

# Skilling the Unskilled: The Role of Private Sector in Scaling Skill Development Mission in India

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## ABSTRACT

India is one of the young nations in the world having more than 62 percent of the population in the working age group (15 – 59 years) and then (54 percent of the total population below the age group of 25 years. Approximately 12 million people are adding to the job market every year. Out of them, only a small percentage manages to secure a job. This is because of the fact that even though they possess a professional degree, they do not possess the necessary skills required to get employment in the job market. New job possibilities have posed higher demand for the skilled workforce. The current skill capacity of the country is about 4 million. in contrast to 96 percent of South Korea, 80 percent of Japan, 76 percent of Germany and 42 percent of US. To meet this shortfall, the Ministry of Skill Development and Entrepreneurship (MSDC), National Skills Development Agency (NSDA) and National Skill Development Corporation (NSDC) are working on this through various initiatives like PMKVY, Udaan, National Urban Livelihoods Mission (NULM) etc. In the wake of this scheme, the private sector has shaken their hands with the government initiative to impart the unskilled with skills and bridge the gap between theoretical knowledge and industry needs. The current study focuses on the present skill capacity of India and analyses the existing skill gaps in the country. The objective of this study also to analyze the multitude of ways in which the private sector can contribute to skills development and some new skills delivery initiatives that have been implemented by private firms as part of their corporate social responsibility. The findings reflect that the private sector's intervention is a key requirement towards developing holistic skills initiatives.

**Keywords;** Skill Development, Skill capacity, Skill gaps, Private sector intervention.

## Introduction

Skill development starts with discovering future job prospects and segmenting it according to the need and capability of training candidates. Skills development covers a wide reach of sectors, ability level and age groups. Its describing feature is that it serves industry, targeting on enabling people of working age to develop skills which are required by businesses presently and in the future. Skill development is one of the essential element for India's future economic growth as the country has been experiencing rapid growth both in terms of demographics and economy. With a large youth population our country is expected to transform into world's

largest workforce in the next decade. India is amongst the youngest nations in the world with more than 54% of the total population is below 25 years. In the next decade, our country is expected to transform into world's largest workforce. Considering the importance of tapping this demographic dividend the Government of India set a very ambitious goal of skilling 400 million men in the country in various industrial and trade individuals by 2022. Skill India program was launched on July 15, 2015, to empower Indian economy and industry to gain from the country's young workforce. Various skills development programmes have been launched by the Government, including Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Rural India Skill (RIS), Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP), Skill Loan Scheme (SLS), etc to improve and extend access to skills training. However, the government has faced several challenges in imparting quality and quantity and variety of training required skill training to the youth of the country, resulting into a mismatch of skills demanded and supplied to the industries. Therefore, it was felt that a strategy of Public Private Partnership is essential to address these challenges, several ministries, such as Ministry of Textiles and Tourism, initiated their own version of PPP projects. Also, Ministry of Housing and Poverty Alleviation and Ministry of Rural Development announced schemes of livelihood, by encouraging the private sector to provide skill-based ideas. Over a period, a variety of programmes, have been put in place some of these programmes are managed by the Centre and other in a joint venture with the states. In recent years, the private sector has also played important role in extending government venture in skill development and training. This is why the government is actively pursuing the Public Private Partnership model to achieve the skill development mission on a national scale. For example, the National Skill Development Corporation has been willingly extending loans to the private sector for skill development training programmes. Most of the NSDC's key programs vis-à-vis private sector participation

### **Data and Methodology**

The current study is explanatory in nature. It solemnly based on secondary data and information which is collected from the concerned sources as per the need of the research. The related books, articles and papers of various ministries/departments and organizations and websites are used in this study.

### **Objective of The Current Study**

1. Present Scenario of Skill Capacity of India
2. Formal and Informal Sector Skill-Gap
3. Role of private sector in skill development
4. Multiple ways in which the private sector can contribute to skills development

## Present Scenario of Skill Capacity of India

India needs to empower its workers with the right type of skills to employ the demographic dividend. The existing skill levels of the Indian workforce in the age group of 15-59 years in the form of their general education levels and vocational training levels are as follows.

