

A STUDY OF THE IMPACT OF THE SKILL INDIA MISSION ON THE INDIA ECONOMY

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ABSTRACT

The only way a nation can advance in this rapidly changing world is if it adopts the new skills being taught, and the Indian government created a project called the Skill India project to do just that. This research paper examines the effects of the Skill India Mission on the nation's population and economy. It delves deeply into the different government initiatives established under it, examining how they are affecting the economy and how skill development of the populace is affected. It investigates whether or not this program has had a major effect on the economy of this nation. It also studies further if this program was a success or not. Additionally, it investigates whether or not this program was successful and, if so, to what degree it qualifies as such and so, this paper shows how this program was just a moderate success.

Keywords: Skill India Mission, GDP growth rate, Unemployment Rate

1. Introduction

Many government programs are launched every year and while some end up becoming huge successes, some do not yield the successes that were expected of them. Skill development is an issue that is at the core of any economy's success and any mission undertaken for this needs to be understood and looked at to make sure it is being a success and if not, find the reasons for that. To address this issue, the Skill India Mission was launched in July 2015.

The Skill India Mission was launched as an umbrella scheme which consists of many different initiatives under it. These initiatives include Pradhan Mantri Kaushal Vikas Yojana (PMKVY), the Skill Loan scheme, the National Policy for Skill Development and Entrepreneurship, 2015, the National Skill Development Mission and many other schemes along with major government institutes giving training for proper skill development of the Indian workforce.

The main goal of this scheme is to provide the youth of the country, no matter their educational

qualifications, with the skills they would need to become ideal employees in companies or even start their own businesses. For this, the government partnered with different corporations in various industries to ensure that the people get the best possible training to improve their skill set.

However many question arise after 8 years of such a mission however the most prominent question that arises is have the programs under Skill India Mission performed optimally as it was expected of them ?

1.1. Literature Review

The government started the Skill India Mission in 2015 in order to provide the youth of the country with the skills they would need to survive in the changing job market and gain additional skills to become better employees or entrepreneurs. Some schemes under this mission are as discussed by the Annual Report of the Ministry of Skill Development and Entrepreneurship :

National Skill Development Mission

“The National Skill Development Mission seeks to provide a strong institutional framework at the Centre and States for the implementation of skilling activities in the country. The Mission has a three-tiered, high-powered decision-making structure.

At its apex, the Mission’s Governing Council, chaired by the Prime Minister, seeks to provide overall guidance and policy direction. The Steering Committee, chaired by the Minister in Charge of Skill Development, envisages a review of the Mission’s activities in line with the direction set by the Governing Council. The Mission Directorate, with the Secretary, of Skill Development as Mission Director, ensures the implementation, coordination and convergence of skilling activities across Central Ministries/Departments and State Governments.”

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

“Pradhan Mantri Kaushal Vikas Yojana (PMKVY) was launched as a pilot scheme in 2015 to encourage and promote skill development in the country by providing free short-duration skill training programs and incentivizing it by providing monetary rewards to youth for obtaining skill certification.”

Skill Loan scheme

“The Skill Loan Scheme was launched in July 2015 to provide institutional credit to individuals for skill development courses aligned to National Occupations Standards and Qualification Packs and leading to a certificate/diploma/degree by training institutes as per National Skill

Qualification Framework (NSQF).

This scheme is applicable to all member banks of the Indian Banks' Association (IBA) and any other banks and financial institutions as may be advised by the RBI. The scheme provides broad guidelines to the banks for operationalizing the skilling loan scheme."

National Policy for Skill Development and Entrepreneurship, 2015

"The Vision of the Policy is "to create an ecosystem of empowerment by Skilling on a large Scale at Speed with high Standards and to promote a culture of innovation-based entrepreneurship which can generate wealth and employment so as to ensure Sustainable livelihoods for all citizens in the country.

The Policy has four thrust areas. It addresses key obstacles to skilling, including low aspirational value, lack of integration with formal education, lack of focus on outcomes, low quality of training infrastructure and trainers, etc

Apart from the schemes, the government has also started various centres like Pradhan Mantri Kaushal Kendra (PMKK) to provide further skill training to the people."

