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SKILL INDIA AND DEMOGRAPHIC DIVIDEND

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Editorial

Skilling India to Reap Demographic Dividend

India is the second most populous country in the world with over 1.2 billion people. The demographic structure of its population, however, is unique in the world as 54 per cent of the population is below the age of 25. By 2020, the median age of the India's population will be 29 and 28 per cent of the global work force will be available in India.

Presently, India has a workforce of 487 million with a work participation rate of 40 per cent and labour force participation rate of 53 per cent. Agriculture continues to account for the highest proportion of workers with 53 per cent of the workforce. The service sector accounts for 25 per cent of the workforce and industry employs 22 per cent of the workforce. However, the service sector contributes 53 per cent of the Gross Domestic Product (GDP), compared to 32 per cent by industry and 16 per cent by agriculture. These statistics indicate that there is a large number of workers, who are under-employed and unskilled, in the agriculture sector who need to acquire skills to enter the industry or service sectors.

The labour force participation rate of women is very poor as well. India ranks 124th out of 136 countries in terms of women's participation in economic activities under the Global Gender Gap Index Study, 2013. The participation of women in the labour force is estimated to be 26 per cent in urban areas and 14 per cent in rural areas. These statistics indicate that there are large numbers of women workers who are not joining the labour market either due to lack of employable skills or due to socio-cultural factors. Besides, it appears that employment in India is not inclusive enough to accommodate women workers.

If we analyse the skills of Indian workforce, the formal education system has not helped in developing the skills of the Indian workforce. Even today, a quarter of India's population is still illiterate. About 65 per cent of students drop out before completing 12 years of schooling. The quality of education is poor as well with 70 per cent of engineering graduates not considered employable and only 2.3 per cent of the total workforce have undergone formal skills training. This is in stark contrast to 96 per cent

of skilled labour in South Korea and 80 per cent in Japan.

The writing on the wall is clear for the Government and policy makers that they need to take urgent steps in order to provide millions of youth entering the labour market every year with quality education and necessary skills to be employable in various sectors of the economy. On the other hand, the government has to ensure that the economy grows rapidly so that it can generate adequate jobs every year for the millions of youth entering the labour market every year. Therefore, there needs to be a robust education policy that provides quality education and employable skills at all levels of the public schooling system. The public education that is provided has to produce young men and women with employable skills so that they are absorbed in decent jobs in the labour market. This requires adequate public expenditure of at least 9 per cent for education.

Successive governments have virtually abdicated their responsibility to educate the children of the country. The quality of government schools have remained sub-standard giving rise to a large number of private schools which is accessible only to the well-to-do population who can afford to pay higher fees. Public-aided private schools have helped providing quality education in some parts of the country and therefore, public-private partnership in education needs to be expanded in order to reach out to the millions of illiterate people who have no access to education.

Due to the failure of the education system, the majority of the youth entering the labour force have poor educational attainment levels and are either unskilled or unemployable. They have either to be self-employed or enter the casual labour force mainly in the unorganised sector. Consequently, India has an unorganised sector that accounts for 93 per cent of the labour force. The unorganised labour force have precarious jobs with no income security, job security or social security.

Due to inadequate budgetary allocation for education, which has not been a priority for the Government, policy makers have suddenly woken up to the prospect of a demographic disaster if they are unable to harness India's demographic dividend. Therefore, they have started various measures and schemes for providing skills to the millions of unemployable and unskilled youth that have entered the labour market. The National Skill Development Agency (NSDA) and the National Skill Development Corporation (NSDC) were set up to promote skill

development. The Government made skill development a priority by announcing Skill India programme and Pradhan Mantri Kaushal Vikas Yojana (PMKVY). What is the nature of the skill development envisaged by the Government? In the words of the Minister for Skill Development and Entrepreneurship, “12 weeks of skill training with 12 years of formal education will be able to add to the employability quotient of our youth.” It is obvious that short courses on skill development will not be able to provide adequate employable skills to the youth. The NSDC has had a record of being able to place only one third of those skilled and trained in these short skill development programmes in some jobs. Therefore, this measure of skilling the youth of the country is an inadequate measure to meet the skilling needs of the country. It can be considered as a temporary measure since the only long term measure is to provide free or highly subsidised quality public education and skill development to all children and youth of the country even if it means increasing substantially budgetary allocation for education.

This issue of *Social Action* primarily focuses on the India’s dilemma of skilling millions of youth in order to take advantage of its demographic dividend. The article by Rakesh S. “Meaning of Skill Development in India: Estimating the Challenges and Opportunities” traces the policy agenda of the Indian Government since the 11th Five Year Plan on Skill Development till the more recent Skill India initiative. He points out that the hurdles to India’s Skill Development Mission include education, vocational training, promoting manufacturing, encouraging Small and Medium Enterprises (SME) and skilling millions of farm workers. He suggests several measures to improve the vocational training system in order to address these challenges.

Ramya Ranjan Patel’s article on “Skill, Education and Employment in India: Reaping Demographic Dividend” analyses the employment scenario in India since the 2nd Five Year Plan and presents the effects of capital intensive industries, the services sector and manufacturing on employment over the years. He discusses the demand and supply of education and skills, which is the supply side of the labour force. He concludes by stressing the need for greater investment in education, skill development and training to reap the benefits of demographic dividend.

The article “Harnessing Demographic Dividend: India’s Hurdles to Jump” by Aneesh K.A. presents an overview of India’s demographic

window of opportunity which can power its economy in the decades ahead. He goes on to discuss the initiatives of the Government to address the skill gap in the labour force and the challenges that need to be surmounted in order to provide employable skills to millions of youth entering the labour force.

It is hoped that the policy makers of the country will take advantage of the demographic dividend India enjoys by ensuring that there is much greater investment in India's human capital formation so that the millions of youth entering the labour market every year are well educated and skilled to get decent jobs that will contribute to the growth and development of country.

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