



KEY TO INDIA'S PROSPERITY

DILIP CHENOJ (CEO AND MANAGING DIRECTOR, NATIONAL SKILL DEVELOPMENT CORPORATION) HITS THE MARK

Of late, a lot of discussions in policy, business and academia have revolved around the potential advantages to India on account of its burgeoning youth population and the ability to leapfrog and leave everyone behind by riding piggyback on the 'demographic dividend'.

Truth be told, the point which is sometimes missed is that a favourable demographic profile alone does not count for much if the bulk of the youth—on whom we are banking to help India bridge the great divide that exists between developing and developed nations—do not possess the necessary skills that would empower them to contribute to India's growth agenda.

Documented evidence suggests a combination of factors such as high school dropout rates, inadequate skills training capacity, a misconception that vocational training is only for those who could not make it in the formal education system, and low employability of even those holding professional qualifications, have created a situation more akin to a demographic nightmare-like scenario.

The 11th Five Year Plan document,

citing the NSS 61st Round Survey on Employment and Unemployment, states that attendance rates at educational institutions of those in the 5-14 age group drop by nearly half in the age group 15-19 years and by 86 per cent after the age of 15. The 11th Plan document goes on to mention that while 12.8 million people join the Indian workforce each year, the annual training capacity is less than half of that. The results of the NSS 61st Round show that a mere 2 per cent of Indian workers in the 15-29 age bracket are formally skilled. Significantly, the bulk of the labour force in India—about 93 per cent—who work in the unorganised sector are largely untouched by any kind of formal training. By way of comparison, 96 per cent of the workers in South Korea receive formal skills training. In Japan, it is 80 per cent, and, in Germany, it is 75 per cent. The figure for the United Kingdom stands at 68 per cent.

According to a Boston Consulting Group (BCG) report titled 'India's Demographic Dilemma' prepared for the CII, India's workforce in 2006-07 numbered 484 million. Out of this, 273 million were working in rural areas, primarily in agriculture. Another 61 million were

working in manufacturing and nearly 150 million in services.

As per the BCG study, 40 per cent of the current workforce is illiterate and another 40 per cent is made up of school dropouts. Vocationally trained, diploma holders, graduates and above comprise a mere 10 per cent of the overall workforce, while those with 12 years of schooling comprise 10 per cent.

NASSCOM says that of the 400,000-odd engineering graduates every year, only 20 per cent would meet the requirements of India Inc. The rest have to go through rigorous training.

Studies by consulting firms IMAcS and Aon Hewitt have forecasted that there could be an incremental shortfall

of nearly 350 million people by 2022 in 20 high-growth sectors and the unorganised segment.

Over the past four years, much has been done. It started with a target to skill 500 million people by 2022, formation of a three-tier institutional structure at the government level to drive the skills agenda, announcement of a national policy on skill development laying down the roles that each stakeholder would need to play to create a skills ecosystem in India. Appointment of TCS vice chairman S Ramadorai as Skills Adviser to the Prime Minister was another step in this direction. In 2008-09, the government also announced formation of the National Skill Development Corporation (NSDC) as a public-private partnership to catalyse private sector investment in sustainable skills training initiatives. The NSDC's mandate is to get 150 million (around 30 per cent) of the overall 500 million training target skilled by 2022 (*The 17 other ministries/departments which also undertake skill development initiatives have the combined responsibility of skilling 350 million people by 2022*).

The initiatives since 2008-09 have yielded some dividends, the main being the start of a realisation among key stakeholders that a skilled workforce holds the key to India being able to realise its aspirations. Training programmes, whether run by government or the private sector, have become more outcome-focused, linked to employability. However, many of the underlying challenges around skills have, until now, either remained completely unresolved or not addressed wholly.

Even as we aim to emerge as the skills capital of the world by 2022, the stark reality is that skills do not command a premium and the pursuit of it is not something that is considered aspirational. The reason: A skilled worker may be earning marginally more, or in some cases, even lower than his semi-skilled/unskilled counterpart as society/employers are still reluctant to ascribe a higher value to competencies of the trained person.

It is unfortunate that industry also has not walked the talk. The practice of either hiring skilled workers at all levels or creating an attractive salary differential between skilled, semi-skilled and unskilled labour is more the exception, rather than the rule. In-service skilling in India is among the lowest.

The National Policy on Skill Development 2009 has listed 12 roles that industry should play for creation of a skills ecosystem in India. The scale and sustainability of the needed intervention requires a huge exponential increase. Financial accessibility to skills continues to be an area of concern.

NSDC had entered into an arrangement with Central Bank of India last year so that prospective trainees at its partner institutions could avail skill loans from this state-run lender.

The Union Budget for 2012-13 had mentioned a 'Credit Guarantee Fund' for higher education, which would also cover vocational training.

On September 3, a pilot project of the National Vocational Educational Qualification Framework (NVEQF) was formally launched in Haryana. Though how quickly and effectively we can roll out the NVEQF nationwide would be a determining factor for its success.

Capacity creation, which is another problem area, has to be ramped up on a war-footing to ensure that people possess skills that would allow them to be productive from the first hour on their jobs. The role of the private sector would be critical here as most of the jobs in future would be created either in the formal or informal private sector.

As of now, skills as a business proposition has not yet elicited the degree of interest among big firms as one would have liked. That needs to change.

What would ultimately determine whether India is able to convert skills into a game-changing proposition for promoting inclusive growth would be the attitude that we would bring to the table. Well begun is half done. The time to act is now.



Meenakshi Dwivedi

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