- 38% of Indian workforce is illiterate,
- 25% has education below primary or up to primary level and remaining
- 36% has an education level of middle and higher level.
- 50% drop-out rates of the educational institution were anticipated to be in the age group of 5-14 years
- 80% of Indian workforce does not possess any commercially viable skills.
- Only about 2% have received formal vocational training
- 8% have received non-formal vocational training, as compared to developed economies such as Korea (96%), Germany (75%), Japan (80%) and United Kingdom (68%).

From the current 473 million, our workforce is expected to increase to approximately 600 million by the year 2022. Considering that the workforce will increase by about 27 percent during this period the overall composition of organized sector and unorganized sector will marginally change from the current 92 percent and 8 percent to 90 percent and 10 percent in 2022. The above facts prompt that we have a large potential workforce at the ready. India's demographic dividend can quickly convert into a demographic loss if the required skills are not provided to the existing workforce various measures have been undertaken in this direction, for the active implementation of the skill development programmes in the country. But still India faces a number of unsettled issues and challenges that need urgent attention of the Government and the private sector.

## Formal and Informal Sector Skill-Gap

In the 12th Five Year Plan, the Government of India has fixed a low target of skilling 80 million people with the necessary skills by 2017, this delays almost 400 million people to be trained in the 13th plan period by 2022. At least 20 million people needs technical and vocational education is per year, but the system is hardly churning out 5 million people per year.

**Table .1**

Skill gap forecast for 2012-22 for select states (Millions)									
State	Skilled			Semi-skilled			Unskilled		
	Incremental demand	Incremental supply	Surplus/ Deficit	Incremental demand	Incremental supply	Surplus/ Deficit	Incremental demand	Incremental supply	Surplus/ Deficit
Delhi	0.85	2.27	1.42	0.53	0.36	-0.17	3	3.41	0.41
Karnataka	2.15	1.44	-0.71	3.6	3.22	-0.38	2.28	3.46	1.18
Maharashtra	5.77	2.41	-3.36	5.36	4.29	-1.07	4.4	3.94	-0.45
Tamil Nadu	4.7	2.2	-2.49	3.95	0.54	-3.42	5.03	4.7	-0.35

The above table shows that there will be a huge shortage of skilled worker in the labour-intensive industries and India will struggle with major skilled manpower challenge over the decade.

- Every year, nearly 12 million people are expected to join the workforce however the current total training capacity is around 4.3 million only, thus blocking around 64% applicants of the opportunity of prescribed skill development every year.
- Around 1.5 million engineers pass every year but only 52% are getting jobs, highest employable population across territories.
- About 3,60,000 MBA students pass every year from 4000 B-schools in India and 61% remain unemployable due to skill gaps.
- ITI has largest skill gap trailed by Polytechnic, both provides skill-oriented courses and this skill gap uncovers the level of education in both the course.
- Around 93% of the Indian workforce is hired in the unorganized sector, which barely provides any kind of formal skill development training.
- Hardly 2.5% of the unorganized workforce undergoes formal skill development in comparison to 11% of organized sector.
- Around 12.5% and 10.4% of the workforce in the unorganized and organized sectors, separately, undergoes informal skill development.

The existing labour demand and supply skill mismatch show a critical disconnect between the education, skill providing industries and the labour market. The increasing detach between the higher education and industry requirement in India is a matter of serious concern. Skill development should be a solid feature of our educational syllabus. A decent combination of classroom teaching and practical training is strongly needed to turn this seemingly negative factor into a boon for economic development

### **Role of private sector in scaling skill development mission**

The private sector has always filled the gap between demand and supply of skilled professionals when government plans have been obsolete in their standards. Until the 1970s, technical education and skills in India were primarily led by the few government institutions across the country. Technical skill development moved away from being a public venture to involve the private sector only after the advent of IT companies such as Infosys, HCL, Wipro, Tech Mahindra and Satyam in the late 1970s and early 1980s. The fast-changing environment of the IT sector created a demand of up-to date skilled professionals that the few government institutions were not being able to provide. This gave impetus to the private sector to train and skill professionals to be able to meet the changing demand and remain ahead in the IT sector globally<sup>20</sup>. Sparse examples of skill development through the private sector are available, particularly in fields like IT, but a focused effort in

