



## Education, Skill Development and Economic Growth in India

**Dr. Sudhansu Sekhar Nayak**

Lecturer in Commerce, R.N.College, Dura, Berhampur-10, Ganjam, Odisha

**Dr. Anil Kumar Sahu**

Professor , P.G. Department of Business Administration, Berhampur University , Odisha

### ABSTRACT

*India is going to be the fastest growing economy of the world in view of China's decelerating trend. Since India is better placed in terms of the number of work force, there is an urgent need to convert this work force into human capital. Producing skilled graduates should be the top priority of the government as well as the educational institutions which are increasing by numbers but are decreasing in quality. The corporate sector, the policy makers might advocate the implementation of PPP model for the expansion of education, but the ground reality is this that private institutions, established with sole motto of 'profit maximization' have little of no concern with the quality of education. The net result is the mushrooming growth of the labour force without adequate skill. The recent initiative of NDA government for skill development is a step in right direction. It will certainly produce fruitful results. The success of skill will ultimate depends on the creation of job opportunities. The talent must not go waste. Scams like Vyapam should be dealt with a tough and impartial stick.*

**KEYWORDS :** migrant, ambitious, discrimination, enormous, recession, perception

### INTRODUCTION:

The education system currently provides a "one-size fit for all" model in India. It is like a polo match where whoever finds a ball can hit it likewise; education system can make multiple ways of searching jobs but whether and educated person fits into an industrial orbit? There is a visible gap exists between what industry expects and what education delivers. The system of university level education has been a major failure in the Indian context. The old wine in a new bottle approach is the mantra of education business in India. The same old syllabus and curriculum at the UG level been kept for many years with marginal modifications here and there. There is a dearth of quality teachers available to teach the students. The laboratory and equipment's availability at universities and colleges leaves much to be learned by students. The poor quality of maintenance and management of campus resulted in generating poor quality students. The perception of various stakeholders in providing good quality education has proved to be futile in all aspects. There is no creativity and practical application of science to solve our problems. Knowledge and wisdom has become a rare commodity. The lack of appropriate content in the syllabi, outdated and outmoded curriculums and business like assembly model brought down the essence education in Indian universities. The widening gap between level of education and skills or educated graduates is increasing every year resulting in unemployment of educated youths. The students of our universities feeling extensively unprepared to meet the conundrums or this century work environment. The lack of participation and work-culture of our youths resulted in significant amount of economic loss to our country.

Identifying the information gap between our higher education and industry is crucial to understand the level of damage been caused to our economy. With the notion, the universities and colleges can design good curriculums and open public- private partnerships that with produce graduates of what the industry requires. Every university or college should create a placement training cell with acquaintance of current industrial knowledge and skills required Certificate courses will fill the industry specific credentials programme. On the other end, the rural out-migration seems to be most vulnerable to business crisis. There is a tendency of migrants who seek jobs by chance with semi-skill knowledge would pose a great threat to genuine skills based workers. The migrants faces the possibility of wage discrimination between those possess skills and those not.

The gender based job discrimination is also possible in such an environment. The labour market is flooded with partially skilled or even unskilled labour force who also seeks jobs. The finding of a first job is more difficult for graduates who do not possess enough skills. There

is an enormous skills mismatch with sizeable proportion of graduates unable to find their first job. The PPP model would certainly bridge the gap in the year to come. A recent debate at the global level focused on is economic growth and jobs directly linked ? A comprehensive survey by the world Bank IMF (2014) suggests that the quantum of job losses in many developing countries is due to recession. The job loss recovery is also reported in many European countries but advancement of growth will not bring full employment situation. If GDP growth is one per cent higher than what it is used to be under normal business condition then educated employment would increase by 0.5 per cent but the overall unemployment rate will increase by one per cent

### ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT :

From the days of Adam Smith, the role of education in economic development, in reducing poverty and inequality, as a possible contributor to greater social and economic equality and as an enhancer of development was widely recognized. Even prior to Adam Smith, we are acquainted with the significant references in the literature to the equity role of education, besides the economic role in the creation of wealth of nations. It was William petty who first advocated equitable distribution of education. The 18<sup>th</sup> and 19<sup>th</sup> Century school reformers in the US like Horace Mann, Henry Barnard, James Carter, Robert Dale Owen and George. Evans favoured educational opportunities to be extended to proper groups of populations Horace Mann, a typical example of these reformers, viewed the school as an effective instrument to achieve justice and equality of opportunity and to remove poverty. As early as in 1896, the role of education in reducing the poverty was clearly recognized in Russia :- An increase of labour productivity is the only means to erase poverty in Russia and the best policy to achieve it is through the spread of education and knowledge". In the early 20<sup>th</sup> century, Marshall emphasized that "the most valuable of all capital is that invested in human beings" and that "knowledge is our most powerful engine of production : it enables us to subdue Nature and force her to satisfy our wants."

Under the neo-classical model, economic growth is determined by the rate of labour force growth and by randomly occurring improvements is productive technology. In the endogenous world, the governments have the potential to increase technological developments and direct economic decision makers to invest activities with positive externalities. For example, bringing a broader and large number of individuals into educations widens the skill base among the country's work force. This has positive externalities. With higher cognitive skills among the workforce, more advanced productive capital can be

employed by firms. This is not about employing more machines per worker, it is about utilizing more productively advanced machines per worker. In addition, a school, college and university education enables people to learn for themselves and think critically. If people can learn for themselves, then they might react better to change. So when new ways of operating come along, firms adapt quicker and exploit new ideas more readily. Also, by thinking critically managers can develop new means of operation more rapidly. In this way education comes to the core of technological improvement. The higher the income level of the economy, the greater scope of the economy has for funding educational improvements. More education is the greater the rate technological developments, both within schools, colleges, university labs and the workplace.

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**

Category	Numbers (million)	Share in Labour Force in Age Group 15-59 (per cent)	Share in Labour Force (470.1 million per cent)
Not literate	12.65	29.14	26.73
Literate without formal schooling : EGS/ NFECAEC +TLS + Others	2.12	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 : NSS 2009-10, Malhotra et al (2014)

The goals of equity (enshrined in the Indian Constitution) are best served by action promotion of equitable education access to all. Inclusion of HRD is a necessary condition for sustained increase in the growth rate. If India is to combine prosperity with sustainability, it needs some basic departures from the current western pattern of consumption and production. For example, in energy sector, solar energy will be the mainstay of India's energy profile. In transport sector, India needs to move away from private automobile dominated system towards a mass transit system.

In agriculture, India needs to move away from "Industrialized" agriculture towards green farming with economy in use of water and fertilizer. In food consumption, it will move away from wasteful consumption patterns of the west with excessive intake of calorie and heavy reliance on meat. All the changes will require large scale R&D.

**SKILL DEVELOPMENT:**

Skill development refers to 'capacities acquired through all levels of education and training, occurring in formal, non-formal and on-the-job settings'. Skill development is not equated with formal technical, vocational and agricultural education and training alone, but is used more generally to refer also to the productive capacities acquired through all levels of education and training, occurring in formal, non-formal and on-the- job settings, which enable individuals in all areas of the economy to become fully and productively engaged in livelihoods and to have the opportunity to adapt these capacities to meet the changing demands and opportunities of the economy and labour market. Skills development has a key role to play in both economic growth and individual incomes and access to jobs.

At an individual level, skills development through education and training can equip an individual with the capabilities and knowledge which help them improve their life situations in a range of ways. Education and training can enable individuals to find a job, as well as equipping them for more highly paid work. Education and training can lead to the adoption of more productive farming practices, targeting poverty in rural where around 75% of the poor live globally. There is also evidence that education can directly affect other dimensions of poverty such as health. Higher levels of education reduce infant mortality and improve women's control over their fertility. Skill development beyond the basic level is therefore also important.

