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Rural Development and Employment through Skill Development

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Abstract

India has around 600,000 villages with around 64% of its 1.3 billion people living in them. It is absurd to imagine growth without the country-side growing as fast as India's towns and cities. This nation has one of the largest pools of unskilled labor waiting to be trained and utilized. In the absence of proper training, awareness and motivation, it is commonplace for the rural unemployed youth to adopt alternative means of livelihood, many of which are shunned by civil laws. Through this paper the author wishes to throw some light on the importance of Skill Development programs, their current status, the gap that exists between the demand and supply of skilled labor and how employability of rural youth is enhanced by imparting skill oriented training to them. Finally, the paper also emphasizes on how skilled and employable youth contribute to overall development of a rural economy in particular and the nation in general. Data has been gathered from reliable secondary sources. On assumed lines, it was also concluded that the need of the hour for India is to aggressively pursue innovative government programs like Skill India and Make in India so that by the turn of the decade, close to half of the projected eligible population could be employed in various state-run schemes, private organizations. Entrepreneurship is also an outcome of innovative skill development that has immense potential for employment and thus, development of the rural landscape. The paper limits itself to the schemes launched by the respective state governments and central governments thus leaving room for improvement as far as measures taken by privately owned organizations and NGOs are concerned.

Keywords: Rural development, Entrepreneurship, skill development, Skill India, Make in India, Skill gaps, Demographic Dividend

1. Objectives of The Paper

Through this paper we would try to address the following key areas:

1. The need of skill-based training in India
2. The present status of skill training and vocational education in India.
3. The Demand for Skilled persons
4. The Supply of Skilled persons
5. Existing gaps between the Supply and Demand of skilled persons

2. Limitations of the study

The paper is limited to the Indian demography in general and rural India in particular. This excludes the utilization of the paper as a reference article for cases outside India. Also, since the study was conducted using secondary data sources, it leaves sufficient scope for the research area to be explored using first hand data. There is also much literature available to be reviewed on highly specific areas of vocational training such as skill training for rural women, vocational educational needs for the physically disabled and so on. Besides having a very broad focus, this paper also takes just one sample of Uttar Pradesh which might not be an ideal representation of India as a whole due to the sheer variety in demographic segments of this multi-lingual, multi-cultured country. There is scope of improvement as far as depth of study is concerned because of the constraint of time available in preparing this paper.

3. Introduction

Without the right knowledge and skills, it is impossible for a nation to develop. India as a nation has made huge strides as far as development in absolute terms is concerned. Today India is the world's 3rd largest economy in terms of purchasing-power-parity and the largest democracy by population. However, as the table below represents, India's proportion of skilled labour is abysmally low, which leaves much to be desired from an economy hailed to be one the largest sources of technical manpower.

Country	% of Workforce formally trained
UK	68
Germany	75

US	52
Japan	80
South Korea	96
India	2.3

Table: 1.1 Source- National Skill Development Mission, 2014

The KSA (Knowledge, Skills and Ability) analysis for employees is pretty commonplace in most organisations with professional management these days. It is taken for granted that without the proper skills matching the job requirement, it is almost impossible for an employee to survive in a role, let alone perform efficiently. The same can also be said about a nation, i.e. if a majority of citizens are unskilled or wrong-skilled, it would be very difficult to develop the economy. Hence the Government of India, acknowledging this fact has launched in a mission mode, the National Skill Development Mission (NSDM). Since a majority of Indian population resides in rural India, it is only obvious that development is not possible without the skilling of the rural demography. A person residing in an urban area has a 93 per cent better chance of acquiring training than someone in a rural area, as quoted in ‘State of the Urban Youth, India 2012: Employment, Livelihoods, Skills,’ a report published by IRIS Knowledge Foundation in collaboration with UN-HABITAT. Following key metrics have been identified (Ramadorai, S., NSDA, 2014) for achieving skill development:

1. Capacity Creation:
 - a. Annual vocational training capacity in the country
 - b. Percentage of skill demand met by the available training capacity
 - c. Percentage of youth catered to by available training capacity
2. Training:
 - a. Number of vocational trained and certified candidates
 - b. Percentage of training capacity utilized
3. Employment:
 - a. Percentage of certified candidates employed
 - b. Longevity of certified in his chosen job field
 - c. Wage difference between certified and unskilled candidates

- d. Number of entrepreneurs created through vocational training eco-system
 - e. Number of candidates employed in overseas vocational jobs
4. Digitisation:
- a. Availability of real time data for skill demand
 - b. Availability of real time data for skill supply
5. Advocacy:
- a. Number of references in public forums regarding the initiative
 - b. Sentiment analysis based on social data about the initiative
 - c. Number of candidates influenced by the initiative

According to the World Economic Forum, only 25% of Indian professionals are accepted by the organized sector to be employment worthy, while the remaining have never received any formal training to cultivate skills. These skills include hard skills as well as soft skills.

