

DEMOGRAPHIC DIVIDEND AND SKILL DEVELOPMENT IN INDIA

Albina Joshi

Assistant Professor , Department of Mathematics
St. Gonsalo Garcia College of Arts & Commerce ,
Vasai (w)

Abstract :Indian Government has set an ambitious target of developing 500 million skilled youth by 2022. However the low productivity of workforce and strong mismatch between talent available and skills needed by the industry are issues of concern. This paper discusses factors responsible for skill gap and initiatives taken by Government of India to bridge this gap. It also discusses McKinsey's model successful transition of learners to employment. The conclusion of this study is education with skill development can lead to satisfactory employment for young people only if educators have a strong interface with industry.

Key words:Demographic Dividend , Skill Development , satisfactory employment .

I. INTRODUCTION

India has set aggressive goal of faster, more inclusive and sustainable economic growth in its twelfth plan. More than half of country's population is under the age of 25 years. During this phase of demographic transition, most of the population contributes to the economic growth through its impact on the supply of labour.

Across the globe, young people face higher unemployment rates than adults. The global youth unemployment rate stands at an estimated 13% in 2014. This translates into 73.6 million unemployed young people around the world in 2014.

Unemployment is persistently high yet organizations worldwide report difficulty filling key positions. In India too, unemployment among youth is high and growing especially among educated youth.

To reap the benefits of its demographic dividend, it is imperative to India to transform its workforce into an asset-educated, skilled and productive.

Key words: Demographic dividend, skill development, educators, employers, learners

OBJECTIVES OF STUDY

The present paper is an attempt

- (i) to study factors influencing youth unemployment in India
- (ii) to understand Government initiatives for skill development among youth
- (iii) to discuss McKinsey's probable successful model to create employment opportunities

SIGNIFICANCE OF STUDY

This paper makes a tiny effort to explain gravity of unemployment of educated youth in India.

RESEARCH METHODOLOGY

The study is based on secondary data collected from various published sources such as Ministries of Government of India, research institutes and websites.

REVIEW OF LITERATURE

Demographic dividend refers to a period –usually 20 to 30 years when a greater proportion of people are young and in the working age group. . It is essentially due to two factors: declining birth rates and improvement in life expectancy. The period of demographic transition will happen at some point in virtually every country. But only those that make the appropriate choices and investments will reap a demographic dividend(GOI Twelfth Plan)

The distinct aspect of current global market is that relatively high unemployment among youth coexists with widespread recruitment challenges faced by employers. In other words, while there is currently excess labour supply in the aggregate, the distinct labour markets for specific skill sets are highly segmented and many employers are having difficulty finding individuals with the right skill sets for the business tasks at hand (Manpower Group report).

At current growth rates India is projected to have a significant unemployed population the largest share of which will be educated youth. The unemployment and poverty resulting from inadequate growth will retard other efforts to place India amongst the top global economic powers. Therefore, the acceleration of economic growth and the employment of skilled youth in the next two decades are key concerns for India (India New Opportunity-2020)

GOVERNMENT POLICY AND FRAMEWORK

In order to provide adequate training to the youth and develop necessary skills, coordinated action on skill development was initiated in 2008 with creation of three-tier institutional structure consisting of

- (i) Prime Minister’s National Council
- (ii) National Skill Development Coordination Board (NSDCB)
- (iii) National Skill Development Corporation (NSDC)

In 2009, the government formulated the national skill development policy that laid the framework for skill development, envisions empowering all individuals through improved skill, knowledge and nationally and internationally recognized qualification to gain access to decent employment and ensure India’s competitiveness in the global market. NSDC, a Public Private Partnership (PPP) was created to catalyze the setting up of large scale, for profit, sustainable, vocational institutions in the country by encouraging private sector participation through providing low-cost funding for creation of training capacity.

The National Skill Development Agency (NSDA) was created in June 2013 to coordinate and harmonize skill developments across various stakeholders including Ministries.

A new Ministry of Skill Development, Entrepreneurship, Youth affairs and Sports has been created to work with various other ministries in the government and harmonize the skill development activities across the country. Seventeen Ministries and three departments of Government of India are engaged in skill development mission with the combined target of skilling 350 million people by 2022. NSDC is also assigned with target of contributing 150 million skilled people by 2022 to the Prime Minister’s vision of skilling 500 million.

