



## The Problem of Skilling India

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“The article is based on **The problem of skilling India** that was published in The Indian Express on 7<sup>th</sup> September. It talks about the issues and challenges associated with Skill Development in India.”

### Context

- According to the Centre for Monitoring Indian Economy (CMIE), the **unemployment rate** reached 34% among the 20-24 year-olds in the first quarter of 2019 — it was 37.9% among the urban lot.
- At least eight million new job seekers enter the job market every year. In 2017, only 5.5 million jobs had been created, and the situation is worsening: Unemployment rate is the highest in 45 years today.
- According to the last 2018 **Periodic Labour Force Survey (PLFS)**, the unemployment rate among the urban 15-29-years-old was 23.7%.

### Skill Training and Unemployment

- This pervasive joblessness is mainly due to the poor training of the youth as only 7% of the people surveyed in the framework of the PLFS declared any formal or informal training.
- The current data suggest that **only 2.3% of the workforce in India has undergone formal skill training** as compared to 68% in the UK, 75% in Germany, 52% in the USA, 80% in Japan and 96% in South Korea.
- On the other hand, according to a recent survey, 48% of Indian employers reported difficulties filling job vacancies due to **skill shortage**.
- The CMIE reports show that the more educated Indians are, the more likely they are to remain unemployed too. **The last PLFS for 2018 revealed that 33% of the formally trained 15-29-year-olds were jobless.**

## Initiatives Taken

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- **“Skill India” programme**, that aims to train a minimum of 300 million skilled people by the year 2022.
- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**, a dimension of skill India, under which the training fees were paid by the government.  
Its main tool was the “short-term training”, which could last between 150 and 300 hours, and which included some placement assistance by Training Partners upon successful completion of their assessment by the candidates.
- In 2014, **Ministry of Skill Development and Entrepreneurship** was created to harmonise training processes, assessments, certification and outcomes and, crucially, to develop Industrial Training Institutions (ITIs) — the building blocks of this endeavour.

## Shortcomings in the Desired Outcome

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- The target of Skill India was to reach out to 300 million young people by 2022, but only 25 million had been trained under this scheme by the end of 2018.  
This is **partly due to mismanagement** and partly due to **not spending available funds** because of lack of candidates.
- Even those who have been trained under Skill India and PMKVY are unable to find jobs.
  - The number of those who have benefited from the Skill India scheme has increased, from 3,50,000 in 2016-17 to 1.6 million in 2017-18, but the percentage of those who could find a job upon completion of their training has dropped from more than 50% to 30%.
  - Under PMKVY, only 15% of those trained got a job.

## Challenges in Skill Development

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- **Insufficient training capacity:** The training was not sufficient to ensure a job for those who got the training – and this is why the employability rate remains very low.
- **Lack of entrepreneurship skills:** While the government expected that some of the PMKVY-trainees would create their own enterprise, only 24% of the trainees started their business. And out of them, only 10,000 applied for MUDRA loans.
- **Low industry interface:** Most of the training institutes have low industry interface as a result of which the performance of the skill development sector is poor in terms of placement records and salaries offered.
- **Low student mobilization:** The enrolment in skill institutes like ITIs, and polytechnics, remains low as compared to their enrolment capacity. This is due to low **awareness level among youths** about the skill development programmes.
- **Employers’ unwillingness:** India’s joblessness issue is not only a skills problem, it is

representative of the lack of appetite of industrialists and SMEs for recruiting.

Due to limited access to credit because of Banks' NPAs, investment rate has declined and thus a negative impact on job creation.

## Way Forward

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- **Enhanced Expenditure on Education and Training:**
  - In the long run, Skill India will also not be enough if government expenditures in education remain low and if, therefore, the ground isn't prepared for proper training.
  - Government allocation for school education has declined from 2.81% of the budget in 2013-14 to 2.05% in 2018-19 which is further alarming situation.
- **Evaluation of Training Institutes:** NSDC should also develop some techniques to evaluate the performance of training institutes and encourage them to perform better.
- **Skills survey:** Surveys can be conducted to find the exact skill requirements from the employers. Analysis of such surveys would help in designing course structures of the training programs and thus standardized course curriculum or training delivery systems can be developed.
- India needs to **learn from technical and vocational training/education models in China, Germany, Japan, Brazil, and Singapore**, who had similar challenges in the past, along with learning from its own experiences to adopt a comprehensive model that can bridge the skill gaps and ensure employability of youths.

### ***Drishti Input***

"Discuss the issues and challenges associated with skill development in India and also suggest measures to enhance the skills and hence employability of Indian youths".

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