Skill Building: The Need of the Hour

Dr. Himanshu Shekhawat*  
Damyanti Sodha**

Abstract
From a million graduates every year, only 3% is appropriately employable to skilfully accomplish productive jobs. About half of the country’s people being young people; this presents a remarkable opportunity that can be utilised for the social, economic and sustainable growth of nation. Although, India boasts of having approximately 3.4 million skilled manpower, but the country will need around 500 million skilled workers, according to a report by ILO (Indian Labour Organisation) by 2022. This proposition presents as an imperative national priority to be addressed by addressing the issue of skill gap. Skill building is very important for making the aim of “Make in India”, a campaign announced by Present Prime Minister, Sh. Narendra Modi, a real success. This paper seeks to address the issue of skill gap and strives to present some key suggestions for skill building.

Keywords: Skill gap, Skill building, Industry.

Introduction
Every year colleges and universities prepare millions of graduates in India, but it is surprising to know that less than 3 per cent of workers possess the requisite skills to perform their jobs. According to the present status, half of the country’s population is populated with people who are aged less than 25 years and this proposition offers a remarkable

*Assistant Professor, Amity Business School, Amity University Rajasthan, Jaipur.
**Assistant Professor, Kanodia P.G. College, Jaipur.
prospect to harness the nation’s demographic dividend for the long term economic and social growth and development.

Presently, the supply of skilled labour force in country is roughly 3.4 million. As per International Labour Organisation (ILO), India will need 500 million skilled employees by 2022. The 2013 Companies Act directive on Corporate Social Responsibility (CSR) seeks a renewed stimulus for corporate to take heed to skill development in the country.

There are 62% people who are in age bracket of 15 to 59 years and more than 50% people are less than 25 years of age. This young demographic dividend reinforces India’s growth trajectory and economic development since liberalisation and is particularly noteworthy because elsewhere, the industrial world faces a sharp decline in labour force.

The country’s labour force will increase by 32% in the coming 20 years, however the developed workforce will fall by 4% hence the nation has responsibility to provide skilled workers to fill the expected skill gap across different industries.

Although, this surplus young workforce boasts of giving the nation a strategic advantage, the imminent challenge India confronts is that a vast majority of young but unskilled work force seeking to get in Indian Inc. The Economic Survey (2014-15) points to this trembling concern for the country that however, each year, the nation is adding around 12 million to labour market, only 3% of these workers have gone through skill training of any sort.

This gap highlights the insistent need for a substantial skill enhancement training that renders nation’s workforce to not only get a rewarding livelihood but also create a noteworthy impact on country’s economic and social growth and development.

Review of Literature

Bok (2006) stated that we are living in dynamic, competitive and a globalised world. In contemporary knowledge economy, companies
expect that academic institutions provide the required employability skills to the students. Cappelli (2008) points to the fact that problems related to skills and talents are weaved together for both employers and job seekers. The responsibility lies on educational institutions to prepare candidates which can be readily employed, whereas, employers need skilled workers to perform efficiently on their jobs resulting in cost leadership and profit maximisation.

Number of research studies has discovered that institutes do not instil the adequate Employability skills in their wards according to the expectations of industry (Fugate and Jefferson, 2001). Cultural divergence, globalised market, skilled employees and collective & coordinated work patterns are some of vital factors which impact success or demise of the present day corporate (Weisman, 2000).

In the contemporary competitive world, the companies require employees who possess skills such as present ability, communication, zeal for learning, team building, adaptability to work in different environments, relationship management, pro-activeness, perseverance, creativity, innovation, problem solving, tech-savvy (D. Kumar & V. Jain (2010). Industry also look for global outlook of job seekers (Barret and Beeson, 2002) and socially responsible perspective (Mumford et all, 2000).

However, many companies have enormous expectation gap with reference to employability skills. There is a profound skill gap between what is expected by companies and what is taught by management institutes to their wards (Pfeffer and Fong, 2002).

Rajkumar Paulrajan (2011) asserts that vocational and selling skills are required at entry level, whereas leadership, team building and decision making are required at managerial levels in the retail industry. Masura Rahmat (2012) assessed the requirement of information technology graduates in terms of software development, soft skills and entrepreneurial skills.
Padmini (2012) in her study discusses initiatives taken by the government directed towards skill building of engineering and technical student and how soft skills can be aligned with the curriculum to prepare the students for gainful employment. Nidhi Pandey (2012) identified important factors required by management students that make them employable. She found that life skills help in coping with loss and stress and also help in developing critical thinking.

Divya Shukla (2012) identified crucial employability skills among engineering graduates and concluded that curriculum should include apprenticeship programs and live projects with the industry and this will certainly improve the employability of students. Varwandkar Ajit (2013) in his study, suggested characteristics such as domain specific knowledge, responsiveness, communication and managerial abilities have momentous impact on employability of engineering graduates.