As Palmer et al. (2007) point out, post-basic education and training does not necessarily need to reach every member of a poor community in order to have a poverty reducing effect: 'If individuals learn skills beyond tire level of that of their family/immediate neighbors, they can confer benefits on their local community indirectly through starting enterprise that create employment, sending home remittance, introducing farming techniques that are imitated by neighboring farmers, providing local services (e.g. teachers), providing positive female role models that challenge local perceptions, etc. Skills development can assist informal sector operatives in a number of ways, including the following :

- Training can increase the productivity of informal sector activities and lead to better quality products and services, raising the incomes of those employed in the sector.
- Engaging in training can link informal business people and apprentices with suppliers, customers, and others in their trade, leading to the development of network which support business (Palmer et al. 2007)
- Training, especially work- based training such as informal apprenticeships can help develop 'general business and managerial skills, including customer relation skills, crucial to apprentices' future survival as independent entrepreneurs' skills are produced in many different ways, dynamically, and through multiple actors.
- Pre-employment education and training, on-the-job training, work and life experience, and peer learning all contribute to skill development that could be useful on the job. Whereas academic skills are normally acquired through formal and non formal educational institutions, generic or life skills are acquired in various ways. Early-childhood parental education, specifically targeted curricular and pedagogical approaches, on-the-job training, and work experience all develop and enrich these types of skills.
- Technical skills are generally provided through targeted upper - secondary and tertiary training programs, on-the-job training and learning - by- doing. Skill acquisition is thus a cumulative and dynamic process that occurs throughout the life cycle. It starts at birth with parental education and continues through the course of school education, training, and experience. And just as these skills can grow over time, they can deteriorate if the possibilities for lifelong learning are not well developed. Actors outside the formal education system also have a large role,.
- Quality non-formal education and training can provide academic, generic, and technical skills to out-of-school populations and an complement formal education with additional generic or technical skill instruction. If can also pride opportunities to update academic and technical skills over time, particularly for the non-school -age population. Firm and on-the-job training can complement both formal and non-formal education and training by providing additional job-relevant technical and generic skills. This type of training can also provide opportunities to maintain the existing generic and technical skills of workers.

Within this broad skill framework, higher education plays a crucial role - perhaps no more clearly than in skill provision. Higher education institutions provide the basis for the range of skills needed for both mature and developing economies.

**GOVERNMENT'S INITIATIVES FOR SKILL DEVELOPMENT:**

It is not that no efforts have been made toward skilling person power in the country. Some of the recent initiatives taken in this regard are the Rashtriya Uchchar Shiksha Abhiyan (RUSA), Technical Education Quality Improvement Programme (TEQIP), and National Skill Qualification Framework (NSQF). A exclusive Department of skill Development and Entrepreneurship has been created under the Ministry of

skill Development, Entrepreneurships-Youth Affairs and Sports to zero in on quality skill development and innovations in the country. Skilling has been reprioritized to build the capacity of poor rural youth to address domestic and global skill requirements with the introduction of the Deen Dayal Upadhayaya Grameen Koushalya Yojana (DDU-GKY) which is a placement-linked skill development scheme for poor rural youth. Besides, to bring minorities into mainstream development some and Training in Traditional Arts/Crafts for Development to conserve traditional arts/ crafts and other leadership training programme for women and for upgrading entrepreneurial skills of minority youths have also been taken by the government.

Under skill development programme of the Ministry of Rural Development, two schemes namely "Himayat" for J&K and "Roshni" for 24 most critical Left Wing Extremism (L.W.E.) affected Districts have been implemented. Roshini with separate guidelines has been launched that takes into account the peculiar situation in selected critical Left Wing Extremist affected (LWE) districts for 3,6,9 and 12 months. In the 12 month format besides the normal, skill, IT and soft skill training, trainees are also provided National Institute of Open Schooling (NIOS) certification depending on the standard at which they dropped out of the formal school structure.

Himayat a special scheme under DDU-GKY for Jammu and Kashmir covering both urban as well as rural youth and BPL as well as APL person. This is a 100% centrally funded scheme implemented with the help of the state government by a dedicated Himmayat Mission Management Unit located in Srinagar and Jammu.

Deen Dayal Upadhayaya Grameen Koushalya Yojana (DDU-GKY) which is being implemented by the Ministry of Rural Development. DDU-GKY is a Placement Linked skill Development scheme for rural poor youth. The skilling programme for rural youth has now been re-focused and re-prioritized to build the capacity of rural poor youth to address the needs of global skill requirements. The Government has target for training 10.50 lakh youth and giving placement to 7.87 lakh candidates under the placement linked skill development programme during the 12<sup>th</sup> Five Year Plan.

