

## Skill Development in India—present status and recent developments

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India is one of the youngest nations in the world with more than **54%** of the total population below 25 years of age. India's workforce is the second largest in the world after China's. While China's demographic dividend is expected to start tapering off by 2015, India will continue to enjoy it till 2040. However, India's formally skilled workforce is approximately **2%** - which is dismally low compared to China (47%), Japan (80%) or South Korea (96%). To leverage our demographic dividend more substantially and meaningfully, the Government launched the “*Skill India*” campaign along with “*Make in India*”.

In this brief, we look at the Skill Development ecosystem in India - the **need** for Skill Development, **initiatives** taken by the Government and **schemes** introduced for skill government by the present government.

### Need for Skill Development

Livelihood opportunities are affected by supply and demand side issues. On the supply side, India is failing to create enough job opportunities; and on the demand side, professionals entering the job market are lacking in skill sets. This is resulting in a scenario of rising unemployment rates along with low employability.

**Job Creation:** Between 1999-2000 and 2004-05, the number of jobs increased by 59.9 million persons (assessment by usual status) against an increase in labour force of 62 million. Though, the increase in employment kept pace with increase in labour force for the next 5 years, the total increase in jobs was only 1.1 million. Employment generation picked up from 2009-10, with 13.9 million people finding jobs in 3 years. However, 14.9 million people entered the job market during this period. Currently about 26 million people enter the working age group every year with about 65% of them looking for jobs.

**Youth Skilling:** While keeping pace with employment generation is one issue, employability and productivity of those entering the labour market is another issue. As per the India Skills report 2015, only 37.22% of surveyed people were found employable - 34.26% among male and 37.88% among female. NSSO (2010) showed that only 10.1% of the labour force had received vocational training, with only 25.6% among them receiving a formal vocational training. India ranked *last* among 60 countries on labour productivity (World Competitiveness Yearbook, 2012).

**Demand for Skilled Workforce:** CII (2009) had projected Incremental Human Resource Requirement till 2022 at 201 million, making the total requirement of skilled work force by 2022 at 300 million. A major share of these jobs was to be added in the manufacturing sector, with the National Manufacturing Policy (2011) targeting 100 million new jobs in manufacturing by 2022. The National Skill Development Policy (2009) had set a target of skilling 500 million people by 2022. *More recently, study reports commissioned and released by Ministry of Skill Development assessed an incremental human resource requirement across 24 sectors as 109.73 million by 2022.*

### Government Policies on Skill Development

The Government has recognized the need for Skill Development with the 11<sup>th</sup> Five Year Plan providing a framework to address the situation. The first National Skill Development Policy was framed in 2009 and subsequently a National Skill Development Mission was launched in 2010. The Policy was to be reviewed every five years to evaluate the progress and

revised appropriately. The 12<sup>th</sup> Five Year Plan observes that Skill development programmes in the past have been run mainly by the government, with insufficient connection with market demand. It has called for **an enabling framework that would attract private investment in Vocational Training through Public-Private Partnership (PPP)**. The NDA Government created a Ministry of Skill Development & Entrepreneurship to address the Skill Development needs.

### Ministry of Skill Development & Entrepreneurship

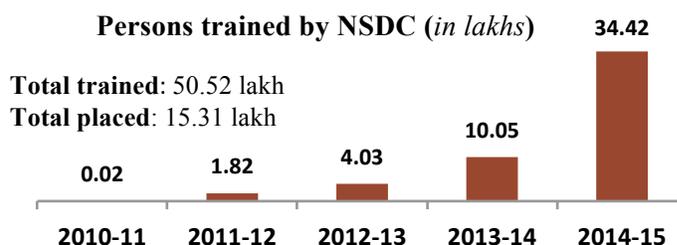
A Department of Skill Development and Entrepreneurship was created under the Ministry of Youth Affairs and Sports in July, 2014 and was subsequently upgraded to full-fledged ministry in November 2014. The role of the Ministry involves coordinating and evolving skill development frameworks, mapping of existing skills and certification, industry-institute linkages among others. Human Resource and Skill Requirement reports across 24 sectors were prepared which serve as a baseline for all skill development initiatives. The Ministry works primarily through the National Skill Development Corporation (NSDC), National Skill Development Agency (NSDA), and the Directorate of Training (DT). The roles and functions of these entities are mentioned below.

