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SKILL DEVELOPMENT A KEY TO ROBUST ECONOMIC GROWTH

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ABSTRACT

Investing in people or human development plays a crucial role in a country's development. The human resource of a country is one of the important assets of growth. In combination with policies that promote sustainable growth, investing in people and the provision of social-safety nets alleviate some of the most severe consequences of poverty and unemployment and paves way to the road for development of an economy. It increases the chances of improving the well-being of the human population. Evidences continue to show that investments in health, nutrition and education contribute to individual productivity, higher standard of living and, in aggregate to attain sustained economic growth. It is the combination of good economics and the reduction of human sufferings that makes investments in human development a powerful tool of increasing human capabilities and thereby aspiring for economic growth. In a populous country like India, there is a need for the government to extend all its support and encouragement for the development of the human capabilities which requires huge investments. Globalization and the Fourth Industrial Revolution have increased the pace of change in labour markets, emphasising the right skills and adaptability. Public policies should now shift the focus towards labour empowerment and enabling workers to cope with transition.

It is in this background the study tries to explore the scenario of skill development in India, role of the government in empowering the demographic dividend and highlight the issues and concerns of skill development which would have a great impact in the long term development of the country. The study is based on secondary data and descriptive in nature.

KEY WORDS: *Human resource, investment, skill development, productivity and growth*

INTRODUCTION

India has paced its development process with an inward looking strategy of infant industry argument and the idea of employment protection and social security, health and education, etc till the 80s. However, with outward looking strategies like liberalisation, privatisation, globalisation henceforth and now the fourth industrial revolution, it has been difficult to provide employment for the ever increasing population of the country. Industries today have replaced technology in place of human, which can pose a threat to employment or displacement. This necessitates the enhancement of human capabilities. The human capital comprises of education and skill. To utilize the demographic dividend in a productive manner, knowledge is necessary, but not sufficient. Every country whether developed or under-developed or developing is trying hard to provide better educational facilities and striving hard to reach the global standards. However, the thrust on core education as a fuel for knowledge economy seems missing. Knowledge is necessary, but mere knowledge cannot increase the

employability of the youth. It is the skill which provides an impetus for employability.

SKILL DEVELOPMENT IN INDIA

Formal employment in India is heavily reliant on medium-skilled occupations. These include clerical, service and sales workers, skilled agricultural and trade workers and plant machinists. (ILO data)

Distribution of Workers Based On Skill Levels

Levels of skill	Percentage of workforce
low	26.58
Medium	57.9
High	15.52

Source: The Hindu May 30th 2018

The table above clearly indicates that majority of the workforce is heavily dependent on medium skills like clerical, service and sales workers, skilled agricultural and trade workers and plant machinists etc., Over 15% are employed in high-skilled jobs as managers, professionals and technicians. The rest that is around 26% are in elementary occupations like cleaners, labourers and so on.

PROJECTED EMPLOYMENT GROWTH

The rapid economic growth of the Indian economy over the years and the growth of industries and service sector have created greater demand for skilled manpower which highlights the shortage of skilled manpower in the country. The 2016-

17 annual report of the Ministry of Skill Development And Entrepreneurship says that less than five per cent of the total workforce in India has undergone formal skill training. The table below depicts projected employment.

Year	GDP Growth rate (%)	Projected Employment (in Millions)			
		Agriculture	Industry	Services	Total
2011-12	9	229.2	105	153.5	487.7
	7	225.4	102	149.0	476.4
	5	221.5	99.1	144.6	465.2
2016-17	9	240.2	126.2	189.5	555.9
	7	232.0	116.2	174.8	523.5
	5	224.0	108.1	161.2	493.3

Source: Plan Document, GOI

The projected employment indicates that there would be a greater employment opportunities created in the economy. So to balance the demand-supply situation in the job market there is a need for the economy to speed up the process of skill development to fill the gap and achieve economic growth.

SKILL DEVELOPMENT AN INTERNATIONAL COMPARISON

Employees worldwide state a variety of reasons for their inability to fill jobs, ranging from undesirable geographic locations to candidates looking for more pay than what the employers have been offering. India is among the top countries in which employers are facing difficulty in filling up the jobs. The table given below shows the international comparison of skill development for 2016-17

Country	Percentage of skilled workforce
USA	52
UK	68
Germany	75
Japan	80
South Korea	96
China	24
India	4.69

Source : CMIE Report

The above table indicates that India is far behind in providing skill training as compared to other countries. Just 4.69 percent of India's workforce is formally skilled, as against 52 percent in the US, 68 percent in the UK, 75 percent in Germany, 80 percent in Japan, and 96 percent in South Korea. In fellow emerging economies like China, skilled workers account for 24 per cent of the workforce. This highlights the fact that there is a big gap in the demand-supply situation of the Indian workforce.

