



Problems and challenges skill development in India

Dr. Vinod Kumar

Assistant Professor, Department of Sociology, Government Degree College Drang at Narla District Mandi, Himachal Pradesh, India

* Corresponding Author: **Dr. Vinod Kumar**

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Abstract

Today, the world and India need a skilled workforce. If we have to promote the development of our country then our mission has to be 'skill development' and 'Skilled India'. Millions and Millions of Indian youth should acquire the skills which could contribute towards making India a modern country. We also want to create a pool of young people who are able to create jobs and the ones who are not capable of creating jobs and do not have the opportunities, they must be in a position to face their counterparts in any corner of the world while keeping their heads high by virtue of their hard work and their dexterity of hands and win the hearts of people around the world through their skills. We want to go for the capacity building of such young people.

Keywords: Challenges, Opportunities, Skills, Capability

Introduction

India is on the cusp of a demographic opportunity. It is today one of the youngest nations in the world with more than 62% of the population in the working age group (15-59 years), and more than 54% of the total population below 25 years of age. The country's population pyramid is expected to "bulge" across the 15-59 age group over the next decade. It is further estimated that the average age of the population in India by 2020 will be 29 years as against 40 years in USA, 46 years in Europe and 47 years in Japan.

In fact, in next 20 years the labor force in the industrialized world will decline by 4%, while in India it will increase by 32%. This poses both a challenge and an opportunity. To reap this demographic dividend which is expected to last for next 25 years, India needs to equip its workforce with employable skills and knowledge so that the youth can participate productively to make India a developed economy.

The country presently faces a dual challenge of severe paucity of highly-trained, quality labor, as well as non-employability of large sections of the educated workforce that possess little or no job skills. Ministry for Skill Development and Entrepreneurship (earlier Department of Skill Development and Entrepreneurship created in July 2014) has been set up in November 2014 to give fresh impetus to the Skill India agenda and impart employable skills to its growing workforce over the next few decades.

As India moves progressively towards becoming a global knowledge economy, it must meet the rising aspirations of its youth. This can be partially achieved through focus on advancement of skills that are relevant to the emerging economic environment. The challenge pertains not only to a huge quantitative expansion of the facilities for skill training, but also to the much more important task of raising their quality.

Skill development, however, cannot be viewed in isolation. Skills are fundamental to, but not sufficient for, gaining decent jobs. Improved productivity through skill development must be complemented by economic growth and employment opportunities. Skills need to be an integral part of employment and economic growth strategies. Coordination with other national macroeconomic policies and strategies is therefore critical.

It is estimated that during the seven-year period of 2005-2012, only 2.7 million net additional jobs were created in the country. Thus, another key aspect that needs to complement a successful skill strategy is entrepreneurship, which can be a key source of employment generation and economic development in India.

Given the changed landscape in the country, entrepreneurship opportunities have emerged as an important source of meeting the aspirations of the youth. An all-inclusive approach to strengthen the entrepreneurship development scenario in the country which boosts competent and globally competitive entrepreneurs, needs to be encouraged.

Recognizing the imperative need for skill development, National Skill Development Policy was formulated in 2009. Given the paradigm shift in the skilling ecosystem in the country and the experience gained through implementation of various skill development programmes in the country, there is an imminent need to revisit the existing policy. Moreover, the National Skill Development Policy provides for review every five years to appropriately take account of progress in implementation and emerging trends in the national and international environment.

National Skill Development and Entrepreneurship policy of 2015 supersedes the policy of 2009. The objective of this policy is to meet the challenge of skilling at scale with speed, standard (quality) and sustainability. It aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link skilling with demand centres.

In addition to laying down the objectives and expected outcomes, the policy also identifies the various institutional frameworks which will be the vehicles to reach the expected outcomes. Skills development is the shared responsibility of government, employers and individual workers, with NGOs, community based organizations, private training organizations and other stakeholders playing a critical role.

The policy links skills development to improved employability and productivity to pave the way forward for inclusive growth in the country. The skill strategy is complemented by specific efforts to promote Entrepreneurship to create enough opportunities for skilled workforce.

Problems and challenges skill development in India

Skills and knowledge are the driving forces of economic growth and social development for any country. Countries with higher levels and better standards of skills adjust more effectively to the challenges and opportunities in the domestic and international job market. In India, we have awoken rather late to the skills need and challenge. The first attempt to pro-actively promote skill development in the country was made with the National Policy on Skill Development 2009. Consequently, over the last five years, India has made some progress towards developing the assets to drive skills training at scale. Notably, the establishment of the National Skills Development Corporation (NSDC) in 2009 to promote private sector participation via short duration courses has tied up with more than 187 training providers, many of whom have started scaling up their operations. They also supported and incubated 31 Sector Skills Councils (SSCs) that is intended to facilitate the much needed participation and ownership of the industry to ensure needs-based training programmes. The National Skills Development Agency (NSDA) is working with the State governments to rejuvenate and synergize skilling efforts in the State. The National Skills Qualification Framework (NSQF) has been anchored at NSDA and efforts have been initiated to align all skilling and education outcomes with the competency based NSQF levels. These efforts build on the legacy vocational training infrastructure: close to 12,000 Industrial Training Institutes and 3,200 polytechnics.