Also, "The firm sees the jobless rate topping out at 15% and GDP sagging by a record 34% in the second quarter." This headline from the data by Goldman Sachs proves the significant relationship between GDP growth rate and the unemployment rate.

1.2. Methodology

This study is mainly based on Secondary data upon which a major amount of the analysis has been done. The data for this study has been collected from sources like research papers published in journals, government websites, newspaper articles and other authenticated websites.

2. Results and Analysis

2.1 . PMKY

As for PMKY, the stats through the years are shown in Table-1

PMKY 1.0: Under the scheme, monetary reward was provided to successfully trained candidates. The scheme was initially approved for the FY 2015-16 only.

PMKY 2.0: After a successful first year of execution, the Union Cabinet approved the PMKVY 2.0 (2016–20) skill-transfer programme for a further four years, with an expenditure of Rs. 12,000 crores. Around 109 lakh candidates had received training or orientation as of October 31,

2021 as per Table-1.

PMKY 3.0: The Pradhan Mantri Kaushal Vikas Yojana (PMKVY 3.0), the program's third phase, was introduced in January 2021. The District Skill Committees (DSCs) have an increased responsibility in addressing the skill gap and determining demand at the district level thanks to a thorough set of rules that incorporate the lessons learned from PMKVY 1.0 and PMKVY 2.0. As of October 31, 2021, 2.52 lakh candidates had received training or orientation nationwide.

It can be seen that the Skill India Mission, ever since it was introduced had started to give out results. The stats of the results are none too impressive but they are nevertheless visible. One evidence of this is the success of PMKY. Through the years especially in the PMKY 2.0. PMKY 3.0 is still in progress and early reports are encouraging and it is safe to say that despite COVID-19 it will be a major success for this mission. Therefore, PMKY can be said to be a highly successful program.

Data on the Results of PMKY

	Enrolled	Trained	Assessed	Certified	Placed
2015-16	19,85,937	19,85,937	19,51,425	14,51,285	2,51,689
2016-20*	1,06,13,387	1,09,81,002	91,30,741	90,53,597	20,92,957
2020-21*	3,07,111	2,52,029	1,53,257	40,254	9,315

**The data is available up to 31.10.2021. The data is a sum of centrally and state run training facilities. The data shows enrolment and placement of only those people who had no prior skill training.*

Source: Annual Report 2021-22

2.2. Skill Loan Scheme

Under the Scheme, as on 31.10.2021, 6018 number of guarantees have been issued for total amount of Rs.64.37 crore since the starting of this policy in July 2015.

The Skill Loan Scheme’s results as of October 2021 are not very encouraging to look at. Despite having a moderately high amount given as loans, when compared to the population of the country, these numbers are very disappointing especially after starting programs that help in the development of entrepreneurship among people. Due to this, it can be considered as a low tier success or average at best.

2.3. National Policy for Skill Development and Entrepreneurship, 2015

Under Skill India Mission (which is under the National Policy for Skill Development and Entrepreneurship, 2015), MSDE's Vision 2025 employs an ecosystem-enabling perspective to move India towards a high-skills equilibrium and contribute to favourable outcomes for people, businesses, and the economy.

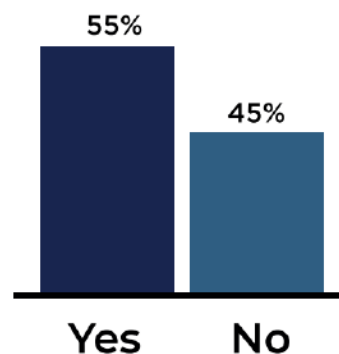
To realise the vision, three strategic priorities have been determined:

Strategic Objective 1: To develop a complementary and integrated ecosystem for skilling and education paths, and strengthen connections between education and skilling pathways. This will be made possible by three key areas. increase interactivity between general education and skilling To increase employability and entrepreneurial outcomes, encourage learning by doing. encourage non-formal education for workers and students who are not enrolled in school Strategic Priority 2: Encourage the demand for formal skills, particularly among entrepreneurs and small and informal businesses. This will be made possible by three key areas. Increase awareness and offer incentives to encourage the need for formal skill training Encourage skill-providing options that are suited to the requirements of small and unorganised businesses. Recognise abilities attained through conventional apprenticeships or other informal means.

