

## SKILL ENHANCEMENT- A REQUISITE FOR SUSTAINABLE TRAJECTORY

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**Abstract :**India, like many other Asian countries, is going through five labour market transitions: farm to nonfarm, rural to urban, unorganised to organised, subsistence self-employment to decent wage employment and school to work. India's population, long considered a curse, has turned into a desirable demographic dividend. The "demographic dividend" accounts for India having world's youngest work force with a median age way below that of China and OECD Countries. Alongside this window of opportunity for India, the global economy is expected to witness a skilled man power shortage to the extent of around 56 million by 2020. Thus, the "demographic dividend" in India needs to be exploited not only to expand the production possibility frontier but also to meet the skilled manpower requirements in India and abroad.

Skill building can be viewed as an instrument to improve the effectiveness and contribution of labor to the overall production. It is as an important ingredient to push the production possibility frontier outward and to take growth rate of the economy to a higher trajectory. Skill building could also be seen as an instrument to empower the individual and improve his/her social acceptance or value.

**Key words:**skill, development, workers, economy.

### I.INTRODUCTION

India, like many other Asian countries, is going through five labour market transitions: farm to nonfarm, rural to urban, unorganised to organised, subsistence self-employment to decent wage employment and school to work. India's population, long considered a curse, has turned into a desirable demographic dividend, PM NarendraModi, in his address at Madisson Square Garden stressed the demographic dividend that India enjoyed, with 65 percent of its population under the age of 35. He stressed upon "SKILLING INDIA IS KEY TO MAKING IN INDIA".The "demographic dividend" accounts for India having world's youngest work force with a median age way below that of China and OECD Countries. Alongside this window of opportunity for India, the global economy is expected to witness a skilled man power shortage to the extent of around 56 million by 2020. Thus, the "demographic dividend" in India needs to be exploited not only to expand the production possibility frontier but also to meet the skilled manpower requirements in India and abroad.

The coming decade will be crucial for India and only if India grows at the rate of 8-9 per cent per annum, India's per capita GDP will grow from the current level of \$1,800 to \$8,000-\$10,000 by 2025. Only then, India will graduate from being a low income country to a middle income country and achieving, maintaining and sustaining that high level of growth, for the development of our economy.

A September 2012 Ernst and Young report for FICCI estimates that only 10 percent of India's workforce receives some kind of training and 80 percent of entrants into the pool do not have the opportunity for training. Many of those trained are hardly employable though they may have certificates. The difficulty in filling up jobs in India in 2012 was 48 percent when the global standard was 34 percent. The top 10 high growth industries, such as retail, auto, construction and IT, are expected to require about 245 million people by 2022 (including current incumbents) if India manages an average annual GDP growth rate of near 8 percent.

With increase in exports we face the challenge of improving productivity of our workforce. As our economy progresses we will require skilled workforce to sustain progress and growth of our economy. Enrolment in vocational courses in India is 5.5 million per year compared to 90 million in China and 11.3 million in United States. A mere 2 percent of Indian workers are formally skilled. Significantly the bulk force in India – about 93 percent- who work in unorganized sector are largely untouched by formal training. By way of comparison 96 percent of South Koreans are formally trained. This is 80 percent in Japan, 75 percent in Germany and 68 percent in United States.

**OBJECTIVE OF STUDY:**

- 1.To study how development of skills can generate employment for different categories of workers.
- 2.To study how big Industrial houses of India have helped in promotion and development of skills of workers.
- 3.To study how multinationals can improve productivity and contribute to the economic prosperity of India.

**RESEARCH METHODOLOGY:**

**Coverage of the study:** This paper would examine the skill requirements in different industries of India.

**Sources of data:** This research paper is exploratory in study and therefore Secondary data has been used which has been sourced from books, newspapers websites and research studies.

**Data Analysis:** Keeping in mind the objectives of study, a critical analysis of the secondary data has been made

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Developing Efficient Labour Markets for All Categories of Workers.

The quality of employment in organized sector is generally high though the scope of additional employment generation in this sector is rather limited. Significant employment generation is taking place in tertiary sector, particularly, in services industries. Self-employment and small business continue to play a vital role in this regard. It is, therefore, necessary to promote main employment generation activities like (a) agriculture, (b) labour intensive manufacturing sector such as food processing, leather products, textiles (c)services sectors: trade, restaurants and hotels, tourism, construction and information technology and (d) small and medium enterprises.

India's manufacturers have a golden chance to emerge from the shadow of the country's services sector and seize more of the global market. McKinsey analysis finds that rising demand in India, together with the multinationals' desire to diversify their production to include low-cost plants in countries other than China, could together help India's manufacturing sector to grow six-fold by 2025, to \$1 trillion, while creating up to 90 million domestic jobs.

India has a massive workforce, an emerging supply base, and access to natural resources needed in production—notably, iron ore and aluminum for engineered goods, cotton for textiles, and coal for power generation. The country could become a viable manufacturing alternative to China in industries ranging from apparel to auto components and might even dominate some skill-intensive manufacturing sectors.

