



## IMPACT OF SKILL INDIA INITIATIVE ON EMPLOYMENT

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### ABSTRACT:

India is among the 'young' countries in the world, with the proportion of the work force in the age group of 15-59 years, increasing steadily. India has a great opportunity to meet the future demands of the world, India can become the worldwide sourcing hub for skilled workforce. However, presently only 2% of the total workforce in India have undergone skills training. The Labour Bureau of the Ministry of Labour and Employment has been conducting quick employment surveys to assess the effect of the economic slowdown and skill development initiatives by government and some private partners on employment and the resulting job in India. This paper attempts a study of skill development to facilitate higher growth in economy and employment. Based on the secondary data analysis, it is interpreted that the assessment of the performance on the employment front of skill development programs has to be based on indirect indicators, which have a bearing on employment growth like global economic slowdown and employment generation under various schemes. A major problem in assessing trends in employment in India is the overwhelming presence of the informal sector. While the bulk of the employment generated in the economy comes from the normal growth process, since the employment strategy included several schemes aimed specifically at promoting employment, it would be also useful to review the contribution of specific employment-generation schemes and their impacts as well as skill development programs. It is high time that the potential role of civil society groups and NGOs in supplementing the efforts of the public sector is given due recognition. In addition, serious thought needs to be given to: (a) recognizing and formalizing the informal apprenticeship arrangements in the unorganized sector, which have been an important source of skill development; (b) improving and strengthening informal apprenticeship enabling their transition into modern skill areas, if required; and (c) evolving and funding proactive partnerships between the government, the private sector, and NGOs through NSDC.

**KEYWORDS:** skilled workforce, proactive, economic slowdown.

### INTRODUCTION

The benefits of a growing economy are often reflected in the growing number of well-paid jobs in a country. Consequently, any policy that stimulates the economy to grow has an impact on job creation and the overall employability of the workforce. India finds itself in a context today where young people are entering the workforce every year. To make the most of the demographic dividend, it is critical to improve the employability of the youth. For this, the newly set up Ministry of Skill Development and Entrepreneurship has taken up the task of coordinating all skill development efforts across the country. This includes the removal of the disconnect between demand and supply of skilled manpower, building a vocational and technical training framework, building new skills and innovative thinking not only for existing jobs but also jobs that are to be created.



## Linkages between skill development, productivity and employment potential & Impact of skills development on people, employment & society:

### Theoretical perspective

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 high 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; and sound macroeconomic strategies. The manifestations of improved productivity can be in the form of improvement in real gross domestic product (economy), increased profit (enterprises) and higher wages (workers). In this section, we are looking into the relationship between skill development and productivity with focus on India. However, to begin with it is necessary to understand what constitutes productivity and how it is measured at different levels. Productivity which explains an input-output relationship is a crucial factor whose benefits can be distributed in a number of different ways such as better wages and working conditions to workforce; increased profits and dividend to shareholders; environmental protection; and increase in revenue to Governments. This helps both the enterprise and country to remain competitive in the domestic and global market respectively. The increase in productivity can be attributed to varied reasons such as new technology, new machines, better management practices; investment in plant and equipment and technology, occupation safety improvement in the skill level of workers; macro-economic policies, labour market conditions, business environment and public investment in infrastructure and education. Therefore, it is evident that skill development is just one factor necessary for the productivity growth and it needs to be an integral part of the development policies. The policies should address the levels of development and need and requirement of various sectors. Besides this the skill policy should focus on improving access, quality and relevance of training for different segments and sectors. The evidence from developed countries suggests that investment in education and skills helps economy to move to high growth sectors and break the low wage, low skill development syndrome. Different countries at different levels of development face different challenges. In the context of developing economies like India the challenge is to meet the skilled manpower requirement of the high growing sectors on the one hand through better synergy between employers and the training providers, increased investment in the training infrastructure and also to ensure that the informal economy also have skilled manpower wherein the informally trained skills are recognised and certified and that entrepreneurship training is provided for moving to formal sector.