3. a. Challenges faced by the Government:

According to the Ernst & Young-Knowledge paper on Skill Development in India (2012), Government of India faces few unique problems in the area of skill development as follows:

1. Equal access for all to skill development schemes
2. Persisting with the initial high quality and high relevance parameters of the schemes
3. Synchronizing the skill development programs with prevailing school education system
4. Putting in place a system of accreditation, certification, affiliation and R&D.
5. Finally, funding the schemes adequately

The above challenges are reflected in the fact that 80% of the new employees in organisations have had no opportunity of skill training which leaves a huge gap in the expected and actual performance levels of these young entrants across industries. To make the task even more challenging, the government is targeting the unorganized sector which accounts for close to 90% of the eligible workforce (*The Hindu, March 5, 2012*).

3. b. Demographic Dividend

It is only proper to introduce the term at this stage of the paper because of its relevance in the context of unique advantages possessed by India. Demographic Dividend is a term used variedly by many sources like the bureaucrats, media persons, United Nations etc. to indicate a time frame of about 25 years when the working population of an economy (between the age of 15-59) represents the largest portion of that country's population. India is all set to enjoy the benefits of this unique advantage in its populace provided the political and social readiness is optimally utilized. Keeping this in mind the 11th five-year plan had advocated a three-tier structure consisting of the following, which was created in 2008:

1. PM's National Council
2. National Skill Development Coordination Board (NSDCB)
3. National Skill Development Corporation (NSDC).

This Prime Minister's National Council has been instrumental in defining the Vision of creating 500 million skilled people by 2022. The NSDCB is presently playing an active role in coordinating the different ministries and departments involved in the on-the-field implementation of the "Skilling Mission" so undertaken. The NSDC has taken up the responsibility of arranging the funds necessary to give the mission teeth through Public Private Partnerships (PPP).

This structure is the backbone for India's encashment of the Demographic Dividend which will be an opportunity lost for two whole generations if let go.

3. c. 12th Five-year Plan

The 12th Five year plan has aptly laid stress on the role of State governments in fruition of the Skill Development Mission. The Central government has been primarily stressing the provision and funding of its schemes thus missing out on an important aspect- awareness and access to the schemes. This aspect is most suitably provisioned by the State governments, given the diverse nature of India's demography. No doubt, the 3-tier structure so created on the lines of the 11th five-year plan has been able to generate interest among the public and private parties, but the most crucial cog in the wheel of skilling an individual has been pointed out in the 12th plan, i.e. Vocational training/education. Although there is already a structure in place for vocational education in the form of National Council for Vocational Training, State Council for Vocational Training (SCVT) etc, there is little or no

coordination among them. Since the funds from the state-run Vocational Training institutes are mostly sunk into State treasuries there is very little motivation for private parties involved in providing skill training to candidates. The awareness about the schemes, access to the financing and training tools and finally the incentive available to the private partners are parameters undeniably important to the triumph of the mission. The 12th five year plan has laid sufficient stress upon these key activities by laying down concrete action points to be put into action.

3. d. Rural Development and Skill Development

Rural development involves providing sustainable growth to the economic status of the rural population by optimum utilization of resources, human and natural (*Satyasundaram, I, 2013*). The variable Skill Development can be treated as an independent variable and Rural development is an outcome or a dependent variable of the same. The relationship between these two variables is strongly mediated by a third variable, Employment.