Government of India aims to impart skill training to 500 million people by 2022 . To realize such scale, effective use of technology for a learner centric, multi-media and online curriculum, and skill training needs to be mainstreamed into school and higher education system. Software Defined Networking (SDN) is implementing this twin-pronged strategy in schools, community colleges and industry to enable scale, quality and consistency for high-demand, entry and middle level jobs.

As per the Labour Bureau Report 2014, the current size of India's formally skilled workforce is small, approximately 2% ; this number contrasts poorly with smaller countries like South Korea and Japan which report figures of 96 and 80% respectively. At all-India level around 608 % of persons aged 15 years and above, are reported to have received /are receiving vocational training. As per studies conducted by the National Skill Development Corporation (NSDC) for the period between 2013 and 2022, in India there is an incremental requirement of 120 million skilled people in the non-farm sector, the current capacity for needs of the country. The poor skill levels among India's workforce are attributed to dearth of a formal vocational education framework, with wide variation in quality, high school dropout rates, inadequate skills training capacity, negative perception towards skilling, and lack of 'industry ready' skills even in professional courses (Labour Bureau Report 2014).

Skill change required for India as has been estimated by Malhotra et al (2014) is given in Table 2.

**Table 2**  
**Estimate of skills Change for India by 2022 (in millions)**

S. No.	Particulars	2009-10	2022
1.	Total workforce	460.2	575
2.	Presently skilled	143.2	143.2
3.	Maximum additional persons to be skilled	317	432

4.	Total agricultural workers	245	190
5.	Skilled workers in agriculture	45	38
6.	Workers with education less than secondary level in agriculture	200	152
7.	Total non-agricultural workers	215.2	385
8.	Skilled non-agricultural workers	97.4	347
9.	Non-agricultural workers with education less than secondary Level	110(51%)	38(10%)
10.	Total skilled workers	143.2	385
11.	Total workers with education Less than secondary Level	317	190
12.	Additional training requirement for 2022		249

Source : Malhotra et al (2014), NSS 2009-10

Some recent initiatives in India that aim to enhance access, equality, quality, innovation, etc in the area of higher and vocational education are the Rashtriya Uchcharat Shiksha Abhiyan (RUSA). Technical Education Quality Improvement Programme (TEQIP), and National Skill Qualification Framework (NSQF). A dedicated Department of skill Development and Entrepreneurship has been created under the Ministry of Skill Development, Entrepreneurship, Youth Affairs and sports to accord focused attention in this area. In addition, the skilling programme for rural youth has been refocused and reprioritized to build the capacity of poor rural youth to address domestic and global skill requirements. The Deen Dayal Upadhayaya Grameen Koushalya Yojana (DDU-GKY) is a placement-linked skill development scheme for poor rural youth. A total of 51.956 candidates have been skilled under the DDU-GKY, of which 28,995 have been placed till November during 2014-15.

Other new programmes that aim at bringing minorities into mainstream development include Nai Manzil for education and skill development of dropouts; USTTAD (Upgrading Skills and Training in Traditional Arts/Crafts for Development) to conserve traditional arts/crafts and build capacity of traditional artisans and craftsmen belonging to minority communities; Nai Roshni is a leadership training programme for women; and MAN AS is for upgrading the entrepreneurial skills of minority youths (Economic Survey 2014-15).

**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 per cent.

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 bet-

ter 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.

#### CONCLUSION :

India is going to be the fastest growing economy of the world in view of China's decelerating trend. Since India is better placed in terms of the number of work force, there is an urgent need to convert this work force into human capital. Producing skilled graduates should be the top priority of the government as well as the educational institutions which are increasing by numbers but are decreasing in quality. The corporate sector, the policy makers might advocate the implementation of PPP model for the expansion of education, but the ground reality is this that private institutions, established with sole motto of 'profit maximization' have little of no concern with the quality of education. The net result is the mushrooming growth of the labour force without adequate skill. The recent initiative of NDA government for skill development is a step in right direction. It will certainly produce fruitful results. The success of skill will ultimate depends on the creation of job opportunities. The talent must not go waste. Scams like Vyapam should be dealt with a tough and impartial stick.

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