Poornima Jain (2013) studied the skill development in the country, and sought to find the challenges in execution of government’s action plan for skill development and suggested crucial measures to enhance the employability skills of job seekers. She concluded there was a pressing need of coordination between the Government and departments of Life Long Learning and Extension to accomplish the aims of National Policy on Skill Development.

Rajanibala J. Shah et al (2014) suggested that academic institutes should provide continuous training and organise workshops to familiarise students about current market expectations of different sectors.

Hari Prasad (2014) studied the alarming skill deficiency among engineering graduates. He concluded that peer group and personal experiences play a crucial role in development of key skills. Focus group deliberations and networking are essential to attain employment. Rubvita Chadha et al (2014) stressed the need of appropriate teacher orientation, personality development workshops and continued
industry-institute interaction in preparing management students for the industry.

Objectives

The main objectives of study are as given under:-

1. To understand the skill gap and its extent in India and implications in certain sectors/industries.
2. To present possible strategies for skill building.

Methodology

This is an exploratory research. The present study is based on secondary data. The requisite information has been derived from various books, articles from newspapers, magazines and journals, and from several web-sites which deal directly or indirectly with the topics related to skill gap and make in India. Pertinent information was then analysed to address the objectives of present study.

Findings

Skill Gap & Its Extent and Implications

A skill gap study piloted by the National Skill Development Corporation (NSDC) in 2014 reveals that India will need 109.73 million skilled labour forces by 2022 for 24 important sectors. It is projected that only 4.69% of the total workers in the country have been through any formal skill training program as compared to 68% (UK), 75% (Germany), 52% (US), 80% (Japan) and 96% (South Korea).

Several surveys organised on assessment of employability, unveil an enormous gap between skills and market needs. As per the Higher Education in India: Vision 2030, a report prepared by Ernst and Young for the Federation of Indian Chambers of Commerce and Industry (FICCI), 75% (IT), 55% (manufacturing), 55% (healthcare) and 50% (Banking and Insurance) graduates are estimated unemployable. Adding to that, the National Association of Software and Services Companies
(NASSCOM) upholds that out of about 3 million graduates passing out every year, less than one third of engineering graduates and only 10 to 15% regular graduates are considered employable. Hence, it becomes imperative to contemplate over probable reasons that result into low employability of regular graduates in general and engineering graduates specifically.

With a total population of approximately 130 crores people, and the largest youth population (57.2 crores population under the age of 24), labour is considered as a crucial factor of production in India. As per the economic survey 2014, working population in the country is anticipated to surge from about 58% (2001) to 64% (2021). Demographics stipulate that India will exceed China, with India’s dependency ratio dipping from 61% (2002) to 36% (2020) and China ongoing constant at 44% (UN Department of Economic and Social Affairs).

Present position of skill gaps and requirements in selected sectors is following.

**Electronics and IT Hardware Industry**

Increasing consumer and business demand for electronic and IT hardware products are anticipated to touch the INR 24 lakh crore by 2020. With imports of electronic products expected to touch the INR 18 lakh crore by 2020, the government is making strenuous efforts to boost domestic manufacturing in the sector.

**Table 1: Breakup of Indian Electronics and IT Hardware Sector**

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Breakup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Electronics</td>
<td>+</td>
</tr>
<tr>
<td>Computer and Peripherals</td>
<td>15%</td>
</tr>
<tr>
<td>Communication and Broadcasting equipment</td>
<td>34%</td>
</tr>
</tbody>
</table>
Table 2: Incremental Human Resource Requirement

<table>
<thead>
<tr>
<th>Segment</th>
<th>Employment (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design &amp; Manufacturing</td>
<td>1.45         1.75         2.06</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>1.58         2.33         3.34</td>
</tr>
<tr>
<td>Repair, installation and</td>
<td>1.30         2.16         3.54</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Total</td>
</tr>
</tbody>
</table>

(Source: NSDC India)

Table 3: Demographical Characteristics of Workforce, Emerging Technologies and Focus on Skills Requirement

