for their inability to fill jobs, ranging from undesirable geographic locations to candidates looking for more pay than what the employers have been offering. India is among the top countries in which employers are facing difficulty in filling up the jobs. For India, the difficulty to fill up the jobs is 48%, which is above the global standard of 34% in 2012. The lack of available applicants, shortage of hard skills and shortage of suitable employability, including soft skills, are some of the key reasons in finding a suitable candidate for available jobs in the country.

A growing economy requires large pool of skilled workers and India needs the same. The population growth rate of India had also declined over the last two decades but what is more important is to have atleast 3-4% of growth in labour forceif it happens then it will be adding over 7 million per year in the next few years. Although the labour force is moving away from traditional sector of agriculture but still it employs highest percentage of the total labour force. As the workers migrate from the rural and predominantly agricultural sector to other urban sectors, there is a need for a well thought out and executed strategy to provide a new set of skills through vocational training for the purpose of effectively absorb this additional workforce to have sustainable economic growth. However, it is also necessary to build a robust infrastructure of trainers and training institutes in order to achieve this goal. This paper aims and attempt to study the current situation of skilling in India and further to study the problems faced during skilling the individuals in terms of financial resources.

## II. SKILL DEVELOPMENT SCENARIO IN INDIA

Skill development is a tool to improve the overall effectiveness and empowers the individuals to work more effectively and efficiently. The existence of skilled human potential makes an economy more productive, innovative and

competitive. Increasing pace of globalization and technological changes provide both the challenges and growing opportunities for economic expansion and job creation. It is believed that countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of globalization.

In line with the skilling India, various initiatives have been taken by the current government with respect to skilling India which includes National Skill Development Mission, National Policy for Skill Development and Entrepreneurship, 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Skill Loan scheme, Rural India Skill. The objective of all these policies are to enhance the skilling potential of the individuals of India so that it could further increase the growth and development of our economy. But the path of skilling India is not free from hurdles. There are lot of challenges in the process of skilling the workforce of India.

The biggest problems of all the developing countries is unemployment. In this globalized era, competition has more intensified among the firms and industries which pressurize them to improve the efficiency and quality of their products and services and hence they try to hire skilled workers, although they are fewer in numbers. Therefore, it makes the entry of the youths in employment becomes less in number and makes the recruitment process more tougher. Another problem is that the global economiccrises and other trends have led the firms and industries in the process of engaging in massive restructuring which results in fewer new job openings and the growing unemployment in particular among the fresh graduates and youths.According to a report of World Bank(2012) there are more than 200 million people who are unemployed globally which includes 75 million underage 25.

Another major problem is that the development ofinformation and communication technology is occurring at unprecedented speed and it requires workers to have more complex, cognitive skills than ever. And the economies of the different parts of the world is becoming the knowledge-based further increases the demand for higher intensity of knowledge and skills in order to do a job skillfully.Further the globallabour markets has become more flexible with the introduction of the liberlised policies with respect to markets movements which open up the way for all the firms to have more flexible employment practices. So, this makes the employment conditions of the youth more vulnerable and unsecured. Finally, the more skilled people in developing countries just try to fly away to another country where the job prospects and remuneration is better for the skilled people therefore it leave the developing country with unskilled people who are either not hired or hired with a less wages.At the same time, the skills development systems in most developing countries arepoorly equipped to meet these challenges and prepare youth with the work skills theyneed. So, the skills development is considered as the most difficult sub-sector in the organisation and managing theeducation sector, because it basically caters to diverse clients, cuts across organizational boundariesand involves multiple delivery mechanisms.

But we should also keep it mind that the efforts made at skilling individuals must oftenmeet multiple objectivesviz; helping in reduction of poverty, providing a second chance for the dropouts andmost importantly to serve as a reservoir for keeping the youth with little academic interest out of the streets and awayfrom the social problems and these multiple objectives make it difficult for the governments toshape the coherent and focused strategies and actions.

## III. REVIEW OF LITERATURE

Okada (2012) [1] reviews the current state of education, skills development, and employment for Indian youth, and considers the challenges facing India's skills development system. Drawing from the experience of Karnataka, one of India's most industrially developed states, the paper discusses recent initiatives to facilitate young people's transition to the world of work. It was found that while India has a well-institutionalized system of vocational training, it hasnot sufficiently prepared its youth with the skills that today's industries require.Thus, to speed its economic growth and take advantage of its "demographicdividend," the country has recently embarked on drastic policy reforms toaccelerate skills development. These reforms have led to important changes, bothin the national institutional framework and at the institutional level.