<b>NSDC</b>	<ul style="list-style-type: none"> <li>Public Private Partnership entity set up to promote and fund private training providers and set up Skill Development Centres. Funds to NSDC are received through NSDF</li> <li>Facilitate setup of Sector Skill Councils (SSCs) which are autonomous industry-led bodies. SSCs design Qualification Packs (QPs) and National Operation Standards.</li> <li>Implement STAR (Standard, Training, Assessment and Reward) and UDAAN Schemes</li> </ul>
<b>NSDA</b>	<ul style="list-style-type: none"> <li>Autonomous Body registered under Societies Act. Rationalize Skill Development Schemes of Government of India</li> <li>Anchor and implement the National Skills Qualifications Framework (NSQF)</li> <li>Create integrated Labour Market Information System (LMIS), engage with states to plan their skill development and facilitate Skills Innovation</li> </ul>
<b>DT</b>	<ul style="list-style-type: none"> <li>Training and Apprentice Divisions have been transferred from Labour department from April 2015.</li> <li>Comprises government and private ITIs, PPP skill schools and other institutions</li> <li>25 new Advanced Training Institutes to be setup.</li> </ul>

Of the **500 million** targeted to be skilled under the National Skill Development Policy 2009, the National Skill Development Corporation (NSDC) was mandated to skill **150 million**, while the Directorate General of Employment and Training (DGET), under the Ministry of Labour and Employment was to skill **100 million**. Currently, over **70 skill development schemes** across various sectors are being implemented by over 20 Central Ministries/Departments.

Schemes Implemented by various Ministries			
Year	Target (in Lakhs)	Persons skilled (in Lakhs)	Achievement
2011-12	46.53	45.58	98%
2012-13	72.51	51.88	72%
2013-14	73.42	76.37	104%
2014-15	105.07	51.50*	49%

Source: Lok Sabha Questions, \*up to February, 2015



## Draft National Policy for Skill Development and Entrepreneurship 2015

The objective of the Policy is to meet the challenge of skilling at scale with speed, standard (quality) and sustainability. It aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link skilling with demand centres.

The Policy lists out ten major directions for the Skill Development Framework, including increasing the *capacity*, *synergy* among existing schemes, *global partnerships* and *inclusivity*. It seeks to address the lacunae in Entrepreneurship by steps like streamlining entrepreneurship in education system, inventing business through mentorship, fostering social entrepreneurship, promoting inclusivity, improving the ease of doing business and providing access to finance. It also mentions the possibility of the launch of the National Mission for Skill Development & Entrepreneurship in next six months.

The policy encourages companies to spend at least **25%** of Corporate Social Responsibility (CSR) funds on skill development, seeks to introduce fee paying model along with Skill Vouchers, and set up a Credit Guarantee fund for Skill Development. A 'Project Implementation Unit' (PIU) is also proposed to be set up to review the implementation and progress of the various initiatives under this policy.

### Select Schemes and Funding

The Government has introduced new schemes along with a revamp of few existing schemes. Some of the more important ones are listed below, along with information on implementing agencies and budgetary outlay for this financial year.

**Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** This is a flagship outcome-based skill training scheme aimed at benefiting 24 lakh youth. A monetary reward is provided to trainees on assessment and certification. The steering Committee for PMKVY is responsible for providing directions for implementation.

**Implementing Agency:** The scheme will be run through the National Skill Development Corporation (NSDC), by the Ministry of Skill Development and Entrepreneurship

**Scheme Outlay (2015-16):** Budgetary Allocation of Rs 1,500 crore (including awareness, mobilization and administrative expenses). NSDC supports vocational training institutes by providing funding upto 75% of the total project cost in case of for profit entities and upto 85% of the total project cost in case of not for profit entities.