achieving national goals in skill development has not seen much involvement of the private sector. The advantage of the private sector lies in its ability and need to respond to market trends, and its ability to adapt more quickly than government institutions. Realizing this advantage, Government of India has now begun to infuse private sector knowledge and expertise into its larger skill development initiative. The National Skill Development Corporation has now incorporated 33 Sector Skill Councils (SSCs) that bring together industrial bodies, industrial houses and government initiatives to develop the skill training program necessary for each sector. Some of the NSDC's key initiatives vis-à-vis private sector participation are: Udaan21: The NSDC and the Ministry of Home Affairs have been authorized to work with the corporate sector to expand the employment and skill space of Jammu and Kashmir. Udaan is thus targeting to provide skills to approximately 40,000 students in the next five years. Larsen & Toubro Construction Skills Training Institute, which imparts training in trades like carpentry, masonry and welding. NGOs such as the Self-Employed Women's Association (SEWA) and the Karmika School of Construction Workers (KSCW) also provide similar training programmes. Industry associations are also actively responding to the activities of the NSDC – upgrading existing Industrial Technical Institutions (ITIs) as well as imparting skill and technical education in areas such as awareness building, research and sponsorship, monitoring and evaluation (M&E), and communication. Towards a more integrated and holistic system, the private sector is involved in the skilling value chain at each step, beginning from sourcing and all the way to the post-placement support to trainees. The private sector's involvement is a key requirement towards developing holistic, inclusive, market-oriented, employer-led and results-oriented skills initiatives.

**The following 12-private sector-led skills development initiatives support the national skills mission of the Government of India**

**1.AISECT**

AISECT, stands for the All India Society for Electronics and Computer Technology, empowers rural youth with skill training and digital know-how; It also organizes popular job fairs, Rojgar Melas, at district and block levels. It uses the franchise model to build an entrepreneurship network. AISECT provides end-to-end services for skill development, including support for community mobilization, counselling, training, assessment, certification and placement. AISECT also provides a range of services to its rural customer base including e-governance, banking and insurance. AISECT operates more than 12,000 centres across India, serving 27 states and three union territories. It has trained more than 1.7 million students and created an entrepreneurship network. AISECT has collaborated with NSDC to skill at least 1.3 million people in the next decade.

**2.B-ABLE**

The BASIX Academy for Building Lifelong Employability(B-ABLE), is the one the initial organization in micro-finance and livelihood promotion. the one the initial organization in micro-finance and livelihood promotion. BASIX Group was founded in 1996 to refer the need for livelihood in a comprehensive manner by offering

services through its 12 group companies in 3 major areas i.e. Livelihood Promotion Services, Knowledge Services and Financial Inclusion Services. B-ABLE provides context - and industry-specific, hands-on skills to underprivileged sections of society, particularly women's in the informal sector, to improve their employability. It aims to "build an inclusive India" by offering locally and globally relevant trainings to 1 million trainees for their lifelong employability" by 2020. B-ABLE runs 33 centres in 11 states, providing skills training to more than 63,000 youth. It runs 28 master courses and 100 sub-courses in various sectors including agriculture, health, hospitality apparel, textile, retail, construction, automobile, ITES, etc. courses range from a two-day workshop to comprehensive independent vocational trainings from 1 to 12 months and school-integrated training up to four years.

### **3. Centum Work Skills India**

Centum Work Skills India Limited, (subsidiary of Bharti Enterprises,) is a joint enterprise with National Skill Development Corporation in partnership with the Ministry of Rural Development under the Swarna Jayanti Shahari Rozgar Yojana (SJSRY) scheme. Centum Work Skills India Limited is one of NSDC's largest training partners with operating centres across 169 cities in 20 countries including India, Sri Lanka, Bangladesh, and 17 in Africa. It has developed programmes specially to increase the employability of youth belonging to families below the poverty line, CWSI offers a unified end-to-end set of services with a focus to skill poor and underprivileged populations in rural, remote and semi-urban areas, including women, SC and ST groups and minorities. CWSI runs a network of 974 centres across 15 states, offering training and placement opportunities to youth in both informal and formal sectors. In 2014-15, CWSI had skilled more than 167,000 individuals, leading to employment for more than 70 percent of its certified trainees.

