



## **SKILL DEVELOPMENT ECOSYSTEM IN HIGHER EDUCATION FOR ECONOMIC GROWTH PERSPECTIVE**

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### **INTRODUCTION**

Skill development is critical for economic growth and social development. The demographic transition of India makes it imperative to ensure employment opportunities for more than 12 million youths entering working age annually. It is estimated that during the seven-year period of 2005-2012, only 2.7 million net additional jobs were created in the country. To enable employment ready workforce in the future, the youth need to be equipped with necessary skills and education.

The country presently faces a dual challenge of severe paucity of highly-trained, quality labour, as well as non-employability of large sections of the educated workforce that possess little or no job skills. The skill development issue in India is thus pertinent both at the demand and supply level. To meet the demand side challenge, consistent efforts are being made towards expansion of economic activities and creation of large employment opportunities. On the supply side, a simple look at the projected youth population provides a fair reason to believe that India has the strength to cater to this demand. However, the employability quotient is questionable and remains a major area of concern. Already huge gaps exist between the industry requirements and the level of skills of workers due to varied reasons including inadequate training infrastructures, inappropriate mix of skills and education, outdated curricula, limited industry interfaces, limited standards, etc.

The skill development ecosystem in India is skewed towards a formal education system with limited vocational training. While the vocational training is in a dismal state both qualitatively and quantitatively, the higher education system itself is grappling with issues related to scale and quality.



## **OPPORTUNITIES FOR SKILL DEVELOPMENT**

The current vocational education is shifting from welfare approach to a demand driven approach. The government has undertaken various efforts to strengthen its scattered VET (Vocational Education Training) delivery system under various departments and ministries, e.g. the Ministry of Human Resource Development (MHRD), the Ministry of Labour and Employment (MOLE) through its Director General of Employment and Training (DGET), the Ministry of Urban Affairs and the Ministry of Rural Development. Opportunities available to learners for skill development are facilitated by Central & State Government & by Private sector.

### **Government's Role in Skill Development**

Government gave priority to Skill development in Twelfth Five Year Plan. The government plans to set up sector skill councils to prepare standards required for training programs. The industries are also proactively taking steps to partner with the government and reduce the skill gap. The government has doubled the allocation of funds for skill development under the National Skill Development Fund (NSDF) by INR10 billion in the Union Budget 2012–13. The total corpus of funds has been increased to INR25 billion.

The various ministries have created infrastructure for skill development such as it is, polytechnics, community polytechnics, secondary schools (in association with private sector). Recently, government has passed the amendment to the existing act known as 'Apprentices (Amendment) Bill, 2014' to increase the number of skilled man power and provide industries with flexibility to hire apprentices as well as improve stipends specified to them. According to the Bill, the industry will have 2.5-10 percent of the total work force as apprentices Prime Minister NarendraModi in June 2014 announced the creation of a first-ever separate Ministry of Skill Development and Entrepreneurship to promote entrepreneurship and skill development.

The NSDC formed in 2009 under National Skill Policy, which is a public-private partnership body mandated to skill 150 of the 500 million people by 2022 and the National Skill Development Agency (NSDA), an autonomous body formed in 2013 to coordinate the government and the private sector initiatives to achieve the skilling the targets of the 12 plan and beyond has been subsumed under the Ministry of Skill Development and Entrepreneurship to

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give coherence to skill training efforts in the country. The figure below elucidates NSDC's target of producing skilled workers per sector over the next ten year.

Some of the other key initiatives of the government are as follows:

- Establishment of new ITIs in underserved regions and the existing ITIs being upgraded to centers of excellence to produce multi-skilled workforce of world standards
- Setting up more polytechnics in the PPP mode and 400 government polytechnics being upgraded
- Expansion of vocational education from 9,500 senior secondary schools to 20,000 schools; intake capacity to increase from 1 million to 2.5 million
- Establishment of 600 rural development and self employment training institutes (RUDSETI)
- To set up a virtual skill development resource network linking 50,000 skill development centers (SDCs)
- Skills training have been made more affordable by exempting vocational education institution from paying service tax.

### **Private Sector's Role in Skill Development**

Over the years, the private sector has increased its presence in the field of vocational education in India. Unemployment and underemployment are two of the most serious development problems currently being faced by the country. The equality vocational education and training courses for the learner can solve this problem. The private sector comes into play here with its ability to match better the demand for workforce by the industry with a supply of superior skilled manpower. The private sector can contribute to supplement infrastructure, facilities, technology and pedagogy. There are several roles that the private sector plays in this domain, namely, as a consumer of skilled manpower, as a non-profit facilitator of quality knowledge or as a for-profit enterprise providing education.