Following is the status of skill development mission in India

Skill Development Progress

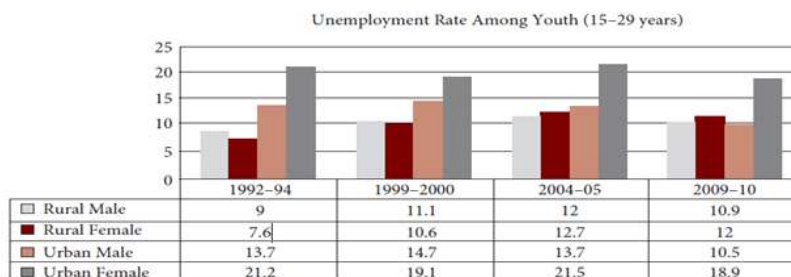
Year	No of People trained (in Lakhs)		
	Target	Target Achieved	Target achieved %
2011-2012	46.53	45.68	98.2%
2012-2013	72.51	51.88	71.5%
2013-2014	73.42	76.37	104.0%
2014-2015*	105.08	42.77	40.7%
*Till Dec 2014			
Source: National Skill Development Agency			

Employment in India

In India, about 12 million people join the workforce each year. But the productivity levels of the workforce are very low- only one tenth of the productivity levels of U.S. workforce.

The general unemployment rate of population declined to 6.6% 2009–10 for the first time since 1993–94, after increasing to 7.31% in 1999–2000 and 8.28% in 2004–05.

But unemployment is higher among the youth. The figure shows that unemployment among the age group 15–29 years for both males and females and in urban and rural areas is significantly higher than the average level of unemployment of all persons.



Source: NSS 55th, 61st and 66th rounds.

Further the illiterates have the lowest rate of unemployment and the rate of unemployment tends to rise with every level of education, with the highest unemployment rate for those with diploma/certificate.

Incidence of Unemployment for 15 Years and Above Age Group, by Level of Education, 2004–05 and 2009–10 (UPSS) in Percentage

Level of Education	2004–05	2009–10
Not Literate	0.3	0.3
Literate Without Formal Schooling	1.2	0.3
Below Primary	1.2	0.7
Primary	1.4	1.2
Middle	2.7	2.1
Secondary	4.8	2.7
Higher Secondary	6.4	5.2
Diploma/Certificate	10.4	9.6
Graduate	8.8	6.9
Post Graduate and Above	8.1	6.7
All Level of Education	2.3	2.0

Source: Calculated from NSS Database, Employment and Unemployment Survey (2004–05 and 2009–10).

India is one of the few countries which have educated unemployed in large numbers. At the same time employers in India face a huge problem of filling key position. For India the difficulty to fill up the jobs is 48% which is more than global standard of 34%

Lack of skills is the main reason why industry is unable to fill entry level vacancies. Worldwide 39% employers find it difficult to get suitable entry level workers whereas corresponding figure for Indian employers is very high at 53%

India lags far behind in imparting skill training as compared to other countries. Only 10% of Indian workforce receive skill training. Further, in India, only 5 per cent of the population of 19-24 age group has acquired some skills through vocational education, while the corresponding number for Korea is as high as 96 per cent.

Observations:

- (i) Education in India is generalist in nature.
- (ii) There is poor correlation between education and skills required by the industry.

Result:

Strong mismatch between talent available and skills needed

Why the mismatch?

(Discussion is based on McKinsey's report on Education to Employment)

1. The stakeholders: Employers, educators and students have communication gap. Employers have a priority to recruit best workforce. Educational institutions are concerned with delivering their course material. Students are least aware of both education and industry.

2. Poor participation of employers in designing course contents. Employers are neither involved in framing the curriculum nor there is active participation from them in training the educators who shape up their future workforce.

3. Ignorance among students about career choices. Students are not well informed about availability of jobs or the level of wages associated with their courses of study. Overload of information and choices confuse the students and they end up making hasty decision which conflicts their career path.

4. Lack of awareness among students about industry requirements. Some 40% of youth surveyed also report that they were not familiar with market conditions or the requirements even for well-known professions. In the absence of this basic information students opt for courses without a vision for their qualification.

5. Limited reach of career counselling initiatives from educators. The young people often seek support related to their career path from educational institutions which are ill equipped with such services. Two third of the institutions surveyed offered such services but only half of the students were aware of it.

6. Educators have no idea about employment status of their students. More than a third of educators report that they are unable to estimate the job-placement rates of their graduates. Of those who say they can, 20 percent overestimated this rate compared with what was reported by youth themselves.