The major objectives of rural development programs in India have traditionally been (*Kurukshetra, April 1, 1976*):

- a. Bringing about a change in attitude of villagers towards development and change.
- b. Promoting self-governance among rural folk
- c. Availing essential amenities like potable water, health care, sanitation, permanent housing and opportunities to generate income
- d. Encouraging the development of non-farming activities alongside agriculture
- e. Promoting literacy and awareness about government schemes

Of the objectives stated above, the 1st, 4th and 5th are of direct relevance to skill development. As discussed in preceding sections, the awareness about schemes promoted by the government is abysmally low in India and even more so in rural India. To draw away rural folk from their farmlands to utilize some of their productive time in non-farming economic activities is a huge task which requires whole-hearted financing and dedication by private partners and individuals directly involved in implementation of the Skill development programs. Village folk by nature are simple folk with fewer necessities than their urban counterparts. Hence, over the decades, the simple Indian villager has evolved to become a very un-fussy materialistic consumer. They have clearly defined

requirements for which simple product solutions designed at reasonable pricing work best. Hence even in the extreme cases of deprivation and penury, the villager rarely looks for solutions in the village. Instead village-folk head towards the more prosperous urban centers looking for answers to problems like natural calamities, disease, education etc. Once in a city, the same villager who had ignored skilling for decades takes up a low-skill or semi-skill job with a local employer and is able to provide for his family's meagre needs. It is not an isolated case and has been observed since pre-independence period. This transformation, although mandated by the situation can be seen as an opportunity and if implemented at the right time and place, might prevent the problems that triggered the migration in the first place. This is where Skill Development comes into picture.

3. e. Skill Development and Employment

Unless jobs are created via skilling the rural youth, the purpose of the costly skill development programs would remain defeated. The Government of India plans to invest \$5Billion in the next five years. Often the difference between the rural and urban prospective skilling candidate due to the socio cultural as well as socio economic background that persists in the hinterlands, makes it very tough to persuade the students to opt for an alternate vocational skill enhancement offered by various skill development schemes. These youngsters are frequently looking for comfortable, albeit grossly unfit government jobs. Apparently, only the field of IT draws an interested crowd for enrolment and training. These young minds need to be motivated to a higher level of aspiration.

Dr. Y. Satya (*Satya, Y., 2015*) evaluated the changes in employment avenues observed in the predominantly rural North-Eastern hill-state of Meghalaya and found that considerable skill gaps exist when the local youth adopted a new skill in pursuit of alternative sources of livelihood. The low imparting knowledge system/s through training only providing limited relief to the trainees as the realistic conditions and constraints remained intact. The need of training is only imparting skill but the relevance, commercialization and risks in implementing it in different situations were challenging tasks that had to be addressed by trainees themselves. The alternate employment trends involve contracting including labor contracting, using machines, machine maintenance, suppliers, transport vehicles , , hiring open land, sales-depots and maintenance, employing daily wage laborers, professionals

such as administrators, managers, accountants, electricians, tool suppliers, outsourcing, seasonal engagements, security etc.

Incidentally these activities listed above are also the backbone of all labor-centric entrepreneurial efforts which are key to the uplifting of the impoverished rural landscape. The attitude and hence the performance of the candidates who undergo training for a new skill abandoning the traditional employment route depends on the probability of acceptance and success of small and medium enterprises in rural areas.

On the brighter side, there are examples of new entrepreneurial initiatives that are catching up fast in rural landscape of India. These include setting up specialised Industrial Training Institutes (ITIs) with support from Directorate General of Employment and Training (DGE&T) in the areas of infrastructure, initiating new courses such as front office tools, tourism management, courses in airlines services, contact centre services, tussle crafting, database keeping, beauty parlors & health care etc. Many of the ventures based on these skill-sets are essentially urban centric but the skills for the same are being provided in the villages too.

3. f. An Outline of Skill Development Programs in Rural Areas designed by the NSDC

(NSDC, 2009):

1. Skill Development Programmes and infrastructure for the same are unfortunately rare in rural areas and thus the access to training is most severe in these areas. Interestingly, the women in these areas are increasingly becoming the main bread-winners in rural families because their husbands are migrating to cities looking for new income sources. These women are thus often left with only traditional and outdated skills and knowledge to find new sources of income.
2. Rural areas are predominantly agriculture dominated as far as employment avenues are concerned. Hence skill development in rural areas contributes to enabling rural workers, particularly young people, to avail of new opportunities besides agriculture.
3. The spread and quality of training in rural areas needs to be improved so as to enable rural workers learn and adopt technologies; facilitate connections with