Punjani (2014) [2] investigated that whether introduction of Make in India project and other initiatives taken by the government is working as a key engine for India's economic growth or their contribution is not significant. It was found that Planning Commission report suggests only10% of the Indian workforce get formal training and against the actual industrial training requirement of 22 million workers, only 4.3 million workers are getting trained! The existing skill development policy in India needs an urgent treatment. The institutional structure needs simplification with greater investment in training infrastructure and an emphasis on supporting a casual labour force that needs to be accompanied with incentives for private sector participation too. Put simply, for the success of "Make in India" project it is important to equip India's youthful millions with the right skills to compete in a global race for jobs.

Saini (2015) [3] made an attempt 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.
Kapur (2014) [4] tries to investigate the different information about the concept of skill development in India and the programs and policies that have been initiated for this purpose. It was found in the study that skill development has been facilitated by the organization of certain programs, educational institutions and training centers. Skills are of various kinds, within an organizational structure it is essential on the part of the management to develop leadership skills amongst themselves such as motivating people, decision making and communication. In India, rural masses are still in a backward condition, steps therefore have been implemented to develop skills amongst them for the purpose of obtaining self-sufficiency in resource utilization, governance and leadership. The different kinds of other skills which can open ways towards development of the individuals are literacy skills, computer skills, craftsmanship, manufacturing, trading skills and so forth.

Kanchan and Varshney (2015) [5] studies and analyses the present status of skill development and the challenges India faces while implementation of different initiatives and strategies. They found during the course of study that 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. Moreover, 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.

Deka and Batra (2016) [6] reviewed the twelve research papers and found that manufacturing in India by foreign & domestic Industries in various sectors can generate employment opportunity. So, the Indian labour and prospective employees need to acquire skill and knowledge to gain employability. They also found that for the successful implementation of "Make in India" initiative, it is also important to implement various skill development initiatives to lower down the skill gap between the available skills and desired skills.

Kaur(2016) [7] tried to study the future demand of skilled labour in the manufacturing sector of India and its corresponding supply. It also studies various obstacles in providing the requisite skills to the people of India and various initiatives taken by the government so far. It was explored that to train such a huge work-force can make India a prosperous nation. With "Make in India" the job creation process is going to accelerate. So "Skill India" is on its mission to impart the skills to the Indian youth to reap the rich demographic dividend. The government of India has taken various steps in this direction. But there are various challenges that demand more efforts from the government. Solving these problems can lead to the economic growth of the nation as the opportunity of demographic dividend is the best phase for a nation to boost its growth.

## VI. OBJECTIVE OF THE STUDY

The main aim of this paper is to study the prospects and challenges for skilling in India.The specific objectives of the study are as follows:

**Primary Objective:**

- To study and analyze the Indian experience of skill development in India.

**Secondary Objective:**

- To analyze the challenges facedfor skill development in India in terms of financial resources.

## V. RESEARCH DESIGN AND METHODOLOGY

In order to examine the dynamics of skill development in India, the present position of the various initiatives taken by the government in order to enhance the skills in the individual has been examined in terms of the amount of money spent on the various skilling initiative and then measuring the final outcome and productivity for the businesses and individuals.The research design selected for this research is descriptive design. The study has been conducted considering the initiative taken during 2014-2016 in order to analyze and measuring the performance of the initiatives taken by the government for skilling in India. Moreover, the study has broadly focused on the issues which are being faced by the government while inculcating the skills in individuals.Data has been gathered from the secondary sources in course of the study. The data mainly collected from the Ministry of MSME, Yahoo finance, Google Finance,websites of the respective start-ups companies, websites of the various Government agencies and their annual reports.

## VI. THE ROLE OF FOREIGN TRAINING PROVIDERS

India's massive effort to build up the skills of its workforce presupposes an extensive participation of private technical training providers. In this respect, the PPP mode pursued by the NSDC can be meaningfully exploited, not only through advanced efforts from the domestic private sector, but from foreign technical training providers as well.

The AICTE had notified the regulatory guidelines for foreign universities/institutions to provide technical education in India on 16 May 2005. These guidelines aim to facilitate collaborations between Indian and foreign institutions in the fields of technical education, research and training. The guidelines pertain to degree and diploma programmes and also cover diverse modes of training such as formal, non-formal and distance modes. Foreign institutions can offer training facilities in India in collaboration with existing Indian institutes recognised by the AICTE. Following the announcement of the guidelines, quite a few collaborations have taken place between Indian and foreign institutes.

As the initiatives indicated under the NSDP are implemented over the next few years, the scope for foreign technical training providers is expected to increase manifold. In this regard, the demand will be particularly strong for training that addresses the vocational training requirements of the population. Such training facilities have been ably developed by some mature Asian economies. These include Japan, South Korea, Taiwan, Hong Kong and Singapore.

