

Skill Education- A Tool for Human Capital Formation

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Abstract

Make in India is an initiative of the Government of India to encourage multi-national, as well as domestic, companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. The success of this project depends upon the skilled human resources. Skill education is key for human capital formation. It is the primary responsibility of educational institutions to provide skill education. The message “Sikho huner bano honhar” given by Honourable prime minister indicates the importance of skill education for youth.

The primary objective of this paper is to focus on the employability of education. This study is an attempt to analyze the role of skill education in human capital formation and the role of higher educational institutes in providing it.

This paper reviews the current state of education, skills development and considers the challenges facing India's skills development system. This article concludes with the note that the skill education and training is needed for formation of human capital as well as for the success of make in India movement. The majority of young people have limited access to education and training, and most find work in the informal sector. In recent years India has rapidly expanded the capacity of educational institutions and enrolments, but dropout rates remain high, and educational attainment remains low. Therefore India can't take advantage of its demographic dividend.

Keywords: *Skill Education, Human Capital, Higher Education, Employability, Make in India.*

Introduction:

Today, India is one of the youngest nations in the world with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. Its population pyramid is expected to “bulge” across the 15–59 age group over the next decade. It is further estimated that the average age of the population in India by 2020 will be 29 years as against 40 years in USA, 46 years in Europe and 47 years in

Japan. In fact, during the next 20 years the labour force in the industrialized world is expected to decline by 4%, while in India it will increase by 32%. This poses a formidable challenge and a huge opportunity. To reap this demographic dividend which is expected to last for next 25 years, India needs to equip its workforce with employable skills and knowledge so that they can contribute substantively to the economic growth of the country. India also needs skilled human resources for the policy of “Make in India”.

Make in India:

Make in India is an initiative of the Government of India to encourage multi-national, as well as domestic, companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. Our worthy prime Minister has given “Punch Sutras” of the economic growth and social security of the country. Make in India is one of them. It provides the connectivity of our economy with the economy of any developed and the developing economy of the world. In this policy any foreign country can commence business or set up industry in India with their funds or latest technology. The Government of India will provide all the supporting means to them for this entrepreneurship.

Key Policies:

- 1. Ease of Business:** Make in India is a policy that combines incentives with easy handling of businesses and faster redress machinery. It helps in handling the business easily.
- 2. Skill and Jobs for the Youth:** Skill endowment and job creation in 25 key industries will be encompassed under this plan for able youth development and relevant training in certain key areas.
- 3. Making India a Manufacturer:** Urging global investors to make India an industrial hub is the eye-catching feature of this movement. Prime Minister Narendra Modi is urging investors to set up industries in India instead of just FDI. This includes making India a destination for production of goods and exporting the same to the world over.
- 4. Getting Away with Archaic Laws:** Raising FDI caps in a controlled manner and parting with the red tape restrictions in decision making is another important feature of this plan. Archaic laws have become synonymous with our country's business-related environment and hence this Make in India campaign aims at eliminating them.

5. 100 Smart Cities: This will also help in achieving the target of 100 smart cities and affordable housing schemes by making the investors a partner in the plan and investors adopting a city.

6. Disinvestment of PSU: Certain inefficient and loss-incurring PSUs will be disinvested i.e. a certain part of them will be sold off to private players so as to generate revenue and do away with the resource-sucking headaches. Private firms have an unmatched administration and management at times.

Thus “Make in India” mission open the door for employment. The country with demand, demographic dividends and democracy get the great opportunity to improve its rank in business index. But the successful implementation of this plan depends upon level of infrastructure development, availability of supporting services and quantity and quality of human resources. Our country presently faces a dual challenge of paucity of highly trained workforce, as well as lack of employability of large sections of the conventionally educated youth, who possess little or no job skills. For this it is needed to develop ready to use human resources from colleges and universities and employability.

Employability is a set of achievements of skills, understandings and personal attributes that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy. Employment and employability is not the same thing and should be differentiated. Being employed means having a job, being employable means having the qualities needed to maintain employment and progress in the workplace. Employability skills are teachable skills and may be taught in higher education institutions. The problem of our country is not the employment but the employability. The current changing business environment emphasizes the importance of education for employability, focusing on the development of key skills and work experience. The skills like effective communication, team work, problem solving skill, creativity etc are called employability skills. These are also known as soft skills. Thus development of human capital means developing employability skills among students.