- supply chains; enhance farm output; increase their market-reach and engage in non-agricultural and agricultural supporting activities which can provide alternate revenue sources.
4. Since the training infrastructure in villages is limited, community health centers, school buildings and government office buildings may be utilized as venues for training. Entrepreneurial skills training will be further promoted. The Government will promote the establishment of private sector training institutions through highly incentivized packages such as free land and financial assistance. Training facilities must be updated regularly so as to meet changing demands.
 5. Village development centers will be set up to serve the needs of local communities. These skill development centers will be facilitated by the panchayats and are expected to play a pivotal role in identifying local employment opportunities and providing training and support after training according to the particular needs of the regions. These centers will also work as data nodes for training and employment opportunities as well as various support schemes. To remove the barriers to accessing training services, incentive mechanisms will be introduced to motivate youth to participate in training.
 6. Promotion of self-employment will be an important component in these skill development efforts in rural areas. Support after training is complete, mentoring to enable access to markets, credit and familiarity with technologies, are important parts of skill development strategy for self-employment.
 7. Training will include specific needs of target audience such as literacy, level of education and native language. The training timings, durations and extent will be kept flexible so as to enable more participation, particularly from women engaged in farming activities.

4. Skill Gap Analysis: The Case of Uttar Pradesh(UP)

4. a. A Foreground:

UP is India's largest state by population (19.9 crores/ 199 million) and fifth largest by area (7.2% of total national geographical area). As per the 2001-Census, UP had the largest migrating population at 27 lakh persons, i.e. the number of people migrating from villages to towns in search of livelihood. However this figure represents the number of people

moving from the villages of UP to the towns of UP. The actual number of people moving from the villages of UP to towns and cities outside the state is 4.1 million or 41 lakh persons. The major reasons behind this are the need to find better income, better living conditions and better education opportunities. It is worthwhile to mention here that 70% of the population of UP is rural, which is higher than the national average. (NSDC, 2013)

The state is home to two IITs (Indian Institutes of Technology) at Kanpur and Varanasi, one IIM (Indian Institutes of Management) at Lucknow, one NIT (National Institutes of Technology) at Allahabad, and one IIIT (Indian Institutes of Information Technology) also at Allahabad. Besides these premier institutes, the state has about 328 polytechnic institutes offering diploma courses, 1590 it is (Industrial Training Institutes) (IMaCS, NSDC, 2013) Apart from the above, the state has several institutes for vocational training run by both private and government sectors. These institutes offer courses in a variety of skills including tailoring, embroidery, cutting, computer operation, electric maintenance, beauty culture and many others. The state government has set itself a target of imparting skill based training 45 lakh people in the age group of 15-35 by 2022.

4. b. Skill Demand:

Incremental Demand	2012-2017				2017-2022			
	Total	Skilled	Semi-Skilled	Minimum Skilled	Total	Skilled	Semi-Skilled	Minimum Skilled
Primary Sector(I)	93388	45395	50651	-2658	93625	45510	50780	-2665
Secondary Sector(II)	1832361	463270	518692	850399	2222121	560817	638672	1022632
Tertiary Sector(III)	2701012	1286126	904933	509953	4083864	1930520	1360974	792370
Total (I+II+III)	4626761	1794791	1474276	1357694	6399610	2536847	2050426	1812337
Total Incremental Demand	11026371							

Source: IMaCS, NSDC, 2013

Primary Sector- Agriculture and Allied fields

Secondary Sector- Auto and Auto Components, Building and Construction Industry, Real Estate, Chemicals, Pharmaceuticals, Electronics, IT Hardware, Food Processing, Furniture, Furnishings, Leather and Leather Products, Textile and Clothing, Other Manufacturing

Tertiary Sector- BFSI(Banking, Financial Services, Insurance), Education and Skill Development, Healthcare Services, IT & ITES, Media and Entertainment, Organised Retail, Transportation, Warehousing, Logistics and Packaging, Tourism, Travel, Hospitality, Unorganised Sector.

As seen from the table above, there is being witnessed an incremental demand of about 1.1 crore persons between 2012 and 2022 in the state of UP alone. Majority of this demand is being contributed from Secondary and Tertiary Sectors, particularly, building, construction, modern format retail and BFSI. Also, maximum demand in the next 7 years is going to be for skilled persons which about 37% of the total incremental demand, followed by semi-skilled workers at 35%. These two together constitute a majority 72% of the total incremental demand.