If India's manufacturing sector realized its full potential, it could generate 25 to 30 percent of GDP by 2025, thus propelling the country into the manufacturing big leagues, along with China, Germany, Japan, and the United States. Along the way, we estimate that India could create 60 million to 90 million new manufacturing jobs and become an attractive investment destination for its own entrepreneurs and multinational companies.

Indian manufacturers lag behind their global peers in production planning, supply chain management, quality, and maintenance—areas that contribute to their lower productivity. Consequently, workers in India's manufacturing sector are almost four and five times less productive, on average, than their counterparts in Thailand and China, respectively.

Nonetheless, some Indian companies are making strides. Tata Steel, for instance, improved its output per worker by a factor of eight between 1998 and 2011, largely by adapting its operational and management practices to India's unique conditions. The company dramatically improved the output of its

blast furnaces, for example, by learning to adjust them continually to account for the large variations in the ash content of Indian coal from shipment to shipment. In this way, the steelmaker can burn coal with a high ash content more efficiently than would otherwise be possible.

The company has also made significant organizational changes to support the new ways of working. To make employees more accountable, for example, Tata Steel reduced the number of managerial layers to 5, from 13. It also began investing heavily in building analytical and interpersonal skills among frontline managers and staff to ensure access to scarce competencies. Today, the company's ShavakNanavati Technical Institute trains more than 2,000 employees a year in both "hard" skills as well as "soft" ones, such as conflict resolution. Together, these moves strengthened the company's focus on continuous improvement—Tata Steel won the coveted Deming Prize in 2008 for advances in process excellence and quality improvements—and helped it become one of the world's lowest-cost steel producers.

India's manufacturers could learn a lot from the IT sector's experience in promoting the large-scale development of skills. India's IT services and business-process-outsourcing sectors together hire nearly a million new recruits a year and bring them up to speed in just months. A key factor in this success was the early recognition among Indian IT companies, back in the 1990s, that the number of engineering graduates in computer sciences wouldn't meet the needs of the country's burgeoning IT sector. In response, Infosys, Wipro, and other companies began hiring graduates from all engineering disciplines and using in-house curricula and faculties to build skills among new hires. That approach ultimately led to the formation of a successful network of independent, privately owned computer-training institutes, such as Aptech and NIIT.

India's manufacturers should follow a similar path by establishing in-house training centers to promote vital manufacturing roles, including those of fitters, machinists, maintenance engineers, and welders. Some Indian companies are already taking matters into their own hands. For example, to impart vocational skills, India's largest automaker, Maruti Suzuki, has adopted six technical institutes across the country, some in regions with little manufacturing presence. By using the company's own managers as faculty for some classes, Maruti Suzuki inculcates trainees with a strong feel for its culture as well. The automaker is now expanding its training programs to include employees of key suppliers.

Although training programs make good business sense, they are also increasingly necessary to get local populations to accept the establishment of a manufacturing footprint in India. Tata Motors' partnership with the Gujarat state government to improve the skills of local workers, for example, helped the company to ameliorate concerns about the displacement of residents by the construction of a Tata Nano car factory, while giving the company access to new workers. Today, nearly 1,000 people who live within a 10-kilometer radius of this Sanand factory make Nanos. Similarly, Tata Steel has agreed with the Orissa state government to train and improve the skills of workers living near a planned steel plant in Kalinga Nagar. The company has pledged to give local villagers jobs in the project's execution and operations.

Frontline workers aren't the only ones whose skills need upgrading; India's manufacturers must also improve those of managers. Consider the experience of the cement maker Holcim, where executives set—and achieved—such goals as significantly improving the reliability and energy efficiency of the production process, as well as other important operating metrics at the company's Indian subsidiaries.

The combination of rocketing domestic demand and the multinationals' desire to diversify their manufacturing footprint offers Indian product makers a once-in-a-generation opportunity to emerge from the shadow of the country's services sector. By improving their productivity and bolstering operations, they could become an engine of economic prosperity for the whole country.

End Note: Unlike many developed countries, where skill development initiatives have been largely led by the government, the private sector in India has the opportunity to play a significant role in the country being able to produce job-ready and industry-ready professionals in large numbers. Industry leaders here simply cannot afford to play a passive role in the skill development process and hope that the problem of skilled manpower would get sorted out all by itself, through government intervention or otherwise. Given the projected shortfall of 347 million skilled people by 2022 in 20 key sectors of the economy and the infrastructure arena, the industry needs to wake up to the rude reality that a laidback approach to skilling on its part would only hasten its relegation to obscurity, and, in an extreme scenario, even put its own existence at risk. The pace at which this transition happens would determine where India would stand 20 years hence — as just another fast-growing developing country or an influential member of the First World. The timeto act is now. The goal is ambitious, yet achievable.

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