Strategic Priority 3: Establish and support a skills-and-entrepreneurship ecosystem to enhance quality control, lessen information asymmetry, and boost employer involvement.

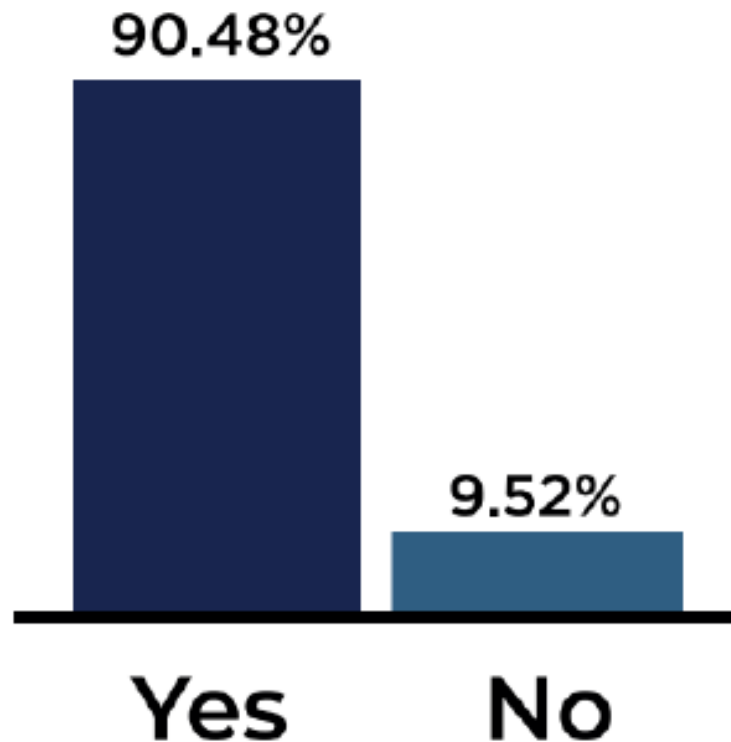
The graph below shows the companies hiring from government skilling centres developed through this scheme and the graph below that shows if the people trained are working as expected of them or not :

Graph-1 Companies hiring from government skilling centres



Source: Wheebox India Skills Report 2023

Graph-2 Percentage of hires from government skilling centres matching expectations



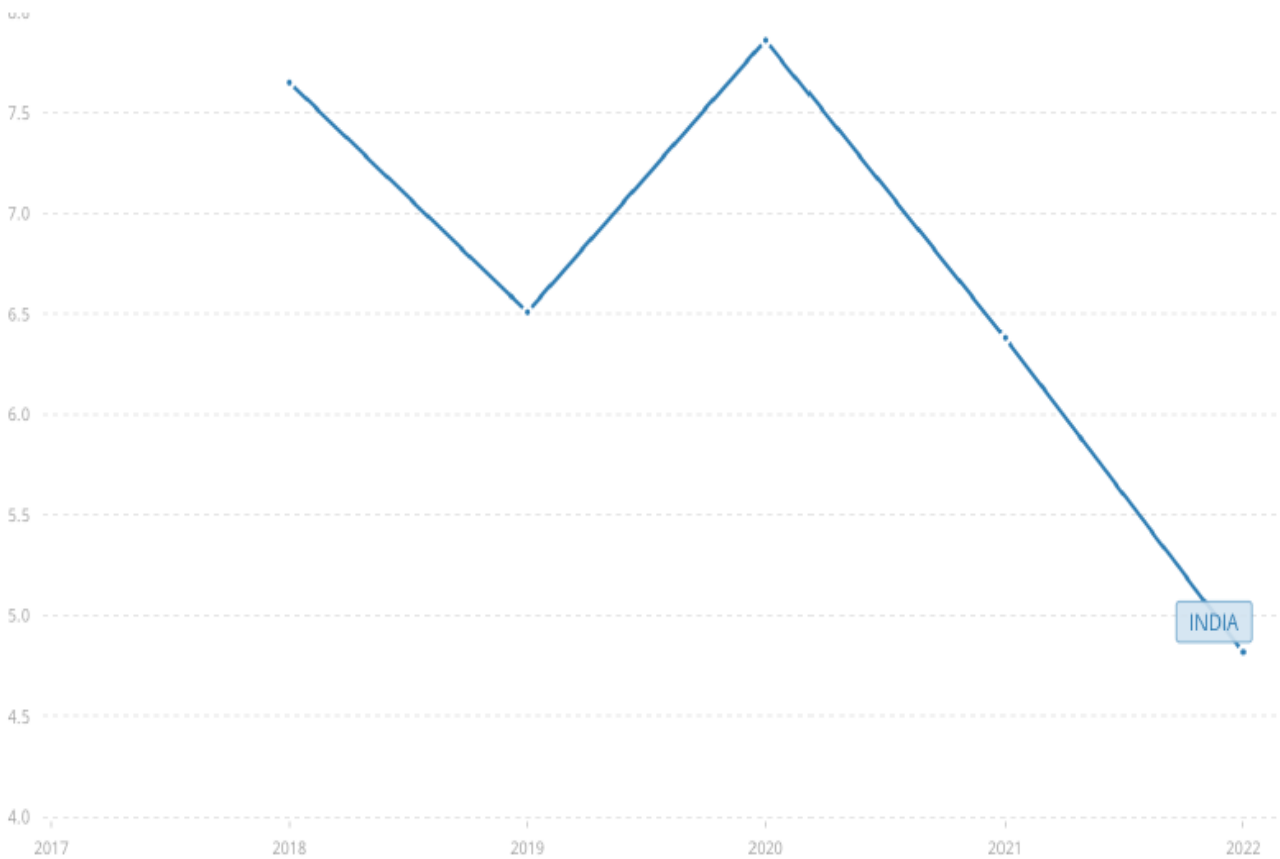
Source: Wheebox India Skills Report 2023

