

SKILL INDIA (NEED, CHALLENGES)

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Abstract: Globalization, knowledge and competition have increased the need for highly skilled workforce in both the developing and developed nations accelerating their growth rate towards higher flight. The present paper attempts to study the present skill capacity, challenges in front of skill development initiatives in India along with their solutions. This paper reviews the current state of education, skills development, and employment for Indian youth, and considers the challenges facing India's skills development system. While India has a well-institutionalized system of vocational training, it has not sufficiently prepared its youth with the skills that today's industries require. Thus, to speed its economic growth the country has recently embarked on drastic policy reforms to accelerate skills development. These reforms have led to important changes, both in the national institutional framework and at the institutional level.

Index Terms – NSDC, NSDP, VOC, FDI

I. INTRODUCTION

Today all economies need skilled workforce so as to meet global standards of quality, to increase their foreign trade, to bring advanced technologies to their domestic industries and to boost their industrial and economic development. Thus, skills and knowledge becomes the major driving force of socio-economic growth and development for any country. As it has been observed that countries with highly skilled human capital tend to have higher GDP and per capita income levels and they adjust more effectively to the challenges and opportunities of the world of work. ^[1] Today, youth across the world face serious challenges regarding skills and jobs, challenges fundamentally different from those their parents faced. In the globalized economy, competition has become intensified among firms and industries in developing and developed countries alike, requiring their workers to have higher levels of skills to enable them to engage in innovation, improve the quality of products/services, and increase efficiency in their production processes or even to the point of improving the whole value chain process. Rapid technological change demands a greater intensity of knowledge and skills in producing, applying and diffusing technologies. In turn, all these have changed the nature, contents, and types of skills that industry demands. As a result, most countries recently moved to reform their education systems, to upgrade the skills of their workforces.

The challenges are greater for developing countries like India, which have long suffered from a shortage of skilled labor. But today, developing-country firms and producers have become increasingly involved in the global value chains, requiring them to meet global standards of quality and efficiency. This, in turn, requires higher levels of skills in the workforce. Moreover, many countries today need more skilled workers to compete in attracting foreign direct investment (FDI), as it is a viable strategy for bringing advanced technologies to their domestic industries, expanding their foreign trade, and thereby boosting industrial and economic development; the availability of, and even the stock of, skilled workforce in a country is a key determinant for multinational firms considering investments.

Over the last two decades, however, developing countries have primarily focused on basic education, particularly primary education, since the 1990 World Conference on Education for All (WCEFA) held in Jomtien, Thailand, and its follow up at the 2000 World Education Forum in Dakar, Senegal. But today they are well aware that expanding basic education is hardly sufficient in this globalized era if their firms and industries are to compete in the global economy, and if they are to promote sustainable economic growth, unless they work harder to upgrade their workers' skills. Moreover, though basic education has expanded considerably in recent decades, graduates of basic education who are entering the labor market have increasingly found themselves inadequately equipped with the skills that industry demands. Thus, developing countries, and all major international organizations concerned with education, have recently shifted their focus, away from basic education and back to technical and vocational education and training (TVET) and higher education (Asian Development Bank 2008; World Bank 2012a; UNESCO 2012).

In considering skills development for youth, India is particularly interesting for several reasons. First, it is expected to have the world's largest population in the next several years, as it outgrows China. Unlike China's population, which is aging, India enjoys

a large “demographic dividend”: the majority of its population is young. Secondly, India’s labor market has traditionally been characterized as highly hierarchical and segmented, with 86% of total employment in the informal sector, including self-employment (World Bank 2012). Third, India has recently experienced rapid economic growth, largely led by the service sector. Yet, despite its rapid economic growth since the introduction of economic reforms in 1991, employment has grown slowly, particularly in the private sector, making the 1990s and 2000s a period of “jobless growth.” This has had serious implications for youth, as most new entrants in the labor markets, including the majority of youth, have ended up working in the informal sector, often for low wages without social security benefits and long-term job security. Fourth, though education opportunities in primary and lower secondary education have expanded rapidly, the majority of Indian youth, particularly in rural areas, still have very limited education and training opportunities. Finally, the Indian government has recently made drastic changes in its policy and institutional setups for promoting skills development. It is of interest to understand how India’s system of skills development has changed, with different dynamics among the government, the private sector, and training institutions. ^[2]

OBJECTIVES OF THE STUDY

1. To study the present skill capacity of India.
2. To study the challenges faced by skill development system in India.
3. To suggest possible solutions or ways forward.