Recent reports on the much-touted skilling scheme, the **Pradhan Mantri Kaushal Vikas Yojana** indicates that policy is still far from achieving its intended result. According to the report in the Indian Express data revealed that of the 30.67 lakh candidates who had been trained or were undergoing across the country in June 2017, only 2.9 lakh had received placement offers.

### Objective of the Study

The main objective of this study is to determine the effect of skill development on Employment.

### Key features of the new framework for skill development in India

- Training is to be provided by Vocational Training (VT) Providers under the Government, Private Sector and Industrial Establishments.
- Demand driven Short term training courses based on modular employable skills should be decided in consultation with Industry and organized.
- Different levels of programmes (foundation level as well as skill up gradation) are to be planned to meet the demands of various target groups.
- Optimum utilisation of existing infrastructure to make the training cost effective and successful.

- Testing of skills of trainees should be done by independent assessing bodies who would not be involved in conduct of the training programme. This is meant to ensure that the assessment of the individual is after the completion of the training is done impartially.
- The essence of the scheme is in the certification that will be nationally recognised by both the government agencies and industry/trade organisations.

With a roster of schemes under its belt, the skill India mission has been similar to skill and vocational training programs of the past, big investments but little impact. A government-appointed panel, headed by Sharda Prasad, raised questions about the efficacy of programs like PMKVY and the short-sighted manner in which National Skill Development Corporation (NSDC) and India's Sector Skill Councils (SSC) operated in a report.

### The Role of SSCs

The National Skill Development Corporation was set up by the ministry of finance back in 2009 in a effort to centralize India's attempt to skill its growing workforce. Working in Public-Private Partnership model, the NSDC looks at imparting skill and vocational development training through the various Sector Skill Councils (SSCs). These SSCs subsequently are meant to run such training, specific to their respective industries. The SSCs occupy a unique position within India's skilling ecosystem and crucially assess and certify trainees who have been skilled. It is here that the Sharda Panel observes that the gaps within the skill India mission arise.

### Observation of Sharda Panel on Impact of SSCs

"Their entire focus seems to have been on the implementation of the PMKVY without regard to whether it will really meet the exact skill needs of the sectoral industry or turn out skilled manpower of global standards or persons that would get placed after the training," says the report. The Sharda Panel also pointed out how much bodies had not specified the exact role of the industry, government agencies and other stakeholders to ensure accountability. As a conclusion, the panel report stated that "Most of the SSCs in their quest to achieve the targets, compromised in quality of training, assessment and certification leading to the current situation of mess.

### Priority sectors identified in the 12th Five-Year-Plan

- Sectors that will create large employment: Textiles and garments, leather and footwear, gems and jewellery, food processing industries, handlooms and handicrafts.
- Sectors that will deepen technology capabilities in manufacturing: Machine tools, IT hardware and electronics.
- Sectors that will provide strategic security: Telecommunications equipment, aerospace, shipping, defence equipment. Manufacturing technology
- Sectors for energy security: Solar energy, clean coal technologies, nuclear power generation. Capital equipment for India's infrastructure growth: Heavy electrical equipment, heavy transport, earth moving and mining equipment.
- Sectors where India has a competitive advantage: Automotive sectors, pharmaceutical and medical equipment.
- Micro, small and medium enterprises sector: The base for the manufacturing sector – employment and enterprise generation.

According to the Planning Commission, about 12.8 million people will join the labour market annually up to 2017. As the proportion of the working age group of 15-59 years increases, India has the advantage of a "demographic dividend". Harnessing the demographic dividend through appropriate skill development efforts would provide an opportunity to achieve inclusion and enhance productivity within the country and also effect a reduction in global skill shortages. More than 700 million Indians are estimated to enter

the working age group by 2022, of which more than 500 million will require some form of vocational or skill training. Large scale skill development is thus an imminent imperative.