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Demographical Characteristics of Workforce, Emerging Technologies and Focus on Skills Requirement</th>
</tr>
</thead>
</table>
| Demand for Specialist Roles & Niche Segments | • Manpower requirement for specialist roles like system integrator is on the raise.  
• Niche areas like automotive and medical electronics would add to increasing specialist roles.  
• Smart phones, tablets and DTH segments are also expected to witness significant growth in human resource requirement. |
<table>
<thead>
<tr>
<th>Migration</th>
<th>Migration is a major challenge. High cost of living in Electronics hubs like Bengaluru, NCR, Kolkata discourage employment led migration from rural and semi urban regions.</th>
</tr>
</thead>
</table>
| Modes of recruitment | - Recruitment is predominantly through industry personnel visiting colleges and ITIs.  
- Government schemes like Apprenticeship play a crucial role in supplying technical manpower for manufacturing segment. |
| Skill Premium | - No premium is attached to people who get trained in this sector.  
- Skill premium seems to be absent since the trained manpower is barely recognised, as the sector is not keen on investing in training. |
| Changing skill requirements | - New technologies emerging, such as cloud computing and mobile applications leading to shift in manpower needs of electronics and networking sector as new roles are being created.  
- The demand for software roles earlier has now shifted toward mobile applications.  
- The demand for hardware technicians has been replaced with the demand for networking engineers. |
| Recruitment preferences | - Organisations focus on basic knowledge of technical operations for recruitment in manufacturing.  
- Soft skills and product knowledge are the key criteria considered for recruitment in sales & marketing.  
- Prior experience (mostly in unorganised) is seen as an important consideration in repair |
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IT and ITeS Sector

The Indian IT & ITeS sector is pivotal for Indian economy. The sector's GDP contribution has increased from 1.2 percent in 1998 to 6.4 percent in 2008 to 8.0 percent in 2013 driven by significant exports to western countries. The sector has provided new job opportunities and at present employs about 3 million directly and 9.5 million indirectly.

Incremental Human Resource Requirement

- The Indian IT & ITeS industry employs about 3 million directly and 9 million indirectly.
- A majority of employment is generated through the exports business.
- Exports contribute about 78 percent of total employment in sector.
- Employment growth was high during FY02–09 period; however, it started settling down with the increasing maturity of the sector and the evolution of non-linear business models.
- The sector is expected to employ about 5.1 million professionals directly in FY22 and exports are likely to dominate.

Table 4: Engineering Education in India

<table>
<thead>
<tr>
<th>Institutes, Colleges, Universities</th>
<th>No. of Institutes, Colleges, Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutes of National Importance (IITs-40)</td>
<td>40</td>
</tr>
</tbody>
</table>
Southern states have witnessed largest growth in intake capacities between 2005-06 and 2009-10.

West, South west and eastern regions have witnessed low growth in this period.

North eastern states and Bihar have lowest engineering seat density per million population indicating potential for private players in these regions provided there is demand in this region.

Concentration of quality Institutes is uneven with a great demand for such Institutes in Central India.

Retail Sector

Indian retail industry has been growing at a steady pace fuelled by factors like changing lifestyles, rising disposable incomes, favourable demographics, and easy credit availability. Retail sector contributes to 23% of GDP, which is driven by an increasing Private Final Consumption Expenditure (PFCE) over last few years growing from INR 19 Lakh Crores in 2005 to around INR 51 Lakh Crores in 2012. In terms of Foreign Direct Investment (FDI) – cumulative value of retail sector has more than doubled driven by liberalisation in single brand retail norms growing. Organised Retail is no more an urban phenomenon. It is estimated that tier 2 and smaller cities will evolve fast to constitute majority share of the organised retail in coming years.
Table 5: Incremental Human Resource Requirement

<table>
<thead>
<tr>
<th>Sub Sector</th>
<th>Employment (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Food &amp; Grocery</td>
<td>19.6</td>
</tr>
<tr>
<td>Health &amp; Personal Care</td>
<td>1.7</td>
</tr>
<tr>
<td>Home Improvements</td>
<td>4.4</td>
</tr>
<tr>
<td>Leisure</td>
<td>0.8</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>4.5</td>
</tr>
<tr>
<td>Auto Sales</td>
<td>1.5</td>
</tr>
<tr>
<td>Jewellery Retail</td>
<td>1.5</td>
</tr>
<tr>
<td>Food Services</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38.6</td>
</tr>
</tbody>
</table>

(Source: NSDC India)

Table 6: Changing Skills Set Requirements

<table>
<thead>
<tr>
<th>Job Roles</th>
<th>Representative Skills Gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Associate</td>
<td>Inadequate product knowledge, resulting in little or no support to customers in purchase, poor customer service orientation, poor numeracy skills, often in combination with lack of computer knowledge, inadequate grooming and hygiene</td>
</tr>
<tr>
<td>After-sales Associate</td>
<td>Inadequate communication skills, with ineffective demonstration and marketing of products, poor customer empathy, with weak after-sales support and customer feedback</td>
</tr>
<tr>
<td>Position</td>
<td>SkillGap</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cashier</td>
<td>Inadequate operational knowledge of POS terminal and payment processing,</td>
</tr>
<tr>
<td></td>
<td>hindering speedy transactions, Inadequate book-keeping/ accounting</td>
</tr>
<tr>
<td></td>
<td>skills, inadequate product knowledge, hindering speedy processing/</td>
</tr>
<tr>
<td></td>
<td>scanning</td>
</tr>
<tr>
<td>Assistant Departmental Manager, Departmental Manager</td>
<td>Inadequate communication, people management and leadership skills, Inadequate coordination skills, especially during peak seasons or high attrition periods, poor grievance handling skills</td>
</tr>
</tbody>
</table>

(Source: NSDC India)

**Strategies for Skills Building**

In order to make up for contrast between a demographic excess and lack of skilled youth, both central as well as the state governments have skill building on a national priority.