II METHODOLOGY:

It is based on secondary sources of data which include books, journals, Internet etc.

2.1 DATA AND Sources of Data:

The proposed study mainly is descriptive in nature. It solemnly based on secondary data and information which is collected from the concerned sources as per need of the research. The relevant books, documents of various ministries/departments and organizations, articles, papers and web-sites are used in this study.

2.2 Theoretical framework

The National Skill Development Corporation India (NSDC) was setup as a one of its kind, Public Private Partnership Company with the primary mandate of catalyzing the skills landscape in India.

2.2.1 SCOPE OF NATIONAL SKILL DEVELOPMENT PROGRAMME (NSDP):

1. Institution based Skill development including ITIs/ITCs/Vocational /Technical Colleges/ Polytechniques/ Professional Colleges etc.
2. Learning initiative of Sectoral Skill development organized by different ministries/departments.
3. Formal & Informal apprenticeships and other types of training by enterprises.
4. Training for self-employment/ entrepreneurial development
5. Adult learning.

2.2.2 CHALLENGES BEFORE NATIONAL SKILL DEVELOPMENT PROGRAMME (NSDP):

1. Disseminating information about the availability and effectiveness of training programs.
2. Improper and inadequate development of vocational training system.
3. Lack of coordination between vocational training institutions and absence of partnership between these.
4. There is a need to identify institutions to carry out impact evaluation studies / tracer studies/ Surveys of graduates from vocational institutes on a regular basis.
5. Innovative means to encourage good quality public/ private/in-service is not given much attention.
6. Vocational training institutes should be given greater freedom in terms of resource generation (sale of production or service activities, consultation of) and utilizing the proceeds for not only cost recovery but also incentivizing those who generate revenues

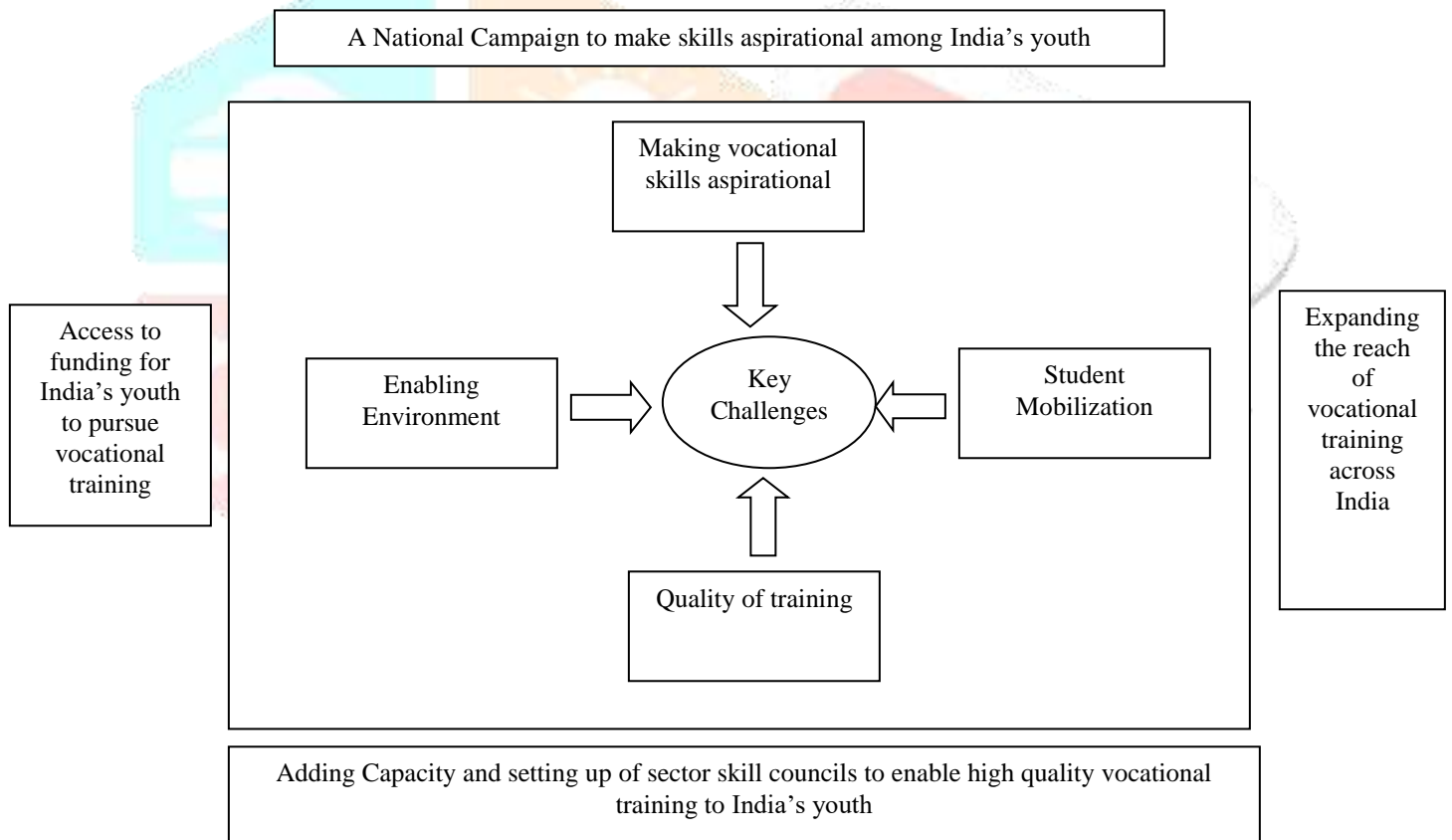
The government of Maharashtra has put in place the following governance system, programs and schemes to undertake the various skill development initiatives in Maharashtra:

