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Skill development in India: A study

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Abstract

The Skill development is critical for achieving faster, sustainable and inclusive growth on the one hand and for providing decent employment opportunities to the growing young population on the other. The demographic window of opportunity available to India would make India the skill capital of world. India would be in position to meet the requirement of technically trained manpower not only for its growing economy but also of aging advanced economies of the world.

Keywords: Skill development, economic growth & employment opportunities

Introduction

Skill development is an important driver to address poverty reduction by improving employability, productivity and helping sustainable enterprise development and inclusive growth. It facilitates a cycle of productivity, increased employment opportunities, income growth and development. However, this is just one factor among many affecting the productivity whose measurement differs for individuals, enterprise and economy. The increase in productivity could be due to availability of skilled & healthy manpower; technological up gradation and innovative practices;

Skill development of labour force is fundamental both to employment generation and improving productivity of labour. India is one of the largest labour forces in the world but has the least number of skilled workers constituting only 5 percent compared to South Korea's 95 percent. Increasing pace of globalization and technological change provides both challenges and growing opportunities for economic expansion and job creation. In a rapidly changing environment, new ways and means of ensuring that people, who work, possess the necessary knowledge, skills and attitude are the criteria for seizing the opportunities inherent in globalization and technical progress while reducing their unwanted consequences, reports International Labour Organization. Keeping all the facts in view Dr Reddy's foundation was initiated skill development training programme with PPP (Public Private Partnership) Model. India is uniquely positioned in world due to demographic dividend and compared to developed countries whose population is aging. China, US, Western Europe, Japan and many countries in the world are grappling with an aging population. On the other hand, India with an average of around 29 years and with a median age much below China and OECD countries. India's 65% of the population is below 35 years of age and 70% of the population will be of working age by 2025. High population if employed, trained and productive can easily capitalize the advantage of demographic dividend and lead to sustainable development but same high unemployed, untrained and unproductive population can even turn demographic dividend into demographic liability.

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 levels 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 economics such as Korea (96%), Germany (75%), Japan (80%) and United Kingdom (68%).

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.

Importance of skill development

Where the Government of India is one the view to attract one lakh new companies to be established in the country in the coming years in the name of “ make in India “, adequate number of skilled human resources are needed to bridge the skill gap that is existed in the economy as of now. Population of 1.3 billion, of which about 0.8 billion in the working age – India in 2020 is surely something the world can look forward to. According to economic predictions, that time would be the golden ‘Growth’ era in the demographic dividend. We would not only have enough manpower to meet our needs but we can help the rest of the world as well. In the glitz and glamour of these numbers, one often chooses to ignore that in today’s era of knowledge based economy, quality of workforce is more important than quantity. Infact having a lower head count of skilled manpower is much better than a manpower whose larger portion is unemployed.

Skill development is an imperative for our country at this point for several reasons. India is set to grow ‘younger’, with ~63% of our population being in the working age group by 2022. This demographic will be actively looking for jobs, and can potentially drive domestic demand if they enjoy good economic status. Ironically, several developed nations are set to expect a manpower shortage simultaneously – forecasted skilled manpower shortages in US and UK are to the tune of 19 million workers collectively. This creates opportunities for overseas demand for our youth resulting in higher remittances for the economy and improved standards of living. Despite the widely acknowledge benefits, our country is woefully under-skilled. Of the nearly 400 million workforce in 2010, only 10% of the workforce receives some kind of training. Skilling capacity at our institutes is also inadequate – about 12million join the workforce every year as against a capacity of 4 million, which also is under – utilized. This contributes to the large scale ‘in formalization’ of our economy, with ~93% of our workforce employed in low quality jobs and in uncertain employment conditions.

The demographic dividend is available only till about 2040. If the skill challenge is not met within the next decade, there is a risk that India may be unable to sustain growth in non-agricultural output and non-availability of skilled manpower may result in machines replacing labour on a large scale.

This in turn will result in declining employment elasticity of output leaving large number among the increasingly youthful labour force unemployed.

Challenges faced by Skill Development Initiatives in India

Demand and Supply Disequilibrium: 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 (National Skill Development Corporation) 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 17b other ministries of Government of India. In India only small section of work force actually receives various vocational and technical training for skill enhancement. It has been observed that there are a lot of people seeking jobs in comparison to the available jobs at the lower skills level, whereas the number of available jobs are more in higher skills level than the available job seeker matching the job requirement. This demand and supply disequilibrium shows that there is a wide gap between the formal education and training to acquire skills by workforce as demanded by the industry.

Geographical issues: 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 has 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.

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.

Lack of Formal Education & Vocational Training:

Although India has attained progress in primary education with 1.5 million schools and 250 million enrollment but it still lack in higher education with just 20.7 million with only 24.3% of total enrollment. Vocational and technical training institutes, Industrial Training Institutes (ITIs) are largely backed by Government and private entities.

Skill Development attainment by Female workforce:

Around 30% of the 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. A large section of women in India are not only unskilled but they lack in attainment of both basic primary

education and vocational training. Around 30% of females in urban areas fails to attain primary education against 65% of rural women who lacks primary education.

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.

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