

EDUCATION AND SKILL DEVELOPMENT: IMPACT ON ECONOMIC GROWTH OF INDIA

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Abstract

India's population is huge at 1.21 billion. It is fast expanding at a rate of 17% and integrating rapidly into the global economy. India is among the 'young' countries in the world, with the proportion of the work force in the age group of 15-59 years, increasing steadily. However, presently only 2% of the total workforce in India have undergone skills training. India has a great opportunity to meet the future demands of the world, India can become the worldwide sourcing hub for skilled workforce. The challenges for India get magnified, as it needs to reach out to the million plus workforce ready population, while facing an ever increasing migration of labour from agriculture to manufacturing and services. With the government launching a number of schemes to empower the young workforce, the challenges magnify as there is a need for effective implementation of the schemes at the grass root level with equal participation from all the stakeholders concerned.

The realization of this demographic dividend led to the formulation of the “**National Skills Policy**” in 2009 which set a target of imparting skills training to 500 million, by 2022. The **Prime Minister's National Council on Skill Development** is an apex institution for policy direction and review.

To make India internationally competitive and to boost its economic growth further, a skilled workforce is essential. As more and more India moves towards the Knowledge economy, it becomes increasingly important for it to focus on advancement of the skills and these skills have

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to be relevant to the emerging economic environment. For transforming its demographic dividend, an efficient skill development system is the need of the hour. Therefore to achieve its ambitious skilling target, it is imperative to have holistic solutions of the challenges instead of piecemeal interventions.

Key words: Skill Development, Economic Growth, Education

INTRODUCTION

Education is a process of facilitating learning - knowledge, skills, values, beliefs etc. So, education determines the country's future as it is having all the powers to change everything. We have come across so many philosophies like naturalism, realism, idealism, modern philosophies and philosophers like *Jhon Dewey, Arbindo Gosh, Rabindranath Tagore, MK Gandhi* who believed in traditional way of learning along with modern concepts and also Nehru had strong believe in Rationalism. Apart from these, we had older way of educational methodology like Gurukuls, where students have to stay and learn the mantras, Upanishad by storytelling, games, managing the battles, moral values, leadership skills etc taught by gurus. But the drawback of this methodology was it is only applicable for certain group of people like those who are from Shatriyas and other forward castes.

The difficulties and struggle were felt from the olden period onwards, but still we did not achieve 100% in that. It should reach all people irrespective of age, sex, economic status, religion, language, cultures etc. "Education for All" Initiative must be initiated soon. *"A high rate of education is essential for countries to be able to achieve high levels of economic growth so that the developing countries should grow faster than rich countries because they can adopt cutting edge technologies already tried and tested by rich countries"*.

SKILL DEVELOPMENT : AS A KEY DRIVER OF ECONOMIC GROWTH

According to UN World Population Prospect 2010, India's share in world population is 17.6% next to China. With India's Population Forecast the growth rate is 1% as compared to China's 0.4%, India will be most populous country in the world by 2030. More significantly, India will have the largest number of people in the working age group of 15-59 years. As the proportion of

working age group of 15-59 years will be increasing steadily, India has the advantage of 'demographic dividend. Harnessing the demographic dividend through appropriate skill development efforts would provide an opportunity to achieve inclusion and productivity within the country. Following skills need to be imparted to youth while schooling or at the time of college education Vocational training and certification programs should be undertaken for producing skillful workforce. Tie up with industries should be undertaken to design and develop curriculum. Classroom training as well as internship (on the job training) will be helpful to students to get complete knowledge about the industry. Assessment and certification by industry will help to industry to recruit a suitable candidate. This will enable to recruit skillful employees which increase efficiency and productivity. Implementation of such programs in rural areas will cater benefits of economic growth into lower strata of the economy, which will resulted into inclusive growth.

NATIONAL SKILL DEVELOPMENT POLICY

Expected to bridge the existing skilled-workforce gap of 30 crore, the new National skill Development Policy aims to skill one in every four Indian by 2020. 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 nearly 8 per cent. The key drivers of economic growth would be creating more and more employment opportunities with increasing the share of manufacturing in GDP to 25 percent. The ambitious target set by the Government, if implemented in the right spirit, will help bridge gaps in crucial sectors such as infrastructure, healthcare and manufacturing. ASSOCHAM highlights the following key issues to be resolved in order to ensure successful implementation of NSDP 2015 :

- **Streamlining the Institutional Structure** - Complex structures in the existing policy, spread across multiple sectors and schemes. Lack of trained personnel.
- **The National Skill Development Policy 2009**, with the bandwidth to facilitate nearly 3.1 million personnel (compared to over 12 million new entrants), leaves open a huge gap in the skill development requirements of the nation. The chamber recommends immediate measures to strengthen the skill development and training infrastructure with support from the private sector.