## **FUTURE PROSPECT FOR SKILL DEVELOPMENT**

India, as a whole, realizes the complete seriousness and importance of possessing a skilled workforce. As highlighted above, there are several programs and schemes initiated to address this issue. However, considering the rate at which the eligible working population of India is growing, these skilling initiatives would fall short by a severe amount. India is perceived to be emerging as a service-driven economy with quality human capital as its competitive advantage. For continuing this growth in the service sector and achieve competitive advantage in manufacturing, it is imperative that the human capital asset is developed further. The future prospects give birth to a serious concern of inadequate educational facilities of the nation.

Skilling has certainly seen a growing focus from government and other stakeholders and we hope it would have sustained attention from decision makers. While structurally the government has introduced a new Ministry of Skill Development and Entrepreneurship, further clarity on its operational mandate and alignment with other ministries' skilling programmes is still awaited. With amaze of schemes and training initiatives at multiple ministries, it would be imperative for the new ministry to streamline government focus and ensure efficient implementation in the right areas with optimum fund utilisation targets. With the recent announcement of it is and DGET being aligned with the new ministry, they would also need to revamp the existing massive infrastructure to make it industry relevant. Schemes like National Career Services Project by DGET and National Textile Policy tar getting to create 35 million jobs are encouraging steps where effective implementation would be the key.

### **The National Skills Qualification Framework**

The National Skills Qualifications Framework (NSQF), notified on 27th December 2013, is a competency-based framework that organizes all qualifications according to a series of levels of knowledge, skills and aptitude. Presently, more than 100 countries have, or are in the process of developing national qualification frameworks.

Under NSQF, the learner can acquire the certification for competency needed at any level through formal, non-formal or informal learning. The NSQF is anchored at the National Skill



Development Agency (NSDA) and is being implemented through the National Skills Qualifications Committee (NSQC) which comprises of all key stakeholders.

- Specific outcomes expected from implementation of NSQF are:
- Mobility between vocational and general education by harmonization of degrees with NSQF;
- Recognition of Prior Learning (RPL), allowing transition from non-formal to organized job market;
- Standardised, consistent, nationally acceptable outcomes of training across the country through a national quality assurance framework;
- Global mobility of skilled workforce from India, through international equivalence of NSQF;
- Mapping of progression pathways within sectors and cross-sectorally;
- Approval of National Occupational Standards (NOS)/ Qualification Packs (QPs) as national standards for skill training.

### **Skill Development Challenges in India**

Alongside the daunting challenge of skilling millions of youth entering workforce each month, India also faces a huge challenge of evolving a skill development system that can equip the workforce adequately to meet the requirements of the industry. The workforce needs to be trained across four levels, from the high end specialised skills for ‘White Collar’ jobs to the low-level skills of the ‘Rust Collar’ jobs. Moreover, these skills have to be adequately linked to the available job opportunities.

Several factors have inhibited the skill development eco-system in India to scale up to the desired levels. The skill development system in India is plagued with multiple issues related to awareness, perception, cost, quality and scale.

### **Inadequate scale, limited capacity**

The existing infrastructure, both physical and human, is grossly inadequate considering the projected demand for skilled labour. While there is a need to create additional capacity in



existing institutes, at the same time there is a need to create an adequate infrastructure even in small towns and villages.

### **Awareness, mindset and perception issues**

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. More importantly, there is limited acceptance of skill development courses as a viable alternative to formal education. Skilling is often viewed as the last resort meant for those who have not been able to progress in the formal academic system. This is partly to do with the lack of integration between the two options and also due to rising aspirations for white collar jobs which necessitate higher qualifications. Moreover, skill development is often associated with blue collar jobs, which is largely perceived to be of low dignity and provides low wages/salaries.

### **Cost concerns**

Skill development initiatives in India continue to be largely dependent upon the government funds or public-private ventures. Owing to high capital requirements and low return on investments, skill development is often looked at as a non-scalable model and remains underinvested. Additionally, a fee-based model also faces challenges as prospective students are often unwilling or unable to pay high fees for training. Even the bank's willingness to lend for skill development activities is low as educational loans are perceived as high risk products due to uncertainty with respect to future employment.

### **Quality concerns**

There is a serious mismatch between the industry's requirements and the skills imparted in educational and training institutes, especially for the mid-level skills requiring some expertise on handling of machinery. To tackle this problem, considerable improvement of the quality of training is needed.

### **Mobility concerns**

In India, educational qualification is generally preferred over vocational training as former is associated with better employment opportunities, in terms of pay as well as quality of

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work. Additionally, there is limited mobility between formal education and vocational training in India due to lack of equivalent recognition for the latter; a student enrolled in vocational training often cannot migrate to institutes of higher education due to eligibility restrictions.

## CONCLUSION

To sum up, we need to recognize that the knowledge, skills and productivity of our growing young and dynamic workforce form the backbone of our economy. To reap the benefits of such a young workforce, we need to implement the reforms in the education system and also bring forth new factors of production, namely knowledge, skills and technology which have the ability to unleash the productive frontiers of the economy in the most efficient and dynamic way. Besides, taking a leaf from the western hemisphere, India should try to become “knowledge economy” to promote inclusive growth.

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