The country, however, has a big challenge ahead as it is estimated that only 2.3% of the total workforce in India has undergone formal skill training as compared to 68% in UK, 75% in Germany, 52% in USA, 80% in Japan and 96% in South Korea. While the debate on the exact quantum of the challenge continues, there is no disputing the fact that the range is of massive proportions.

On demand side, a skill gap study has been conducted by National Skill development Cooperation in 2014, which indicates that there is an additional net requirement of 11.92 crore skilled manpower in twenty four key sectors by 2022.

On supply side, analysis based on results of 66th and 68th round of NSSO can be seen at Appendix-I. It is observed that today the total workforce in the country is estimated at 48.74 crore, of which approximately 51% is in the non-farm sector. Of these 24.9 crore nonfarm workers, a maximum of 10% would be formally trained and skilled (4.69% is based on 2011-12 NSSO survey and is including both farm & non-farm). Approximately 22.4 crore would be either skilled through non formal channels or unskilled. Out of these, it is estimated that approximately, 15.7 crore would be in the age group 15-45 years. This workforce will need to be mapped with recognition of existing skills and then provided with necessary up skilling or re-skilling for increasing productivity and providing a livelihood pathway. Similarly, in farm sector, this figure works out to be 15 crore.

In addition, the number of people who enter the work force age group every year is estimated to be 2.6 crore. Assuming an average labour participation rate of 65% (both male and female), at least 1.70 crore will enter the workforce and all of these need to acquire skills.

This will add another 11.9 crore persons to be skilled in the next 7 years. In addition, with improvement in agriculture technology, better opportunities in non-farm sector, increased productivity of Agricultural workforce etc there will be a migration from Agriculture to nonagriculture sector. It is estimated that there will be net surplus of 2.4 crore people in agriculture by 2022 as per the skill gap studies conducted by the NSDC.

This implies that an estimated additional 2.4 crore workforce will also enter non-farm sector that will also need to be skilled over next seven years. Thus, it is evident broadly that 11.9 crore fresh entrants to workforce over next seven years by 2022 will need to be skilled. In addition, 30.7 crore of existing farm and non-farm sector workforce will need to be skilled, up-skilled or re-skilled.

No country in the world faces a challenge of this proportion. Current annual skilling capacity, including training for the farm sector, in India is estimated at 7 million. This capacity needs to Scale-up with Speed and Standards combined with more job opportunities both nationally and globally. Thus, appropriate infrastructure needs to be created keeping in view the sectoral and geographical demands.

One of the major challenges faced in the country today is the public perception that views skilling to be the last resort meant for those who have not been able to progress in the formal academic system. A number of factors have contributed to entrenching this viewpoint:

- The social and traditional view that sees status as being inversely proportional to the degree to which one works with one's hands
- The tendency of industry to treat skilled and unskilled persons at par-thereby depriving skilling of any meaningful economic incentive.

- Vocational training programs are up-to-date with neither current industry requirements nor employment linked.

This supposed 'stigma' associated with skill development has resulted in low enrolments in vocational education courses. Consequently, industry often says that we do not have enough skilled people at functional level to build bridges, lay pipelines or work in factories.

Current skill development efforts by the Central Government are spread across more than 20 Ministries/Departments without a robust coordination and monitoring mechanism to oversee them. The same is replicated in most of the States also without any major effort towards convergence. This creates multiplicity of norms, procedures, curricula, certifications etc. Further, many of these skill development initiatives often remain un-aligned to demand, thus defeating their entire objective.

Different states in India have varied challenges in relation to demographics and skill development. There needs to be a shared sense of urgency to address the challenges of the changing demography. While State Skill Development Missions (SSDMs) have been launched in almost all States, there is an imminent need for capacity building and empowerment of the SSDMs in many states in order to upscale quality skill development.

The creation of a common database linking up at the Centre is also necessary to prevent duplication of data and aid in convergence of State skill development efforts with Central programs.

The plethora of grant based, "free" training programs available today, though necessary, have their own limitations especially on quality and employability. Students undergoing training for "free" attach little value to the training whereas training providers focus on increasing the numbers rather than quality of manpower trained. While financial support is required for certain industry sectors or segments of the unorganised sector, it is critical to exercise utmost discretion and link employability with all such efforts.

