



## INTERVIEW

# Skill development in India:

In conversation with S. Ramadorai, Chairman, National Skill Development Agency & National Skill Development Corporation; former CEO, MD and Vice Chairman, Tata Consultancy Services

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**Abstract** This article highlights the critical need for scaling up concerted efforts to enhance skill development in India, in the context of the country's transition to a knowledge based economy, through the creation of a professional skilled workforce. Governmental efforts, especially in the recent past, in the arena of skill development through various schemes and programmes, management structures and processes, and the challenges encountered within these initiatives are discussed. Further, identifying pathways for countering these challenges and effective implementation of the programmes are examined with a detailed interview with S. Ramadorai, Chairman, National Skill Development Agency, Government of India & National Skill Development Corporation; former CEO, MD and Vice Chairman, Tata Consultancy Services.

### Context note

India's transition to a knowledge-based economy requires a new generation of educated and skilled people. Its competitive edge will be determined by its people's ability to create, share, and use knowledge effectively. A knowledge economy requires India to develop workers—knowledge workers and

knowledge technologists—who are flexible and analytical, and who can be the driving force for innovation and growth. To achieve this India needs a flexible education system: basic education to provide the foundation for learning; secondary and tertiary education to develop core capabilities and core technical skills; and further means of achieving lifelong learning. The education system must be attuned to the new global environment by promoting creativity and improving the quality of education and training at all levels. In a globalised economy, a large pool of skilled workers is indispensable for attracting industrial investment including foreign direct investment.

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Developing skilled workers enhances the efficiency and flexibility of the labour market; reduces skills bottlenecks, enables absorption of skilled workers more easily into the economy, and improves their job mobility. It is crucial to invest in quality secondary and tertiary education and in vocational education and training (VET) if India's economy is to develop and remain competitive in world markets (The World Bank, 2008).

The 12th Five Year Plan document (Government of India, Planning Commission, 2013) clearly states that there is an urgent need to mainstream skill formation in the formal education system, and at the same time for innovative approaches for the skill creation outside the formal education system. Although the government's Coordinated Action on Skill Development has brought about a paradigm shift in addressing the issues of relevance in skill development, the gaps in skill development are to be identified so as to achieve the objectives in terms of quantity, quality, outreach, and mobility while building on the foundation. Further, some of the areas that merit attention, according to the Plan are (a) the challenge of reaching out to the non-formal sector; (b) putting in place a National Skills Qualification Framework which lays down different levels of skills required by industry, which allows multiple points of entry and exit, which recognises prior learning, and which allows for mobility across different levels; (c) putting in place a permanent institutional framework, entrusted with the requisite authority and resources, and which is responsible solely for skill development in the country; and (d) support to students in terms of access to bank loans on soft terms that are linked to their placement. Thus, appropriate infrastructure needs to be created keeping in view the sheer numbers, sectoral division and spatial dispersal not only across the country but possible requirement in other parts of the world. This is also reiterated by Dilip Chenoy (2013), former Managing Director and CEO of National Skill Development Corporation (2013) who says "with the opening up of the economy and increase in exports, improving the productivity of the workforce is a key challenge for many corporations and entities in India. Further, as the Indian economy grows, a large number of skilled persons will be required to sustain this growth. Current studies indicate that net enrolment in vocational courses in India is about 5.5 million per year compared to 90 million in China and 11.3 million in the United States (US). A mere 2 per cent of Indian workers are formally skilled".

Recognising this aspect the Government of India (GoI) put in place a National Policy for Skill Development in 2009. Subsequently, the National Policy for Skill Development and Entrepreneurship 2015 (Government of India, 2015a) came into effect. The primary objective of this 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. In addition to laying down the objectives and expected outcomes, the policy also identifies the overall institutional framework which will act as a vehicle to reach the expected outcomes. Skill development is the shared responsibility of the key stakeholders viz the Government, the entire spectrum of the corporate sector, community based organisations, those outstanding, highly qualified and dedicated individuals who have been working in the skilling and entrepreneurship space for many years, industry and trade

organisations, and other stakeholders. The policy links skill development to improved employability and productivity in paving the way forward for inclusive growth in the country.

The magnitude of the task of skilling in India can be gauged by the following scenario (Mehrotra, Gandhi, Sahoo, & Saha, 2012):

- 12.8 million annually entering the labour market for the first time
- 72.88 million employed in the organised sector
- 387.34 million working in the unorganised sector

Further, the National Sample Survey Office (NSSO) 68th Round Report on Status of Education and Vocational Training clearly indicates that a large number of people surveyed by NSSO are yet to be formally trained in vocational skills. Table 1 shows the magnitude of this aspect.

Recognising the priority given to skill development, there has been a steady increase in the financial allocations made for this sector over the years. There has been a quantum jump in the allocation during 2015–2016. The allocation for skill development has risen sharply from Rs.1129.62 crores in 2012–13 to Rs.2549.29 crores in 2015–2016 indicating the importance being given to skill development (Business Standard, 2015). However, it has to be examined whether the allocation can meet the targets, given various challenges. This will have to be further supplemented by other stakeholders given the enormous infrastructure and other requirements to meet the target of skilling 500 million people by 2022. The revised policy, however, sets the target at skilling 300 million people by 2022 (National Skill Development Mission, Government of India) ([www.skilldevelopment.gov.in/](http://www.skilldevelopment.gov.in/)).

Most of the formal skills-related training in the government apparatus happens through institutions such as the Industrial Training Institutes (ITIs) and the Industrial Training Centres (ITCs) and polytechnics which come under the Ministry of Labour and Employment. Many of the ITIs have now been brought under the public-private partnership (PPP) route. Informal skills-related training, including that in the traditional arts and crafts of India, is also supported through different government ministries. All states have set up Skill Development Missions.

The National Open School system also runs a number of vocational training programmes. A number of community colleges have been approved by the Indira Gandhi National Open University (IGNOU) and by several states. Many companies too conduct training programmes to meet the skilling requirements of their own workforce, or sometimes as part of their corporate social responsibility (CSR) initiatives, as also do non-governmental organisations (NGOs). Clearly, there are multiple efforts and the efforts of the private sector are also linked to different schemes.

The vocational education system in the country faces the daunting task of trying to achieve the goals of the National Skill Development and Entrepreneurship policy of 2015. Foremost, the vocational education stream itself has poor visibility due to several reasons like low awareness among the stakeholders, and lack of parity in wage structure between formally qualified and vocationally trained graduates. Further, the public perception on skilling, as the last option meant for those who have not been able to progress or have opted out of the formal academic system, has created a low demand

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