7. No correlation between field of study and job available. On completion of course of study, young people find it difficult to relate their curricula with jobs available. Unhappy with the situation they keep changing job profile.

Essentials for a successful skill development program

1. Catch them young

Employers and educators together should work with the students early and intensely, possibly at the secondary level (IX-X). Educators need to create database with information such as employment status of ex-students, current and projected employment opportunities, estimated earnings, and specific

educational programs that will prepare an individual for a given occupation. This data can help prospective students in making informed decisions about both the institution and course they are interested

2. Define required competencies

Employers and educators need to collaborate to figure out exactly what the curriculum should cover so that it achieves both educational outcomes and employer requirements. Extreme clarity is necessary from both sides to achieve maximum output. The most transformative collaboration involve multiple providers and employers at a sector level. Such sector-based collaborations will help to create widespread industry recognition for the curriculum. Also it will enable delivery of training in a more cost-effective manner.

3. Develop skills

Once the necessary skills and competencies are identified, employers and providers must work together to deliver content in a way that ensures that students are learning the right skills. Employers actively participate in imparting skills by offering their experienced and best personnel. With mutual agreement between educators and employers, students will spend time on a job site or similar environment can be created in the institution

4. Set up system integrator

An independent body needs to overview the entire heterogeneous and fragmented system. The role of the system integrator is to work with education providers and employers to

- (i) Identify skill requirement down to the level of specific activities
 - (ii) Identify educators with a track record for each field to work with employers in developing curriculum
 - (iii) Ensure that educators are offering appropriate programs according to demand by employers.
- Such integrators can be defined by sector, region or target population

5. Matchmaking for employment

Educators can bring together employers and youth to see whether they meet each other's expectation.

A second way is to build strong relationships between employers and educators so that educators who understand the strengths and requirements of both parties, are able to help "match" graduates to employers

There can be altogether different approach where employers may 'prehire' students, sponsor their training and ensure the qualitative workforce as desired.

Challenges in implementation of effective skill development program

1. Educators may struggle to scale up the model due to internal resource constraints. Shortage of qualified faculty or high cost of developing infrastructure can be key issues. Innovations in technology can deliver highly standardized curriculum through internet, television and radio

2. Though apprenticeships traditionally have provided hands-on experience, there are not enough spaces to meet demand. Technology, in the form of "serious games" and other kinds of simulations, can help by offering tailored, detailed, practical experience to large numbers at a comparatively low cost. Employers often are willing to invest only in those specialized skills whose value they can fully recover. One proven approach is to combine customization and scale by offering a standard core curriculum complemented by employer-specific top-up.

Education sector in India is in critical state.

Though India has achieved near universal enrollment at primary school level (I-VI), dropout rate at upper primary (VI-VIII) level is high and higher at secondary level (IX-X)

Level-wise Drop-out Rates in School Education (in %Age)

Level	ALL		
	Boys	Girls	Total
I-V	21.2	18.3	19.8
I-VIII	39.2	32.9	36.3
I-X	48.1	46.7	47.4

Data Source : U-DISE-2013-14(Provisional)

Lack of child friendly approach, rote learning, minimum or zero use of technology in teaching methods, examination of learning and not for learning are some of the key factors for students dropping out of school. Extreme poverty pushes these dropouts in job market. 80% of the students study in Government funded schools. Student-teacher ratio is very high in these schools.

At secondary level too, education is not related to any practical training. The dropouts, even after studying for 10 years in the system, have very little chance of employability.

Reservation in education since higher secondary level creates large inequality among young people. Further relaxation in eligibility criteria for recruitment of teachers has affected quality of education. Though privatization has increased enrollment in higher education, it also led to declining quality of education.

Indian Government supports school education by funding which is withdrawn at higher level compelling students to dropout due to non-affordability.

For the success of skill development program it is imperative for India to undertake overhaul of education sector and create quality-driven system that is accessible to all segments of society

CONCLUSION

The empowered, educated, skilled and highly productive workforce of 700 million Indians including 200 university graduates, in 2020 and industries worldwide competing to hire them-this is what India dreams to be at 75- post-independence. The development of millions of youth in such a short span of time is astounding in its scale.

Indian Government is taking proactive steps to fill skill gaps in order to leverage its position as a supplier of skilled workforce to the aging world. Effective implementation of existing policies for skill development, fundamental education reforms across elementary, secondary and higher education, strong interface between educators and employers, public private partnership and international collaborations can lead nation to become superpower.

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