Among the countries mentioned above, collaborative prospects with Singapore appear to be particularly strong for a variety of reasons. First, from a supply-side perspective, Singapore possesses a well-developed technical education infrastructure that has acquired a global reputation. The polytechnics are important examples. These institutes have been imparting a diverse variety of technical skills specific to workplace requirements in a knowledge-driven economy. Along with the polytechnics, the Institute of Technical Education (ITE) has been specialising in disbursing vocational training with specific focus on industrial demands. The expertise and quality of the Singaporean polytechnics and the ITE can be of vital significance to India at a time when it is upgrading its own technical training institutes and equipping them with more diverse and industry-oriented training facilities.

The second reason behind the bright collaborative prospects between India and Singapore arise from the presence of an enabling framework provided by the Comprehensive Economic Cooperation Agreement (CECA). The CECA has already created the ground for trade in education services between the two countries by allowing for the acceptance of specific technical education qualifications. Given the CECA, it is much easier for Singaporean technical training providers, compared to those from other countries, to select and offer degree and diploma programmes that are treated as mutually-equivalent qualifications in both countries.

A third reason, for which the Singapore technical training providers should be encouraged to move into India's skills-building efforts, pertains to the proficiency of English in both countries as the medium for instruction and curriculum development. The rapid movement of professionals on both sides in recent years has also given both countries the opportunity to assess each other's technical training systems. This again creates an enabling background in terms of the familiarity with the respective systems based on which technical institutions on both sides can collaborate.

Finally, India's skills development initiative offers Singapore and other countries possessing similar technical training expertise a wonderful opportunity to reap the benefits from India's demographic dividend. With India poised to become a reservoir of surplus skills within the next two decades, Asia's industrialized economies can contribute to building these skills in a manner conducive to their future requirements. Given the shortage of skilled labour likely to be faced by these economies in the longer term, India's skilled workforce will be an obvious option to address the skills deficits. Active involvement in equipping the young Indian workforce from now on can ensure the mature ageing Asian economies access to a capable body of diversely skilled workers in the not too distant future.

## VII. OBSERVATION AND ANALYSIS OF SKILL DEVELOPMENT INITIATIVES IN INDIA

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

**(ii) Lack of good Infrastructure:** The training infrastructure and institutional set-up for providing skill training in technical and vocational skills is insufficient. In terms of current capacity, around 3.5 million labour force are trained in various professional skill by different publicly funded organizations whereas 12.8million new addition in the labour force every year. Unorganized and unskilled labour like construction workers from village and slam areas with little or no education and require special attention from government providing them basic skill enhancing their employability.

**(iii) Non-Matching of Demand & Supply:** The demand for labour force made by the industries and supply of labour-force disequilibrium leads to expansion of various kind of skill development initiatives of the Government, its partner agencies like NSDC and Private cooperation. The number of person in various educational level who are formally trained annually is only 1,100,000 persons revealed by Ministry of Labour and Employment and around 3,200,000 persons trained by 17 other ministries of Government of India. In India only small section of work force actually receives various vocational and technical training for skill enhancement.

**(iv) RegionalIssues:** Another serious issue cursing the labour market is its geographical set-up spread across different states and Union Territories of the country. The economically developed states have more jobs creation with lower rate of available workforce whereas on the other hand; the states with low economic growth have more job seeker with a growing population in comparison with lesser available jobs. Thus states with higher economic growth have to rely on workers migrated from other geographically parts of the country to solve this issue. Mostly Institutional set-up for vocational and technical training are provided in urban so, the youth from rural areas lag behind in attaining the formal training in skill enhancement.

**(v) Problem of Formal Education & vocational Training:** Although India has attained progress in primary education with 1.5million schools and 250 million enrollment but it still lack in higher education with just 20.7 milllion with only 24.3% of total enrollment. Vocational and technical training institutes, Industrial Training Institutes (ITIs) are largely backed by Government and private entities. There are total 9447 (in 2012) ITIs with capacity of 1.3 million. The number of ITIs have been increased has been increased at CAGR 11.5% (2007-2012) with a seating capacity rise to 12.2% CAGR (in 2007-2012). The current available capacity in industrial training is 4.3million which is 201% less than the industrial requirement os 22 million skilled workforce annually. In India, 90% of the jobs available are skill based but only 2% of the population (15-25years) attains formal vocation training in comparison to 80% in USA and 60% in South Asian countries. The overall estimation is to provide vocational training to 128 lakhs workforce but currently capacity available is only 31 Lakhs whereas India aims to provide vocational training to 50crs of workforce by 2022. India is required to provide vocational training to at least 300-350million workforce by 2022 which is much lower than the target of 500million workforce by 2022.