### **4. Dr. Reddy's Foundation**

Dr. Reddy's Foundation, is a non-profit partner of Dr. Reddy's Laboratories, a pharmaceutical company. DRF through its Livelihood Advancement Business School model offers short-term skill development programmes for youth aged between 18 to 30 to provide access to market-relevant skills and job settlement. It aims to "train locally and place locally" to reduce attrition. In urban areas, the LABS and LABS-Pwd programmes impart employability skills to youth and people living with disabilities. In rural areas, LABS for Farmers programmes promote transfer of small and appropriate technologies to marginal farmers and, through the SRY programme, undertakes skills development for unemployed youth from agricultural business families. Today, 116 centres in 19 states are supported by DRF and its partners. DRF has enriched the livelihoods of 340,131 youth through training, covering 7,884 disabled youth and guarantees placement after on-the-job training. 40 percent of beneficiaries are female youth, out of which 66 percent are from Scheduled Castes and Scheduled Tribes and other minorities.

## 5. Empower Pragati

Empower Pragati was established in 2010, as a private sector societal enterprise with a special focus on skills development for women in the informal sector. It has provided skill-based training to more than 75,359 candidates by the end of 2014. At present it has 600 training centres within 20 states of India, delivering specified skills training and counselling with apprentices, and contacts with industries for prospective jobs. Every year in each of the training centres, an average of 300 trainees are trained. Empower Pragati offers two packages to target groups in the unorganized sector: The Bedside Patient Attendants / Home Care Nursing Programme and the Home Manager programme. The company obtained sponsoring from the National Skill Development Corporation in January 2011 via public-private partnership.

## 6. GMR Varalakshmi Foundation

A Corporate Social Responsibility division of the GMR Group, GMR Varalakshmi Foundation (GMRVF) targets at initiating social infrastructure and improving the quality of life of peoples nearby all the locations that has the Group's existence. This non-profit (Section 25) foundation is governed by a Board chaired by Group Chairman, GMR Group has its own specialized staff picked from top educational and social work institutions, This CSR initiative of the GMR Group provides education and vocational training programmes to rural and low-income families in their business locations. In addition to offering four industry-specific courses, the GMR Varalakshmi Foundation (GMRVF) provides life skills and spoken English.

## 7. IL&FS Skills Development Corporation

IL&FS Skills Development Corporation is a joint mission between IL&FS and the National Skill Development Corporation for providing employment-oriented skills training, with 100 multi-skill institutes and 300 single-skills schools. Today it is one of India's largest vocational service sectors. IL&FS plays a key role in addressing India's demand for highly skilled workers, as it has achieved an 85 percent placement rate for 500,00 placement-linked trainees. IL&FS Skills Development Corporation bridges skills gaps affected by infrastructure weaknesses, poor quality of trainers, trainer absenteeism, and lack of supply-driven course that is not in sync with the industry demands. Till date, IL&FS has provided skills to 1.4 million youth.

## 8. IndiaCan

IndiaCan is a subsidiary of Pearson India, offers "end-to-end services" in vocational training from curriculum development to on-the-job training to placement and monitoring of trainees. India Can's skill development programmes focus on vulnerable sections of the population: youth, school dropouts, people living below the poverty line, rural and urban poor, women, socially excepted communities .it has completed more than 20 major skill development projects and has established nearly 200 vocational training centres in 24 states and provided training to more than 75,000 students over the past seven years, with placement opportunities secured by 75 percent of trainees.

## 9.LabourNet

Labour Net is an initiative of Movement for Alternatives in Youth Awareness (MAYA), an NGO. It was founded in 2006 as a one-stop platform for extending services to informal sector workers that were previously attainable only by formal sector employees and partnered in 2011 with NSDC. Currently, it works with unskilled and semi-skilled unorganized workers by providing skilling and capacity building services, recognition of prior learning, employment linkages, as well as financial inclusion, social protection and welfare services. As of 2016, Labour Net has expanded to 25 states in India and has established a training setup of 71 Livelihood Centres, 183 schools and around 440 on-site training facilities. By the end of 2015, 47 companies, 35 contractors and 10 builders have registered as clients with Labour Net.