As for the National Policy for Skill Development and Entrepreneurship, 2015, this program has yielded mixed results. On one hand, even after this program's starting many companies don't have faith in the government training centres as revealed by the hiring stats with 55% only preferring government trained employees despite having 90.48% of the employees perform as per the expectations. Furthermore, the reason for the same is indeterminable due to the presence of many industries and unavailability of data for performance in each industry/sector.

2.4. Rate of Unemployment

Graph 3 shows the rate of unemployment of the Indian economy since the Skill India mission has been launched. Through this paper it has been well established by now that a skilled workforce decreases unemployment as seen by the sharp decrease in unemployment ever since the Skill India Mission has been introduced. Though in Graph 3, it can be seen that the GDP growth rate of the country has been falling consistently except for a sharp rise in 2021 which was followed by a small fall in 2022.

Graph-3 Rate of Unemployment in India



Source: World Bank

Note: The X-Axis shows the years while the Y-Axis shows the percentages and the data for 2015-2017 isn't available.

2.5. Growth Rate of GDP

It is a well-established that the GDP of a country is very much depended on the employment of the country since the employment leads to increase in production of the goods which leads to the GDP growth. Now, as seen in Graph-1 , the unemployment rate of the country is falling consistently despite the sharp rise in 2020 which can be attributed to COVID. The GDP growth rate may have declined for a variety of reasons, but suffice it to say that the Skill India Mission, which aimed to provide people with job-oriented skills while reducing unemployment, has not been able to have a substantial impact on the GDP growth rate.

Graph-4 Rate of Growth of GDP in India



Source: World Bank

Note: The X-Axis shows the years while the Y-Axis shows the percentages.

3. Conclusion

The study of the major schemes launched under the Skill India Mission gives vague but a good enough picture to draw a conclusion after 8 years of this program. It can be clearly told that the country's Skill Development has been increasing at a faster pace every year. Now, despite the fact that the country's GDP is increasing, the increase can be attributed to a variety of variables, but suffice it to state that the Skill India Mission has not had a significant enough influence in the eight years since its inception.

As a result, the Skill India Mission can be deemed fairly successful in terms of lowering economic unemployment, but it hasn't had a big enough influence to speed up GDP development. The government would need to continually work to ensure that the ineffective schemes are either changed or improved to ensure that all of the resources are being used as effectively as possible in order for a mission like this to be very successful.

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