The various certification and assessment systems in the country need to be linked to a common quality assurance framework, so as to avoid inconsistencies that are causing confusion in the minds of the ultimate users. The certifications are not aligned to the National Skill Qualification Framework (NSQF). The accountability system in Assessment and Certification landscape is not well defined.

The availability of good quality trainers is a major area of concern. There is a lack of focus on development of trainers with a clear livelihood path which can make this an aspirational career choice and can ensure regular adequate supply of good quality trainers in every sector.

Efforts in the skill landscape have been largely devoid of industry/Employer linkages until the last few years. This has created gaps in terms of sectoral need and availability; competency required by employer and those possessed by a trainee etc. The placements have consequently suffered.

While industry has started defining the skills its needs, and how the same can be imparted, this needs to go hand-in-hand with an indication of how much these skills are worth to the employer, expressed in remuneration payable to those having these skills. This is necessary to create economic incentive for being skilled, and for industry to realize that skill, like any commodity, is governed by the laws of demand and supply.

Conclusions and Suggestions

Skill development has still not positioned itself as a value proposition for candidates since employers are not ready to pay a higher skill premium to compensate for their skills. Moreover, paucity of jobs combined with oversupply of new entrants to the job, at the rate of around 1 million persons every month, has also kept the skilled and semi-skilled wages low.

One of the biggest challenges of skill development with sustainable livelihood is that 93% of India's workforce is in informal/unorganized sector. It is difficult to track those workers in the unorganized sector who receive informal training. On the other hand, the rate of job growth in informal sector is estimated to be twice that in formal sector.

Job creation for skilled youth is also a major challenge before the nation. Entrepreneurship based on innovation has immense growth potential which can also create jobs for our youth. However, the number of local entrepreneurs emerging every year in India is very low. According to a World Bank study on Entrepreneurship in 2010 which compares the new business registration density of South Asian countries with the rest of the world, it was found that contrary to popular belief, India has too few entrepreneurs for its stage of development, even when compared to other countries such as Thailand, Brazil & Malaysia. Accelerating entrepreneurship and self-employment is crucial for large-scale employment generation in India.

A negative perception of uncertainty and insecurity is associated with entrepreneurship that discourages majority of youths from nurturing the ambition of an entrepreneurial career. There is prevalence of necessity based entrepreneurship rather than self-driven entrepreneurship in India. The Indian society, by and large, has a distinct preference for service/decent job and in particular a government job that provides economic security and access to power. Our educational system is also focused on preparing students for regular jobs and rarely exposes them to entrepreneurship.

There have been no coordinated efforts to promote entrepreneurship in the country. There are a number of policies such as Micro, Small and Medium Enterprise Policy, Manufacturing Policy, Competition Policy, Industrial policy, Science and Technology Policy, National Design Policy, etc., that touch upon and have implications for entrepreneurship, directly and indirectly. The focus on entrepreneurship remains fragmented and devoid of any strategy.

Information deficit and inadequate mentoring support is also one of the major challenges faced by an entrepreneur. Entrepreneurs often get discouraged because of various factors such as lack of adequate access to information on setting up and operating a business, lack of start-up funds, lack of adequate networks and mentoring support, difficult access to technology, lack of a supportive system, operational difficulties, and the nightmare about the consequences of failure. The procedural hurdles at entry and exit are also cumbersome and impede Entrepreneurship. These factors loom large and hinder the emergence of entrepreneurship.

There is a paucity of innovation driven entrepreneurs in the country because of insufficient infrastructure to take advantage of the available scientific and technology based intellectual capital which has the potential to be commercialized. There are over 10,500 engineering colleges and polytechnics in the country with an intake capacity of

about 22,00,000 students. These institutions are potential hubs of innovation. Over and above, there are a number of R&D Labs under the Department of Scientific and Industrial Research (DSIR).

Social enterprise development in India is not being capitalized to its full potential. Given the level of poverty, unemployment and deprivation among the poor in India, social entrepreneurship has emerged as an important alternate venture form to empower poor. Social innovation seeks new answers to social problems, by offering new products and services, to integrate the poor with markets as active and empowered participants rather than passive recipients.

Inadequate access to finance continues to remain the 'Achilles Heel' of the entire entrepreneurial efforts in the country. Little finance is being accessed from institutional sources. The RBI data also indicates the same as far as credit flow to Small Scale Industries (SSIs) is concerned. National Skill Development and Entrepreneurship Policy 2015 attempts to address these concerns. It tries to bring the world of education and training closer to the world of work so as to enable them together build a Strong India.

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