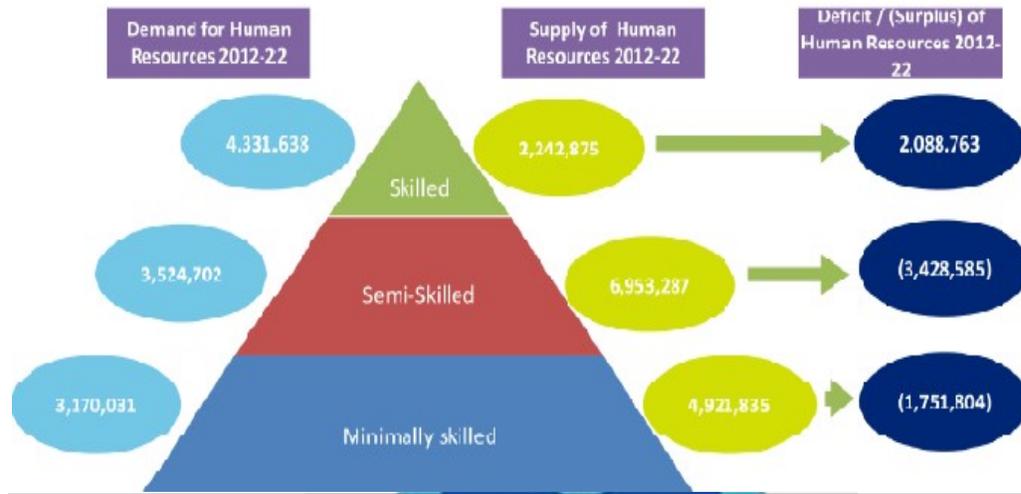
4. c. Skill Supply:

Skill Levels	Incremental Supply (2012-2022)
Minimum Skilled	4921835
Semi-Skilled	6953287
Highly Skilled	2215875
Total	14090998

Source: IMAcS, NSDC, 2013

As seen from the table above, it is observed that about 1.4 crore people will join the labour force looking for jobs. Supply of labour is split into skilled (15.7%), semi-skilled (49.3%) and Minimum skilled (34.9%).

4. d. Skill Gap:



Source: IMAcS, NSDC, 2013

As seen in the picture above, there is excess manpower supply in the semi-skilled and minimum skilled categories, but there is a huge shortage in skilled manpower supply. However, the deficit and surplus noted here are purely quantitative in nature. The excess supply in semi-skilled and minimum skilled categories doesn't mean that organisations will have plenty of labour force to choose from. It might also imply that the labour might be available but the quality of labour as expected by the organisations may or may not be met by the actual quality of labour available in those times. There might be a need of re-skilling or up-skilling of labour.

5. Recommendations

The following actionable items may be implemented over the next five years to reap benefits over a long term:

a) **District Level Empowerment of Units:**

Since states play a key role in achieving the desired skilling targets of the central government, it is vital that the district administrative mechanism is brought into the ambit of authorization and accountability. Just like a territorial sales organisation in an FMCG company, the state level targets must be broken down into district levels so that the administrative authority too feels like a part of the whole skilling activity.

b) Creating MIS (Market Information System) for Classes of Labour:

There is an immediate need to prepare a database to identify where we are heading with our goals in the long run. Which class of labour needs to be skilled the most and which class can be forwarded to a finishing school to complete a higher and more abstract level of training can only be understood if we have a database that can objectively tell us that such percentage of demography needs such direction in training.

c) Encouraging Entrepreneurial Content in Skill Training:

The ancient Chinese adage of giving the poor man fishing net instead of a fish is more applicable in case of skill development programs. Literally, this means developing more self esteem among the rural folk to start a small venture of their own with ample support from the local administration and state government. True independence will only be achieved by the rural poor when their produce is well and truly appreciated by the consumers. To develop a culture of quality in everything the rural youth do will go a long way is achieving the ambitious Zero-Defect Manufacturing dream of the current Prime Minister Narendra Modi and the Skill India Program.

d) Introduction of Vocational Training in Schools of Rural Areas:

The school drop-out rate in villages is way higher than that in the urban schools. What rubs salt to the kids' wounds is the fact that in that condition they barely possess any qualification or training in a particular set of skills which forces them to join the unorganised sector at meagre pay and alarming living conditions. Thus it is wise to "nip it in the bud" as the Japanese say. Children, when exposed to a range of options in practical training tend to choose all or most of them initially out of excitement. Slowly they would wean away from those that they are less interested in or find more difficult to master and focus on only those that they are more comfortable with and excel in. Thus, by the end of one year we can have a pool of specifically identified children with a