- (1) State Executive Committee for Skill Development
- (2) Core Group for Skill Development
- (3) Regional Level Committees
- (4) District Level Committees
- (5) Modular Employable Skills (MES)
- (6) Craftsmen Training Scheme (CTS)
- (7) Apprenticeship Training Scheme (ATS)
- (8) Advanced Vocational Training Scheme (AVTS)
- (9) Centre of Excellence (Coe) Scheme ^[3]

2.2.3 CHALLENGES OF VOCATIONAL TRAINING PROGRAMS IN MAHARASHTRA:

1. SEATING CAPACITY: The available data on seating capacity clearly underscores the requirement to scale up the capacity of ITIs/ ITCs in the state.
2. VOCATIONAL EDUCATION: The under – utilization of the capacity for HSC(VOC) examination indicates a need to reform the stream to make it more relevant to the needs of the students like Option for vertical mobility , etc.
3. MANAGEMENT & GOVERNANCE: (i) Presence of multiple authorities in vocational training system leading to overlapping of authority and duplication in efforts
 (ii)The financial and academic autonomy at the institute level is low which needs to be relooked especially for larger ITI’S , which are being positioned as centers of excellence .The private ITI’S are not engaged in effectively in administrative decision making and Enjoy much less autonomy in aspects like admissions, examinations, etc.
 (iii) The quality of delivery of training in private ITC’S may be compromised due to low fee structure.
4. FACULTY DEVELOPMENT: (i) The current system of faculty development requires a systematic intervention as no mandatory training and development programs or industrial Orientation is being offered to the trainers. The private ITI’S receive no support from the government on this front.
 (ii)No minimum qualification prescribed for the faculty/trainers.
5. INDUSTRY PARTICIPATION: No adequate industry participation in the field of curricula development, training of instructors and other aspects of vocational training ^[4]

fig 1. Challenges Confronting Skill Development In INDIA [5]



2.3 Statistical tools and econometric models

According to the National Skill Development Corporation (NSDC) India will be in advantageous position demographically. In its report NSDC said that, India will be expanding its most productive cohorts (population between 15-60 yrs as most developed countries and some developing ones will start contracting theirs. The following data has been provided in support of the above statement.

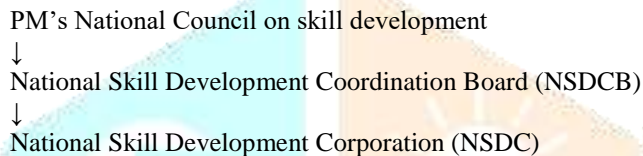
India's Demographic Advantage

Age	2001	2011	2021
0-9	22.2	19.6	15.8

10-19	22.9	18.7	17.1
20-29	17.0	19.5	17.0
30-39	13.9	14.4	15.7
40-49	10.2	11.6	12.6
50-59	6.9	8.2	10.1
60-69	4.3	5.0	6.9
70-79	2.1	2.4	3.5
80+	0.6	0.8	1.3

Source: McKinsey analysis; Census 2011; ILO World Development Indicators 2012, NSDC data

