

# Foreword: Reflections on Opportunities and Challenges of Skills Development in India

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## 1 Introduction

India, with a population of 1.2 billion and a workforce of more than 500 million, has maintained a stable Gross Domestic Product (GDP) growth rate until 2008 when the global financial crisis hit many countries worldwide. The economy has shown signs of accelerated GDP growth up to 7.5% in the last quarter of 2015, a striking development for one of the world's fastest growing large economy, according to the Financial Express (2015). This impressive growth of the economy has fuelled a surge in the demand for skilled workers in India in spite of severe skills shortages in the organised and unorganised sectors.

The National Skill Development Corporation (NSDC) of India has recently commissioned a study undertaken by the KPMG on skills gaps in 24 emerging sectors of Indian economy<sup>1</sup>. Findings of the study suggest the incremental human resource requirement across these 24 sectors, which is nearly 109.73 million whereby the top ten sectors account for about 80% of requirements (Government of India 2015).

The objective of the study is to understand the sectorial and geographical spread of skill requirements that exist. The estimates are based on an extensive stakeholder engagement including small, medium and large enterprises in every sector, as well as Sector Skill Councils (SSCs), training providers in the skills space and academia. The studies provide granular data on the skill gaps for two time periods – 2013-17 and 2017-22. The reports highlighted massive industry requirements estimated at close to 109 million skilled workforces over the next decade (Government of India 2015).

Persisting skills gaps in the Indian labour market have been a serious concern for both policy makers and industrialists in India in the recent past. Various other studies have highlighted skills gaps in different sectors in India (Mehrotra 2012; Chenoy 2012; Jamal and Mandal 2013). It has become apparent that over 2% of the Indian workforce (aggregated data) has skills training in formal vocational education. Only 2.4% has received informal vocational training (Mehrotra

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1 NSDC Reports per State and Sector can be found here: <http://www.nsdcindia.org/nsdcreports>

2012). The graduates who have received vocational education also lack the skills required in the labour market. Thus, graduate employability continues to be a setback. There is limited formal link between general education and vocational training in the country. In addition, the labour market in India is undergoing a dynamic change. With this as a backdrop, the NSDC in 2009 estimated that over the next 15 years, 365 million people are expected to be eligible to join the workforce and about 11–13 million people are expected to look for employment opportunities each year (Government of India 2009).

## 2 Opportunities and Challenges

India's growth story is faced with opportunities and challenges. India is set to become one of the youngest nations in the world by 2020, a looming opportunity for India. The average working Indian will only be 29 years by 2020 as against 37 in China and more than 45 in the developed countries. India stands to gain from the huge number of its young people (Government of India 2011).

While the future demographic dividend will present opportunities, challenges are posed by persistent skills gaps both in quantity and quality. Graduates who receive vocational education largely lack in practical skills required in the world of work. They are also on the frontline of the job unemployment and decent work that continue to challenge the sector.

### 2.1 *Addressing the Challenges*

Two major things need to be looked into if Technical and Vocational Education and Training (TVET) was to be seen a solution. It is important to understand what type of vocational education and training is needed and how such VET provision support the immediate demands of the economy. This calls for a radical restructuring of TVET in India appropriately tapping for TVET's transformative role in supporting economic, social and environmental dimensions of development. TVET needs to be re-organised differently in ways that create opportunities for the big margin of population trapped in the informal and unorganised sectors and target quality knowledge and skills outcomes for those already in the formal TVET systems. A multi-stakeholder partnership involving the public and the private sectors, the community and other stakeholders is needed to develop a comprehensive TVET Act to back these goals and open pathways for implementation. The practical component of vocational education and training is largely limited in India

particularly at Secondary education level. It was not largely supported by company-based or workplace-based training. Restructuring TVET means embedding compulsory practical component built in TVET provisions in which industry associations, sector councils and companies could have an active role to play.

Identifying emerging skills and qualifications requirements in the world of work and ensuring that education and training meet these qualifications needs will address relevance and make the time spent in schools and training venues more meaningful and purposive for many young people. In terms of quality, updating curricular content to reflect industry-required skills, modernising training delivery to attract more youth to take TVET courses and innovating school-to-work transition to ensure employability skill are among the things that could render TVET to cater to economic demands. Indeed, TVET is high on the agenda of many countries and its further development is attributed to its high potential to produce skilled and technical workforce to support socio-economic opportunities.

Private sector engagement is critical in successfully facilitating school-to-work transition. This is proven in countries that have historically integrated the participation of the private sector and other social partners in implementing TVET like in Germany, for example, in delivering its dual training system/dual study system/apprenticeship model. Looking at Germany's economic development path, the last 40 years saw how the German industrial sector advanced from a production-based economy to a knowledge-based economy driven by technology and innovations. Combining theory with practice-based training in workplace settings, as well as applied research have gone a long way in taking TVET far from the traditional concept of manual labour, albeit challenges in the overall image is inevitable in Germany.

A large part of the industrial employment problem, however, emanates from the mismatch between the skill requirements of employers and the skill base of job seekers. Presently, about three million graduates and post-graduates are churned out from the countries' colleges and universities. But a majority of them lack the skills necessary for acquiring jobs in the growing sectors of the economy. The expansion of education, particularly higher education, has produced numerous graduates and post-graduates, but shortages of middle-level technicians and those who possess supervisory skills persist. This mismatch between demand and supply of skills in the labour market and the perceived shortage and poor quality of trained persons is likely to become an impediment in the path to sustained economic growth in the absence of timely corrective measures.