Human capital is the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value. Alternatively, Human capital is a collection of resources—all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and

collectively by individuals in a population. These resources are the total capacity of the people that represents a form of wealth which can be directed to accomplish the goals of the nation or state or a portion thereof. To build such human resources is the need of every country and the primary function of education sector.

Higher Education in India:

India's Higher Education system is the third largest in the world. As per the report of Ministry of Human resources Ministry Government of India there are 757 Universities, 38056 Colleges and 11922 Stand Alone Institutions .Total Enrolment in Higher Education is 33.3 million with 17.9 million boys and 15.4 million girls. Girls constitute 46% of the total enrolment. Gross Enrolment Ratio (GER) in Higher Education in India is 23.6, which is calculated for 18-23 years of age group. GER for male population is 24.5 and female it is 22.7. As the number of institutions has recently increased at all levels, India's youth have also gained greater access to education. Despite all this expansion of education opportunities, however, India's youth still have limited educational attainment. According to the 2011 census (GOI 2012b), the literacy rate for Indians over age seven is 74%. Thus, quantity wise we are in the better position. But the quality is declining in the present educational system.

The latest policy developments in higher education sector such as the introduction of choice-based credit system (CBCS), government scheme for ranking institutions, the role of state governments in improving student enrolment figures in higher educational institutions and role of higher education in government's Smart City mission etc. are no doubt promotes the quality enhancement of higher education system. For quality enhancement in higher education it is needed to increase the employability of education which means to trend the students as ready to use factor for industry through skill education.

Skills are broadly divided into two categories – hard skills and soft skills. Hard skills are specific, measurable technical abilities that can be methodically taught, e.g. operating machinery, using software. They may be industry-specific or generic. Hard skills are quantifiable, easily observable and essential for performing the job. Soft skills are characteristics or personal habits that cannot be quantified, e.g. communication, teamwork. They are applicable in all settings – across industries and work places. According to Harvard Business School, the technical Skills contribute only 15% to the success & Soft Skills contribute 85% towards the Success. Therefore both the skills are needed to acquire. This can be possible by introducing skill education in the higher educational institutions. The concept of skill education is very much linked up with "Make in India" policy.

Introducing subjects related to skills can at least ensure that , while students drop out of the education system, they will have learnt some skills, using which they can explore meaningful employment opportunities. Countries like Brazil and Germany has successfully built a skill frame work, where students mandatorily learn skills at the school level itself.

In the absence of skill education, employment generation for economically and socially disadvantaged groups becomes extremely difficult. It is needed to provide for the following reasons:

- 1) The level of skill acquisition is an important determinant of firm productivity and directly affects the wages that a worker receives.
- 2) There is high demand for skilled labour in the industry.
- 3) In the absence of skill education, employment generation for economically and socially disadvantaged groups becomes extremely difficult.
- 4) Leaving the task of skill development to the free market is likely to create inequalities in employment and income generation.
- 5) India enjoys a large “demographic dividend”: the majority of its population is young. But unfortunately it is not trained.
- 6) Though education opportunities in primary and lower secondary education have expanded rapidly, the majority of Indian youth, particularly in rural areas, still have very limited education and training opportunities.
- 7) The Indian government has recently made drastic changes in its policy and institutional setups for promoting skills development.
- 8) In India, the bulk of employment is in rural areas and in the unorganized sector and their competitiveness in the global economy.
- 9) Indian youths must acquire education, training, and skills if they are to find decent jobs and experience any social mobility.
- 10) Make in India and Skill India are complementary to each other. The key objective of Make in India is to promote manufacturing in 25 sectors of the economy, which will lead to job creation and consequently need for skilled manpower.
- 11) NSDC reports suggest that by 2022, the greatest demand for skilled labour will arise in the construction, automobile, textile and transportation industries.
- 12) Most of the vocational training programs are not aligned to the requirements of the industry.

Thus, with rapid economic growth, demand for education is likely to grow further at all levels in coming years. However, access to education, training, and employment

opportunities is still largely determined by youth's socioeconomic backgrounds, gender, and geographic locations.