The opening National Policy on Skill Development was framed in 2009. As a twig of this policy, an agency called the National Skill Development Corporation (NSDC) was created to encourage public-private partnerships. This agency is helped by training centres, skill councils and polytechnics. In order to synergise central government’s efforts of skilling, National Skills Development Agency was created to work closely with state governments. It strives to integrate skilling and educational aims at competency levels. The central government also came out of one its kind, first Ministry of Skill Development and Entrepreneurship to prepare an empowering ecosystem to instil employable skills to its increasing workforce over the coming years.
Industry can also play a prominent role in the sphere of skill development. In addition to assessing the demand and preparing plans and policies of hiring, companies can provide pertinent operational expertise that is necessary to prepare capacity in ecosystem. It can also provide a handy atmosphere for hands-on skill training to workers. Moreover, as a principal participant in skills ecosystem, companies can play an important role in assisting expansion of scope of skill development in the nation.

The Industrial Training Institutes (ITIs) were conceptualised to instil vocational training to prepare trained workers that the nation needed desperately. But, these institutions have not been able to fulfil their aims due to various reasons like non-flexible training structure, unfitting vocational instructors, lacking state of art equipment and frail alignment with the industry. So, a comprehensive plan should be carved which could involve government, ITIs and the industry to streamline the functioning of ITIs. Industry can assist in framing the course curriculum and design customised training programs as needed by the industry. ITIs can hire experts working in Industry to take some lectures and can be very handy in training. Industry associations can be made in areas of providing their premises for on-the-job trainings and for apprenticeship. For instance, Samsung India has established Samsung technical schools through ITIs by employing its specially designed curriculum - Advanced Repair and Industrial Skills Enhancement (A.R.I.S.E.) programme. More than 3,000 young people have graduated from these Schools since 2014. These have been working in close association with Ministry of MSME and Departments of Technical Education.

The other area which should be focussed upon is vocational training and apprenticeship. Vocational training systems should be supplemented with on-the-job training frameworks. Government should work in close collaboration with industry which can also include MSME sector, to prepare a positive atmosphere to enhance opportunities of apprenticeship in the nation. Government also opines to bring services
under the realm of apprenticeship. For example, Tata Motors is already running an Apprenticeship Training Program in Pune, Maharashtra. Each year over 3000 young people undertake apprenticeship training in their training program.

Skilling should also be integrated with the mainstream education. Skilling can be aligned with the mainstream formal education by carrying out vocational training classes having close linkage with the local economy. This can be done from class nine onwards. This integration ensures that the students have a range of vocational skills which shall help them when they join industry and they have already received a long term training on the same. For instance, Hindustan Unilever (HUL), came out with a popular ‘Project Shakti’ which aims to improve the source of revenue of rural women. The company trains rural women here as entrepreneurs. Also called ‘Shakti Amma’, the rural women entrepreneurs are trained about various products of the company and their relevance in upholding health and hygiene.

Another significant measure for skill building is counselling. It creates ambition and lessens the attrition rates at the time of training and employment by assisting job seekers to take well informed decisions. With the plethora of vocational training options and new job roles in the industry, guidance and counselling is very pertinent for youngsters to take well informed career decisions. So, a well-crafted counselling framework needs to be devised which assesses the capabilities and behavioural assessments and guide them to take appropriate career paths.

During the contemporary rapidly changing and dynamic landscape in country, entrepreneurship has certainly emerged as a key source of meeting aspirations of youth. But, number of local entrepreneurs evolving each year in the country is substantially low. The existing approach to entrepreneurship is disjointed and fragmented. India needs
a holistic and all-inclusive approach to reinforce the entrepreneurship development situation in the nation.

**Conclusion**

India can boast of a young demographic dividend and dream of getting a lucrative advantage out to a surplus young force but country is facing an imminent challenge of skill shortage and only 3% of our workers have undergone any kind of skill training. This gap reflects resolute need for a substantial skill enhancement campaign that renders the country’s workforce to not only get a rewarding career but also create a notable impact on the country’s economic and social landscape. This proposition manifests as an imperative national priority to address the issue of skill gap. Skill building is thus the key to make the “Make in India”, a real success. India has all the potential to achieve the precious dream of becoming “Developed India”.

**Bibliography**


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