**(vi) Female workforce and Skill Development:** Around 30% of the total population is composed of female workforce in 2010 against 39% in 2000 which is much lower than China 82% and 72% in Brazil. A large section of female workforce is largely engaged in low paying unorganized works due to which women workers fails to get skilled job. Around 30% of females in urban areas fails to attain primary education against 65% of rural women who lacks primary education.

## VIII. AN OVERVIEW OF SKILL DEVELOPMENT INITIATIVES TAKEN BY OTHER COUNTRIES

### (i) Germany

Germany's dual system of vocational education integrates work-based and school-based learningto prepare apprentices for a successful transition to full-time employment. This training would ideally lasttwo to three and a half years, depending on one's occupation. Each week, trainees spend one or two days in avocational school and three or four days in their company. Progress is evaluated through final examinationsin which trainees must show that they have acquired the necessary skills, and practical and theoreticalknowledge from their companies and that they have mastered the course material. The aim of training in thedual system is to provide a broad-based basic to advanced vocational training and impart the skills andknowledge necessary to practice a skilled occupation within a structured course of training. The keysuccess factor for the German system is the added focus on apprenticeship.

### (ii) South Korea

South Korea also provides a neat illustration of a developing economy reaping the benefits of aconcerted strategy. South Korea underwent reforms in the 1990s in order to ensure a mass supply of skilledworkers to the industry and protect vulnerable groups of the population from unemployment. SouthKorea's job skill development program, under the framework of the employment insurance system,expanded the existing levy-grant system, where employers received a rebate for training existing employees. This led to an increase of over 27% in training participation by employees and the number ofemployees trained by employers increased by almost 13 times.

### (iii) China

China's VET (Vocational Education & Training) includes pre-employment training,apprenticeship training, on-the-job training and re-training for laid-off workers. It is conducted throughgovernment employment training centers, enterprise-sponsored training centers, and non-governmental vocational training organizations. Chinese government has also launched specific initiatives at the localgovernment-level to train unskilled and uneducated migrant labour for sectors like construction.

**(iv) United Kingdom**

The National Vocational Qualifications (NVQs) were created in response for the felt need forqualifications to be made flexible but rigorous and nationally recognized. NVQs are also part of 'ModernApprenticeships' which are funded through work-based learning.At the industry level, Sector SkillsCouncils (SSCs) have been licensed and social partners are also engaged. SSCs are tasked with drawing upoccupational standards for their sector that will feed into the national reform of qualifications. TheGovernment expects each SSC to draw up a Sector Skills Agreement, in which employers and unionsidentify skills and productivity needs in their sector and the necessary actions to meet those needs.

**(v) Singapore**

The National Skills Recognition System (NSRS) is Singapore's national framework forestablishing work performance standards, identifying job competencies and certifying skills acquisition. Itis implemented by the Standards, Productivity and Innovation Board with the support of the Ministry ofManpower and the Ministry of Trade and Industry. This has helped the industry train skills-standardsconsultants and assessors, as well as to develop On Job Training (OJT) blueprints for the skills-standardsestablished. To assess the workers, assessment centers were set up. Workers can be certified at centralizedassessment centers, workplace or a combination of both. NSRS is promoted at four levels, i.e., national,industry, company and workforce, in collaboration with employer groups, industry associations, economicagencies and unions.

## IX. SUGGESTIONS

- Sector-specific skill councils should be established by the State Governments for such industry sectors which have major share in State Gross Domestic Product or have high potential for growth. It should have participation from the regulatory body, industry leaders/ associations, external professional consultants.
- There should be a regularly evaluation of the course content and pedagogy and if needed, should do modifications in design/delivery to meet industry's requirements.
- VET (Vocational Education & Training) should be made compulsory and should start in every secondary school.
- There should be certain amount of stipend to be paid for vocational students, which will encourage the studentsto opt for vocational training.
- To encourage participation from local industries, the local governments should help local enterprises by incentives such as allotment of land at subsidized prices, or preferential treatment in case of award of government projects. Such measures can prove to be influential in encouraging industry to actively participate in vocational education and training

## CONCLUSION

The study reveals how the different types of programmes launched by Government of India can generate job opportunities in India with new Industrial skill requirement. The study finds out the overall status of Skill capacity available, skill requirement, skill gap and initiatives taken by Government of India for Skill Development. The existing skill development policy in India needs an urgenttreatment. The institutionalstructure needs simplification with greater investment in training infrastructure and an emphasis onsupporting a casual labour force that needs to be accompanied with incentives for private sectorparticipation too. Put simply, for the success of "Make in India" project it is important to equip India'syouthful millions with the right skills to compete in a global race for jobs.

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