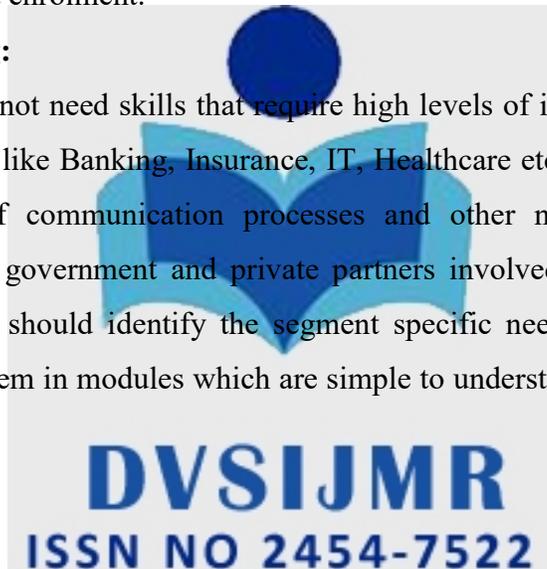
defined set of skills. These refined kids would be a much more productive and satisfied lot when they join any workforce or even start their own venture.

e) Monetary and Tangible reward system for Training Partners

Whatever revenue is gathered from registration of trainees and children is either too meagre or is majorly directed to State Treasuries leaving behind a de-motivated private training organisation. This is a major cause for most skill oriented training programs going wrong in villages because as such the enrolment rates are abysmally low in villages; upon that if the portion of revenue that is received by the trainers is not adequate then there would be a dramatic drop in dedication and quality of training that the candidates receive. However, it is equally essential to reward the partner only for outcome and not just enrolment.

f) Soft Skills Training:

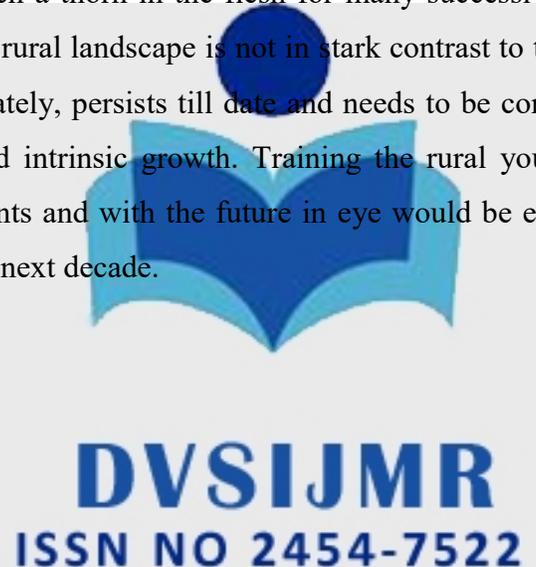
Some sectors might not need skills that require high levels of interpersonal capabilities. However, industries like Banking, Insurance, IT, Healthcare etc, demand a certain level of understanding of communication processes and other nuances of interpersonal abilities. Hence the government and private partners involved in reaching out to the village demography should identify the segment specific needs of candidates in soft skills and provide them in modules which are simple to understand and practical enough not to be ignored.



6. Conclusion:

Training the majority of their working population is not a matter of choice anymore for developing nations in general and India in particular. Much has been written and spoken about the demographic dividend, a window of 20-25 years that a nation enjoys at best once in a century. This phenomenon which cannot be artificially controlled is about to bestow itself on the populace of India and it is up to the central government to make full use of this opportunity to launch the growth vehicle for our economy. Skill development of the rural population, which accounts for the majority in India, is an important cog in the wheel of this vehicle. Training needs of the diverse rural demography in India is equally diverse and the task is herculean to say the least. Nevertheless the government has hit the ground running and launched multiple programs in the latest five-year plan, all of them target-

based, almost sales-like. The renewed aggression in pursuing national objectives is a positive sign and augurs well for India as a whole and specifically rural India. There is a long way to go and we seem to have set out on the right track at the right pace. Make in India, Skill India are few names which come to mind when we think of the future growth of our country. These programmes need to be well Defined and should be implemented in both India as well as Bharat for the skilling targets. Enabling the rural youth, even children to make a choice at a very early point in life will ensure that the growth vehicle has very young, motivated hearts working to propel India in to the big league. The Japanese and German examples should be our lighthouses to follow and our targets should be no less than to beat the Chinese growth both in absolute as well as relative terms. For growth to be inclusive, which has been a thorn in the flesh for many successive Central Governments, we must ensure that the rural landscape is not in stark contrast to that in the adjoining city. This situation, unfortunately, persists till date and needs to be corrected if India wishes to achieve truly robust and intrinsic growth. Training the rural youth and children in high performance environments and with the future in eye would be essential for changing the rural landscape over the next decade.



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