## 10.National Skill Development Corporation

To fulfil the growing demand for skilled manpower across various sectors in India, NSDC was established as a joint endeavor between the Government of India and private sector establishments. It is a non-profit making company serving under Ministry of Finance. The private sector holds 51% shareholding (ASSOCHAM, CII and FICCI) and Government of India holding in NSDC is 49%. It comprises 12- board member and is supervised by a term of professionals. It aspires to contribute efficiently by encouraging private sector initiatives in skill development programmes and by offering viable gap funding. Provide risk capital and long-term (patient) to industries engaged in skills development, to assist the development and dispersal of occupational standards. However, the NSDC struggles to develop low cost and high-quality business models, to attract substantial private investment.

## 11.NIIT Yuva Jyoti

NIIT Yuva Jyoti, established by NIIT is a leading learning outsourcing and talent development company for the corporate sector in information technology and information technology enabled services (IT and ITES). to impart skills training to youth for entry-level jobs in the service sector, its mission statement is “to transform millions of unskilled Indian youth into readily employable global professionals, through NIIT’s Yuva Jyoti Skills Development Centres”. It has established more than 350 centres across India, provided skills training to 128,000 students, and forged partnerships with 300 employers for trainee placement. Through special programmes and scholarships, female participation in training programmes increased over the past three years from 20 to 49 percent. The vision of the organization is to train 7 million youth by 2022 in various service sectors.

## 12.Youth4Jobs

Youth4Jobs is a non-profit organization which sets up placement- linked skilling centres for youth with a disability. Youth4Jobs has established 20 centres across nine states; trained 8,500 differently-abled youth ages 18 to 27 from rural areas, of which 40 percent of trainees are girls; sensitized 210 leading companies and engaged 110 NGOs as partners. The program provides training to the secondary school graduates to enter one out of the



many different fields of employment: banking and finance, business process outsourcing, hospitality, healthcare, IT, retail, tourism, telecommunications, textiles, and manufacturing. Besides providing technical training, Youth4Jobs has also developed an integrated course entitled Work Integrated Soft Skills & English (WISE). By 2020 Youth4Jobs has anticipated providing training to 20,000 differently-abled youth besides sensitization of 1 million community affiliates and 100,000 company representatives.

### **Multiple ways in which the private sector can contribute more to skills development mission**

The private sector provides multiple facilities right from designing and delivery of skills training programmes to searching potential industries for employing trainees. It is not only the final recipient of a skilled workforce but also the supplier of significant technical expertise and knowledge about the skills that are required for jobs. The private sector can play a crucial role towards a more integrated and holistic system, by

1. Engaging themselves in the skilling value chain at each step, starting from sourcing and till the post-placement support to trainees.
2. Involving themselves in bringing inclusivity (skilling different segments of the society) towards market integration. This includes deprived and marginalized groups within communities as well.
3. Promoting a market-oriented approach to skills development. Private sector's engagement ensures that the training is aligned with human resource needs in the market.
4. Securing employers' commitment to the cause of skills development.
5. Assisting training to become result oriented.
6. Forecasting the demand for skilled individuals to meet the supply that will emerge in through the scheme.
7. Providing infrastructure and equipment for smooth vocational training.

100% of employment generated in India during a given year, 92% of it belongs to the private sector. Thus, making the private sector, the sole beneficiaries of this scheme. Thus, it becomes a moral duty of the private sector to ensure their complete support influence the Government in extending the Skill India scheme to achieve the maximum returns for this noble effort.

### **CONCLUSION**

The Skill India Mission provides opportunities to the private sector to play an impactful role in bridging the formal and informal sector skill-gap in the country. The wider social impact cannot be achieved without active participation of the private sector. The private sector can provide much-needed training programs to a large number of unskilled people, which will ultimately benefit private sector in the long-term. There are key roles for the private sector to play but its involvement is not the only solution which can rapidly improve a failing system. For a viable effect, there need to be a complete skills development arrangement in which both the government

and the private sector contribute as partners. The individual roles of the Government and the private sector must be clearly defined. The private sector can be more successful with the labourers in the informal market, being perceived as more reachable by them. The Government needs to prioritize functional ability primarily and plan to work towards more multifaceted governance for skills development in the long term.

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