ROLE OF GOVERNMENT IN SKILL DEVELOPMENT

The major challenge facing the economy is imparting skill for the teeming millions of youth of the country. There is a dire need for skill development system so as to equip the ever increasing workforce to match the industry. There is an urgent need for the government to provide skill training with respect to different levels like specialised, high, medium and low level training. Though, the government has made considerable effort for almost a decade, with significant initiatives taken up for imparting skill among the youth, the sad part is that less than 5% of the youth have been benefitted by it. The question that arises here is that are these youth job-ready or suitable for employment? There are many issues related to skill development system in India like, awareness, perception, cost, quality and limited capacity. The existing infrastructure is not adequate both in terms of physical and

human infrastructure. There is a wide gap between the projected demand and the skilled youth. Skill development in India is way below the requirements due to a lack of awareness on the type of courses as well as information on the ensuing career prospects. It is in this background that the role of the government becomes vital in making huge investments both in terms of human and physical infrastructure. It is not sufficient to provide formal education and even training. However, there is a need to imbibe the skill training within the formal education system. The missing link in formal education is skill development, which is the key ingredient to robust economic growth.

MAJOR ISSUES OF SKILL DEVELOPMENT

India aims to become the youngest country in the world by 2020, with younger working population to its credit. The workforce in India accounts for around 28 percent of the world's workforce. This huge demographic dividend is being to be boasted to be our great strength. However, we need to halt this optimism because if the youth are not skilled, or though skilled, not employable, then the same demographic dividend may become a liability than being an asset. The major issues of skill development programmes which would redefine the economics of skilling are a comprehensive investment for training, measurable outcomes in terms of ensuring the jobs after training, the link between the industry-academia, considering the social return on investment rather

than mere cost. There are many aspects that the government need to keep in mind while imparting quality skill training to the teeming millions of youth, in a populous country like India. They are:

- Enhancing the capacity and capability of the present education system
- Ensuring equality
- Maintaining quality and providing right skills
- Coordination between formal education and the skill development programmes of the government
- Mechanism of accreditation
- Mobilising the resources for financing skill development

CONCERNS OF SKILL DEVELOPMENT

One of the concerns of skill development in India is that of the mindset of the people. Even after completing a decade of implementing skill development programmes by the government as part of the education system, it is shocking to know that less than 5% of the workforce have been skilled, which is far way below the requirements. This is mainly due to lack of awareness and information about the career prospects. People are not ready to accept vocational courses as an alternative to formal education. There is a social stigma attached to skill development programmes, which is being viewed as low in dignity and fetches low wages and salaries. Moreover, skill development is perceived as a last resort of people who are not successful in the formal education system. The aspirations of the youth to get well paid jobs and better status forces them to acquire higher qualifications. This has led to the mismatch in the demand and supply of right skills in the job market.

Secondly, a comprehensive venture into skill development calls for huge investment. This would increase the dependency on government, owing to high capital requirements with low returns. This necessitates the PPP (Public-Private Partnership) approach. But, the profitability approach of the private sector would encourage the fee-based training model. The problem that lies here is that the students are not in a position to pay fees for skill training, either because of their inability or unwillingness. Even, the financial institutions view it as a burden and high risk to provide loans for training programmes.

Third is the availability of quality trainers. Each level like low, medium high and specialised requires different level of quality trainers. The quality of the trainers further depend on the infrastructure, curricula, the pedagogy etc.,. Lack of machineries and equipments to provide hands-on-training, outdated curricula and improvement in the skill of the trainers are issues of concern to create quality trainers. There is a need to focus on the development of the skilled trainers to upgrade with clarity in the path and choice to match the job requirements.

Finally, it is the limitations that we find in the mobility between formal education and vocational training. They are not foot on the same platform due to lack of equivalent recognition between them. A student enrolled in vocational training cannot easily opt for institutes of higher education due to eligibility restrictions. Though, attempts are being made under the National Skills Qualification Framework to address the issue of mobility through multiple-entry and exit criteria, the problem still persist.

CONCLUSION

The biggest challenge confronting India is skill development. If at all India wants to make use of the demographic transition productively into a 'dividend', the teeming millions of youth who enter the workforce every year, need to acquire not just the knowledge but the right skills, to contribute to the long term development of the nation. Otherwise the same demographic dividend can turn into a demographic disaster if the workforce is not job-ready or suitably employable. Today's education system just provides the necessary knowledge, but it is not a sufficient condition. The missing link is skill development, which is the key ingredient to robust economic growth. The 2016-17 annual report of the Ministry of Skill Development And Entrepreneurship says that less than five per cent of the total workforce in India has undergone formal skill training. This indicates that there is a huge gap between the demand for and supply of the workforce. There is a need to fillip the gap through skill development. Skill development will help prospective employees get easier access to the formal job market where they can bargain for higher incomes, work under more congenial labour conditions, have greater job security and better access to healthcare and medical facilities. Huge investments on skill training would largely benefit the economy in terms of skilled and disciplined workforce, increase in productivity and efficiency, reduced absenteeism etc., in place of frustrated youth. Governments should also reinforce the supply of skills by strengthening incentives for educational institutions to harness the power of digital technology, locally relevant skills and new business models. It is a welcome situation for India that the World Bank has approved a US dollar 250 million Skill India Mission Operation (SIMO) to assist India's growing young force acquire market-relevant skills needed in today's highly competitive job market. The operation will support the Government of India's Skill India Initiative and attempt to address the dual challenge of ensuring greater access to training as well as providing quality training leading to employment. It is estimated that by 2023, when the project ends, about 8.8 million youth will have received some market-relevant training that will in turn open up better job opportunities for them in a changing job market.

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