### What more needs to be done?

- **Improving the Education level of the Labour Force:** The current labour market data as given in Table 4 clearly indicates the low level of education of labour force wherein about 80 per cent has education upto secondary with about 29 per cent as illiterates. However, there is sharp dropout after that. There is need to universalize the secondary education so that 45 FOCUS OF THE MONTH NOV-DEC 2015 young boys and girls are prepared for working productively in agriculture or to access alternative employment opportunities. There are examples in India such as Pratham which initiated the Second Chance programme in 2011 to give dropout students, especially girls, a chance to complete their Secondary School education and acquire the skills necessary for employment.
- **Improving access to quality training for employment opportunities** There is need to improve the access of quality and relevant training by all including marginalised section particularly in the rural areas to raise productivity and income and also to link opportunities for better livelihood and employment. In the India context this is very important as the large pool of the demographic advantage resides in the rural areas. This way equal opportunities can be created both for women and men to access relevant /quality education, vocational training and workplace learning, and to productive and decent work So that they can realize their potential and contribute to economic and social development and maintain not only their employability but also sustainability of enterprises.
- **Coordination among Various Stakeholders** Today there is disconnect among various stakeholders leading to skill mismatch. Though efforts are made through Sector Skill councils to address the gaps, but still there is a long way to go. The coordination between Ministries and Agencies responsible for policy design and implementation in the areas for education and skills development would help in equipping young women and men with the skills required by emerging industries and jobs and help in adjustments during periods of change. However, this also requires good macro-economic policies that support employment opportunities. In the Indian case, the programmes like Make in India, Digital India, Housing for All and Swachh Bharat together with favourable policies for infrastructural development, lower interest rates would offer huge employment opportunities supported by National Skill Mission.
- **Strengthening Skill Delivery Framework** Most training is implemented at the State level. However, the implementation varies across States with many demographically advantageous States facing not only shortage of physical infrastructure but also quality training. The inter-linkage of the SSDMs with the industry, training providers, Sector Skill Councils, NSDA should be maintained at the policy formulation and implementation level. The Sector Skill Councils should to assist the States to align training program with NSQF. If required a working group could be constituted with SSCs representatives in this regard.
- **Focus on Outcome and determining key performance indicators** Today focus is on number metrics with minimal or no tracking of the students trained and placed. The Union Government initiatives in strengthening the National Career Guidance Centre at the district and block level and integrating it with the Labour Market Information System would facilitate in tracking the youth receiving skill training who may work either as wage employed or self employed.
- **Strengthening Private sector participation** Given that target to be achieved is huge and resources with the government are limited, there is urgent need to incentivise industry to be to either set up training institutions in PPP mode in industry clusters to facilitate availability of trained manpower for big and MSME units or to adopt existing government ITIs and Polytechnics. The industry may also be encouraged to provide their work benches for training their staff as teacher. The teachers and students can be given exposure on the shop floor.
- **Availability of financial resources and systemic reforms** The scale of the problem is too big requiring huge resources. The need of the hour is to consolidate resources at all levels and create a national training fund to be accessed by all but operated by Ministry of skill development on priority basis. The

funds could be bilateral/ multilateral donations, CSR funds, welfare funds etc. Together with finances it is also necessary to speed up implementation of National Skill Qualification Framework; Putting in place robust Labour Market information System for effective dynamic interventions and creation a pool of trainers assessors for quality and reliable outcome based training.

**To Conclude** It can be said that with increasing political and economic pressure, the Indian government has reportedly decided to create a hefty stimulus package to revive the growth rate of the country's economy. Amidst the slowdown, how has the skill India mission fared?

The skill India initiative was to ensure that the millions, who enter the job market untrained, receive formal skill-building opportunities. Many hoped to be an improvement over precious skilling and vocational training programs. A much welcomed move, the policy still seems to be nascent stage of implementation and as a result, has had a limited impact.

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