• **Mismatch in Providing Vocational training** - The existing skill development policy does not focus on providing vocational training to casual workers, leading to a shortage of skilled laborers. With close to 90 per cent of the labour force comprising the casual workforce, it is imperative for the government to provide vocational training in a more regularized manner so as to ensure better ratio of skilled to unskilled labour. ASSOCHAM is confident of the success of the upcoming Policy and strongly believes that it will not augment skilled workforce in India, but also enhance employee productivity; thereby reinforcing the Government's Make in India' initiative.

ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT:

The share of education sector in GDP declined from about 3.8% in 2004, to 3.6% in 2010. Thus education sector has been a lagging sector despite all the rhetoric about "Education Plan". This has to change dramatically. Education sector should become "an engine of growth". In addition, growth of sub-sectors in service sector such as health, IT, and IT-enabled services, business services and so on will be crucially dependent on outputs of education sector. Present level of educational status of labour force in India is given in Table-1.

Table 1: Education Level of Labour Force in India

<i>Category</i>	<i>Numbers (million)</i>	<i>Share in Labour Force in Age Group 15-59 (%)</i>	<i>Share in Labour Force (470.1 million %)</i>
Not literate	12.65	29.14	26.73
Literate without formal schooling: EGS/NFEC/AEC+TLS + Others	2.12 0	0.49	0.45
Below primary +primary	102.38	23.74	21.78
Middle	76.08	17.64	16.18
Secondary	52.39	12.15	11.14

High Secondary	29.19	- 6.77	6.21
Diploma/certificate course	6.02	1.4	1.28
Graduate	28.01	6.49	5.96
Graduate and above	9.4	2.18	2
Total	413.23	100	91.73

Source: *NSSO*

Projected growth and sector demand

In its Twelfth Five Year Plan, India has set a tough challenge in the field of vocational education and training in its approach paper. It aims to increase the percentage of workforce with formal skills to 25% at the end of the plan. It is estimated that 50–70 million jobs will be created in India over the next five years and about 75%–90% of these additional employment avenues will require some vocational training. The following table-2 presents the projected employment in the various sectors of economy for diverse growth scenarios till 2017.

Table-2 : Projected growth Sectorwise

Year	Projected Employment in million				Total
	GDP Growth Rate	Agriculture	Industry	Services	
2011-12	9%	229.2	105	153.5	487.7
	7%	225.4	102	149	476.4
	5%	221.5	99.1	144.6	465.2
2016-17	9%	240.2	126.2	189.5	555.9
	7%	232	116.8	174.8	523.5
	5%	224	108.1	161.2	493.3

Source: *NSDC*

Government Initiative for Skill Development

Government of India has providing lot of skill development programs in number of sectors. It

includes various certifications and training programs in the field of Agriculture, IT, manufacturing, service sectors, etc.

National Skill Development Corporation

It aims to promote skill development by catalyzing creation of large, quality, for profit vocational institutes. To fulfill the challenge of skilling 150 million people by 2022 is the main objective of NSDC. It focuses primarily on supplementary skill development and strives to create seamless tracks within the education system. More than 150 training partners are affiliated with NSDC.

National Knowledge Commission

NKC was formed in 2005 by Government of India. Knowledge is recognized as a driving force in the 21st century. The main aim of NKC is enhancing access to knowledge, improving education systems and their delivery, reshaping the research and harnessing knowledge applications for generating better services. Major steps taken by NKC are as follows:

- ▶ Promote creation of knowledge in Science & Technology Laboratories.
- ▶ Promote knowledge application in Agriculture & Industry.
- ▶ Promote use of knowledge capabilities in making government an effective, transparent and accountable service provider to the citizen.

Security Exchange Board of India

SEBI is trying to impart financial skills among different age group throughout the country. Investor awareness program implemented by SEBI is providing financial knowledge to people by which they can take correct investing decision which increases capital formation in the country.

SUGGESTIONS:

Following measures should be taken to impart knowledge and skill to youth generation:

1. Government has to take initiative for framing and overall implementation of skill development program.
2. Reframing the policies like Education, Labour etc.

3. Wide awareness campaign should be undertaken to aware people about existing policies, so as to get best result.
4. Developing good schooling infrastructure.
5. Vocational training and certification programs should be provided in rural areas.
- 6 University - Industry interface should be created to develop industry oriented courses and creation of employment opportunities.
7. In addition to government initiatives, corporate investment in employee education and training would continue to play a critical role to meet the rising demand for high-skilled workers.

CONCLUSION

To conclude, in the 21st century knowledge, skills and technology are major driving forces for the economy. These are the new emerging factors of productivity, without which we cannot attain efficiency and effectiveness in our economy. Knowledge and skill enhancement will match the requirements by the industry which will help in higher productivity and to reduce hidden unemployment. Skill development programs throughout the nation in all sectors will facilitate more sustainable growth. Efforts should be taken to reach each and every strata of the society for inclusive growth. Not only Indian government but private units should have to invest in educational field to develop a strong infrastructure.

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