Challenges in providing Skill Education:

- 1) Despite its projected “demographic dividend” and its recent expansion of formal education at all levels, India suffers from a serious shortage of skilled workers.
- 2) Limited access to education and skills training, high rates of dropout, and large mismatches in the labour market.
- 3) Educational attainment among Indian young people remains very low.
- 4) Enrolment rates have increased but the attendance in the classrooms has declining in higher education. Obviously, it creates the lack of skills among the students. This lack of skills creates serious constraints on the production and innovation capabilities of Indian industries, and their competitiveness in the global economy.
- 4) A minimally-educated workforce is available in most of the firms in informal sector, how can the country develop its manufacturing industries to meet global standards and then move them to high value-added sectors and make them more innovative?
- 5) There are skills gap in India between what industries demand based on recent rapid economic growth and the skills that young people acquire through vocational training. Thus ready to use human resources are not available.
- 6) The National Skill Development Policy (2009) had set a target of skilling 500 million people by 2022.
- 7) As pre the report released by Ministry of Skill Development, the demand for skilled workforce will be 109.73 million by 2022.
- 8) Inflexibility in the curriculum would negate the purpose of a demand-driven skill acquisition system
- 9) Lack of collaboration between industry and educational institutes.
- 10) Students are unwilling to attained skill education and training programs because they do not fully understand the benefits of acquiring training and are not assured of jobs on completion of the training program.
- 11) Colleges are unable to assure placements on completion of training.
- 12) Women constitute almost half of the demographic dividend. The key challenge here is to increase their participation in the country's labour force, which is directly linked to economic growth of the country

- 13) One of the biggest challenges of skill development in our country is that 93% of the workforce is in informal/unorganized sector. Consequently it is difficult to map existing skills in the unorganized sector and gauge the skilling requirement in the sector. On the other hand, the rate of job growth in informal sector is estimated to be twice than that in formal sector.

However, the Indian government has recently embarked on a drastic reform of its training policy, intensifying its efforts to increase the number of skilled workers. It has formulated National Skills Development Policy and National Manufacturing Policy; set up a new institutional framework to accelerate and coordinate skills development efforts, and developed the National Vocational Education Qualification Framework (NCEQF). Training institutes now have more autonomy and private-sector involvement, and have improved their governance and curriculum. These changes are too recent to examine the effects on training outcomes. But if these institutes have tie-up with colleges then they can work more efficiently and effectively. It will be interesting to see how these reforms improve access to and demand for vocational training among youths as well as the outcomes of training.

Conclusion:

Based on the discussion above, some suggestions are offered here.

- 1) For India to promote industrial development and achieve sustainable growth, it must increase its investment in education and training for youth.
- 2) Improvement in the quality of education at every level is needed
- 3) The focus of India's skills development system does not correspond to either the level of skills demanded by industry or the overall levels of education of most young people. Thus, the government must ensure that most young people at least finish graduation level.
- 4) To open training opportunities for youths who have not completed graduation level. It would be helpful to create more employment opportunities for drop outs and undergraduates
- 5) Training through universities and colleges needs to be strengthened.
- 6) Skill training should be compulsory for all graduates.
- 8) There should be proper coordination and collaboration between skill training programs of government and higher educational institutes.

- 9) All skill training programs shall include basic modules of computer literacy, finance, language and soft skills like etiquettes, appreciating gender diversity in workplace, building positive health attitudes, social and life skills to enable the youth to be employable and market ready.

It is observed that today the total workforce in the country is estimated at 487 million, of which approximately 57% is in the nonfarm sector. If the workforce with higher education without formal skill training is excluded, the balance workforce is estimated to be 450.4 million. Of these 256.72 million nonfarm workers, a maximum of 5.4% would be formally trained and skilled. Approximately 241.86 million would either be unskilled or skilled through non formal channels. Out of these, it is estimated that approximately 170 million would be in the age group 15- 45 years. This workforce will need to be mapped through recognition of existing skills and then provided with necessary skilling, re-skilling and up-skilling to increase productivity and provide a livelihood pathway. Thus, it can be seen that 104.62 million fresh entrants to the workforce by 2022 will need to be skilled.

Today, the world and India need a skilled workforce. If we have to promote the development of our country then our mission has to be 'skill development' and 'Skilled India'. Millions and millions of Indian youth should acquire the skills which could contribute towards making India a modern country.

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