India will add one million new entrants to the labour market force every year. One of the biggest challenges for India is to unlock the latent potential of the millions of the young entering the workforce through skill training and skill fore

casting. This needs to correspond with promoting the demand for greater productivity of the existing workforce and future needs of the country.

### **3 Inclusiveness**

The task of workforce development in India has been faced with changing realities of globalisation on the one hand, and the need for inclusive growth on the other hand (Majumdar 2008). The low literacy rate and a lack of skill training for a vast majority of the Indian populace pose a major hurdle to move forward into a knowledge economy. Therefore, policies to ensure higher quality education and the expansion of vocational education and skill training for the poor and underprivileged are needed in order to produce a new generation of educated and skilled workforce who are flexible, analytical, and can serve as driving forces for innovation and growth.

The current growth in various sectors, being mainly urban centred, has also failed to incorporate the vast majority of the rural poor and other backward sections of the society. With nearly 70% of the population living in rural areas, India remains a predominantly agricultural society. Though the agricultural sector has seen considerable growth in the five decades since independence, with substantial increases in agricultural production, the general livelihood of the rural population remains low. A lack of education in general, and employable skills in particular, leaves very few options for these people to do anything other than rely on raw labour for their livelihoods resulting in low earnings and subsequent poverty. Therefore TVET development at community level will address the inclusiveness of growth, promote TVET relevance with the immediate economic and social needs of communities and create job and entrepreneurial opportunities.

#### 4 Skills Agenda as a National Priority

This book will be published on the timely occasion of upholding skills development high on the agenda and pursuing sustainable growth and developing India within this framework. The launching of a new Ministry of Skill Development and Entrepreneurship is a welcome development towards this end. The new Ministry is responsible for the co-ordination of all skill development efforts across the country, minimizing the gap between demand and supply of skilled manpower, building the vocational and technical training framework, skill up-gradation, building of new skills, and innovative thinking not only for existing jobs but also jobs that are to be created. The Ministry aims to improve skill development on a large scale with an emphasis on speed and high standards in order to achieve its vision of a 'Skilled India'. The pursuit of these mandates is aided by its functional arms – National Skill Development Agency (NSDA), NSDC, National Skill Development Fund (NSDF) and 33 SSCs as well as 187 training partners registered with NSDC. The Ministry also intends to work with the existing network of skill development centres, universities and other alliances in the field. Further, collaborations with relevant Central Ministries, State governments, international organisations, industry and Non-governmental Organisations (NGOs) have been initiated for multi-level engagement and more impactful implementation of skill development efforts.

India is utilising different strategic approaches to skills development:

- i. strengthening TVET systems;
- ii. engaging the private sector in TVET actively;
- iii. aligning skills policy with national agenda of inclusive growth and
- iv. integrating skills for sustainable development and green growth.

In this regard, India has come up with three macro-level initiatives to accelerate skills development. Public-Private Partnership model has been evidenced through the creation of NSDC, an initiative with a 51-49 equity ratio between the private sector and the government. The formation of Sector Councils and the adoption of schools by the private sector have also demonstrated the non-negotiable role of the private sector in skill development. These efforts need to be sustained and cultivated to develop more innovative partnerships that engage industries and the private sector in partaking in delivering education and training since the sector stands to benefit from this on a longer term. The participation of the private sector in quality assurance and regulatory mechanisms will raise greater confidence in skills outcomes and qualifications. These developmental interventions and more are needed to expand and scale up the outcomes of TVET. Scaling up the existing

TVET provisions is not enough without pursuing TVET transformations underpinning life-long learning, sustainable development and greening, innovation, multi stake holder partnership and inclusiveness. In pursuit of this goal a number of key challenges need to be overcome including image of TVET, horizontal and vertical mobility, private and community engagement, updated curricula and quality, TVET teacher training, skill mismatch, recognition of non-formal, informal and prior learning and qualification framework.

## **5 Skills Agenda as Global Priority**

Importantly, the publication of this book is also timely as it coincides with the efforts of many countries in articulating the importance of skills development and sustainable development in the Post-2015 education agenda. The central focus of UNESCO in making education and training relevant for the Post-2015 discourse is to ensure inclusive, equitable and quality education and to promote lifelong learning opportunities for all. The agenda is transformative, universal and inspired by a humanistic vision of education based on human rights and ethnic diversity. The agenda commits to promote quality lifelong opportunities for all in all settings and at all levels. This includes equitable and increased access to quality TVET for work and life and literacy for both youth and adult including gender equality becomes top priority. To do this, countries have committed, through the Incheon Declaration at the World Education Forum, to increase public investments in education according to country context and better align priorities with regional and international benchmarks. The multi-stakeholder-driven declaration is solidly backed by UNESCO, together with UNDP, UNFPA, the World Bank, UNICEF, UNCHR and UN Women, each representing educational mandates and initiatives through which Member States will be supported at country-level implementation and arrangements.

In alignment to these are similar efforts of global and regional players such as the ILO, OECD, ASEAN, SAARC and ADB. Educational transformations are underpinned in the fourth Sustainable Development Goals (SDGs). The ILO actively seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, which stands as an important leverage to take forward the decent work agenda as part of the SDGs.

Within the framework of developments taking place in India, there is much confidence that India with its potential to strongly pursue its long-term skills development goal within its national agenda is aligning itself with the global discourse and as such is moving ahead as an important global partner and player in making policies work.

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