**Deen Dayal Upadhyaya Gramin Kaushal Yojana (DDU-GKY):** The Skill component of NRLM, Aajeevika Skills, has been revamped as the Deen Dayal Upadhyaya- Grameen Kaushalya Yojana. The minimum entry age for the scheme has been reduced to 15 years (from the earlier 18). Training will be imparted through 1500-2000 centres to be set up for the purpose over the next two years. The Government is also exploring a Project for providing Livelihoods in Full Employment (LIFE) for skilling the unskilled workers in NREGA. This project is likely to start from mid-July.

**Implementing Agency:** The DDU-GKY National Unit in the Ministry of Rural Development functions as the policy-making, technical support and facilitation agency. DDU-GKY State Missions provide implementation support and the Project Implementing Agencies (PIAs) implement the programme through skilling and placement projects.

**Scheme Outlay (2015-16):** Budgetary Allocation of Rs. 1200 crores. This scheme will run with a changed sharing pattern, with states bearing the revenue expenditure.

**Other Schemes:** Under the Deen Dayal Upadhyaya Antyodaya Yojana (DAY) scheme, Ministry of Housing and Urban Poverty Alleviation will undertake skill development of 5 lakh urban poor per year. The first phase of DAY in urban areas is to be implemented from 2016-17. The Ministry has signed a Memorandum of Undertaking (MoU) with NSDC to assist in training.

Other new programmes include *Nai Manzil* for education and skill development of dropouts; *USTTAD* (Upgrading Skills and Training in Traditional Arts/Crafts for Development) to conserve traditional arts/crafts and build capacity of traditional artisans and craftsmen belonging to minority communities; *Nai Roshni*, a leadership training programme for minority women; and *MANAS* for upgrading entrepreneurial skills of minority youth.

### Case Study: *Kaushalya Vardhan Kendras (KVK) in Gujarat*

The concept of *Kaushalya Vardhan Kendras* in Gujarat was launched in 2010. The idea behind KVKs was to promote entrepreneurship and strengthen skill development especially among the youngsters and those in rural areas. The program has reached 13 lakh people since inception through a network of 400 KVKs established in 4 phases. About 60% of the trainees were women and 63% are from SC / ST / OBC backgrounds.

KVKs adopt a decentralized, cluster based approach for skill development that is responsive to local cultures, traditional skills and industry needs. Courses are designed on the basis of the participatory approach of *Kaushalya Sabhas* based on the *WISH* concept: **W** - Women Oriented Courses, **I** - Industry Oriented Courses, **S** - Soft Skill and Service Sector Related Courses, **H** - Hard Core Traditional Courses. The Courses also promote home-based employment and entrepreneurship. 455 courses were initially designed, with another 1980 life skill courses added later on.



Some of the successful elements of KVK included:

- Utilization of existing institutions and infrastructure – available Government buildings were identified and infrastructure upgraded.
- Awareness campaigns were launched to advertise the program through a host of meetings held at local schools and panchayats. Street plays and folk theater were staged along with staging signage and information boards.
- The KVK staff also establishes key linkages with industries, companies and job providers in the proximity of KVK and helps the trainees acquire jobs.
- Apart from funding from the State Government, a nominal fee of **Rs. 50** is charged from the candidates and no fees taken for SC/ST/Women/Specially abled and BPL candidates.
- There is no upper age limit for candidates.

The scheme was conferred the Prime Minister's Award for Excellence in Public Administration for the year 2011-2012

The challenge of Skill Development in India is multifold. There is a large proportion of the existing workforce, which needs skill training support of varying levels. While it is estimated that at least 1.70 crore will enter the workforce every year for the next 7 years. The current annual skilling capacity is inadequate to match this demand, with many initiatives un-aligned and suffering from a lack of coordination. The situation is further complicated by different states having different demographic situations, hence different skilling needs and challenges. "Vocational Training" falls under the Concurrent list, which means State Governments have a key role and responsibility in realizing the objective of "Skill India". The Ministry of Skill Development and Entrepreneurship however, will have a crucial role in coordination between a range of stakeholders – including skill training providers, governments at all levels, and the end beneficiaries.