It is reflected from the above figures that India will have strong base or stock of working and productive population in the years to come. In fact, an ageing world needs workers, and young countries like India has to make them available, provided these productive cohorts are made rich and well equipped with knowledge, expertise and required skill. Further, as per the national vision which is stated in the National Skills Policy, 2009 India needs to create 500 Million skilled workers by 2022. In 2009, the government launched a National Policy on Skill Development to train 500 million people by 2022 by empowering all individuals through improved skills, knowledge and nationally and internationally recognized qualifications to gain access to decent employment and ensure India's competitiveness in global market. It also aimed to increase produce workforce in organized and unorganized sectors especially among youth, women, disables, disadvantage sections. In this way, a three tier institutional structure came up in India in last decade which had the following three tiers:



In the above structure, the functions were as follows: The PM's National Council spelt out vision to create 500 million skilled people by 2022 through skill systems. When we consider the projection of workforce transition in 2022, there will be approx. 15% to 17% of Global Working Population in 2022 would be Indian. This can be seen from the following figures.^[7]

Workforce Transition in 2022

Total Population (2022)	India 1.35 Billion	World 7.87 Billion
Working Population @Current Actual WPR	750 Million	5 Billion
Working Population @Current Global WPR	860 Million	5 Billion

IV. RESULTS AND DISCUSSION

Thus, India will be in advantageous position as it will be the major workforce provider in the world.

But, when we analyze Indian workforce in terms of productivity, skill training received, the reality is that the workforce in India has low productivity and receiving low skill training. Moreover, the relative GDP per worker compared to an American worker is found as follows.

America is at the top with 100%, followed by other countries like Australia - 87%, France – 80%, Japan - 71%, Russia – 35%, China – 17%, and India is at the bottom with only 10%. Thus India still has the last rank occupying bottom level position as compared to other countries.

Further, around the world, the percentage of workforce receiving skill training can be seen as, Korea is at the top position with 96% followed by Japan – 80%, Germany – 75%, U.K. – 68%, and India is again at the bottom with only 10%. It means, here also India is lagging behind. So, there is a need and scope to improve. In fact, it is a challenge ahead.^[8]

This paper has examined the opportunities for Indian young people to develop their skills, and the constraints that challenge them. Today, India faces complex and enormous challenges in fostering skills development for youths, for several reasons: the size of the youth population, and the hierarchical and segmented nature of both the labor market and society as a whole. Indeed, Indian young people fall into two main groups. Meanwhile, the great majority of youth from economically and socially disadvantaged groups get very limited education and little access to vocational training. They work in the unorganized sector. The majority of Indian youth enter the labor market without adequate vocational skills, leading to unstable, informal, low-wage employment, such as casual labor and various forms of self-employment. In India, the bulk of employment is in rural areas and in the unorganized sector, and almost all

manufacturing firms are in the informal sector. Given the highly-stratified and segmented nature of the labor market, Indian youths must acquire education, training, and skills if they are to find decent jobs and experience any social mobility. Thus, with rapid economic growth, demand for education is likely to grow further at all levels in coming years. However, access to education, training, and employment opportunities is still largely determined by youth's socioeconomic backgrounds, gender, and geographic locations. However, the Indian government has recently embarked on a drastic reform of its training policy, intensifying its efforts to increase the number of skilled workers. It has formulated National Skills Development Policy and National Manufacturing Policy; set up a new institutional framework to accelerate and coordinate skills development efforts, and developed the National Vocational Education Qualification Framework (NCEQF). Training institutes now have more autonomy and private-sector involvement, and have improved their governance and curriculum. These changes are too recent to examine the effects on training outcomes. But it will be interesting to see how these reforms improve access to and demand for vocational training among youths as well as the outcomes of training.

Based on the discussion above, some suggestions for policy may be offered here. First, for India to promote industrial development and achieve sustainable growth, it must increase its investment in education and training for youth. In particular, to move further into a knowledge-based economy and move up the value chain, it is indispensable for India to improve the quality of education at every level. Second, the focus of India's skills development system does not correspond to either the level of skills demanded by industry or the overall levels of education of most young people. Thus, the government must ensure that most young people at least finish lower secondary school (i.e., 10th grade). Third, to open training opportunities for youths who have not completed secondary education, it would be helpful to create more courses at ITIs with lower levels of educational requirements. Fourth, training for the informal sector needs to be strengthened. Generally, it is difficult to reorient formal training institutions toward the informal sector (Johansson & Adams 2004). Given the vast size of the informal sector, however, it is critically important to institutionalize some training for work in the informal sector. Rather than the current somewhat ad-hoc delivery of training such as the MES, more institutionalized and structured settings may help offer more effective and streamlined training for the informal sector. [9]

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