

SUSTAINABILITY OF ECONOMIC GROWTH AND SKILL DEVELOPMENT

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ABSTRACT

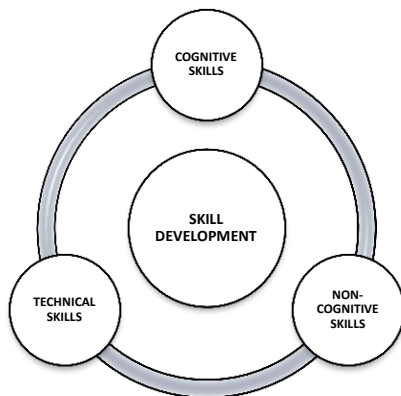
Questions have been raised regarding the sustainability of service-led growth of Indian economy and of its States because the growth became service –driven in terms of output but not in terms of employment due to the low employment intensity of growth, especially of the service sector. Sustainable economic growth requires that human resources are properly and abundantly skilled. The education system and the responsiveness of labour market are important growth agents which must improve with rising income levels and enhance the sustainability of economic growth. The present research paper aims to analyze the role of skill development for the sustainability of economic growth and to study the present skill capacity of Haryana and analyse the ways and means to enhance skill development and employability potential. The state of Haryana has been selected for the present study. Haryana has a large pool of young workforce and will be the largest supplier of human resources. The growth of Haryana became service-led growth. Moreover, the growth pattern became skewed towards service sector and towards skill intensive activities. Haryana enjoys demographic advantage. Sustainability of economic growth requires assessment of present skill capacity in Haryana. There is limited access to the job-related information, skill in demand and guidance on skill development programs. The potentials of the youth must be channelized by providing them required skill development opportunities so that they positively contribute in the SGDP. A key shortcoming of the system is its inability to align to labour market requirements. It requires training at the grass root levels by identifying the local talents and the local demands.

KEYWORDS: Skill Development, Vocational, Education, Training, Sustainable Development

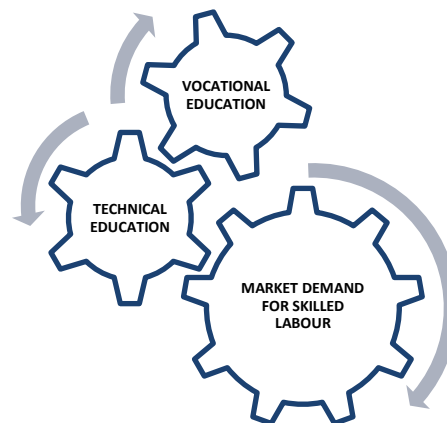
INTRODUCTION

Economic development and human capital formation go hand in hand. Human capital has been identified as a key stimulus of the development process of the national economies and for the sustainability of economic growth. The challenges of globalization and emergence of knowledge economies have led to the need of human capital formation and hence skill development in all the sectors. Questions have been raised regarding the sustainability of service-led growth of Indian economy and of its States because the growth became service –driven in terms of output but not in terms of employment due to the low employment intensity of growth, especially of the service sector. Sustainable economic growth requires that human resources are properly and abundantly skilled. Skill development of labour through education and vocational training for generating employment is highly needed, especially for the service sector. Skill development is critical for accelerating the rate of inclusive economic growth and rate of employment. Skill is the primary determinant of productivity and employment. There is need of a proper frame work for skill development for attaining sustainable economic growth. Skill development is the pre-condition for sustainability of economic growth.

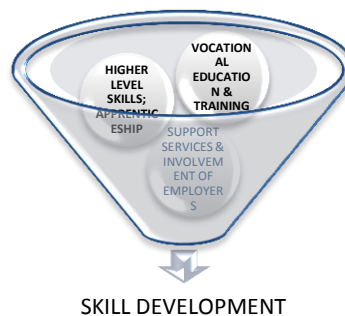
Skill is defined as the ability and capacity acquired through deliberate, systematic and sustained efforts for carrying out complex activities or job functions involving ideas (cognitive skills), things (technical skills) and people (inter-personal skills). Cognitive skills are the basic mental abilities we use to think, study, and learn. These are the tools with which technical and life skills are acquired. Figure 1 and 2 depict that various forms of skills must be market linked. The evidence shows that technical and vocational education is more effective when focused on skills closely linked to market demand. Figure 3 shows that higher levels skills, apprenticeship, vocational education and training and support services & involvement of employers together lead to skill development.



(Figure 1)



(Figure 2)



(Figure 3)

The goal of inclusive growth and sustainable growth can be realized only when the technological progress gets translated in the form of skill development to the masses. Economic development must improve not only the economic indicators (income) but also the social factors like education standards, literacy rates, human capital, and labour efficiency etc. The education system and the responsiveness of labour market are important growth agents which must improve with rising income levels and enhance the sustainability of economic growth.

OBJECTIVES

1. To analyze the role of skill development for the sustainability of economic growth.

2. To study the present skill capacity of Haryana and analyse the ways and means to enhance skill development and employability potential.
3. To find out the challenges /obstacles in skill development.

Data: Secondary data from NSDC, Economic and Statistical organization, Haryana and other official sources is used. The selected parameters for carrying out the study are general education and vocational training.

Study Area: The state of Haryana has been selected for the present study. The study focuses on the skill development in general and service sector in particular. The present study points to the urgent need of skill development in the highly labour-absorbing areas in Haryana.

REVIEW OF THEORY AND EMPIRICS

Santosh Mehrotra (2017) distinguishes between skill shortages, skill gaps, skill underutilization and skill deficit.

NSDC skill gap report (2013) studied the skilling needs and techniques to fill the skill gap projected for the years 2017 and 2022.

Ramaswamy and Agrawal (2012) studied the employment growth, structure, and job quality outcomes in manufacturing and service-sector in urban India spanning the period 1999-2000 to 2009-10, using the NSS surveys of employment and unemployment.

Paul Beaudry, Patrick Francois (2005) highlighted the role of skill acquisition to enhance managerial skills and the adoption of modern technologies.

Arvil. V. Adams (2003) studied the impact of skills on employment and earnings. The study found that the technical and vocational education is more effective when focused on skills closely linked to the market demand.

Michael Kremer (1993) in O-ring theory of economic development highlighted that the tasks of production must be executed proficiently together in order for any of them to be of high value.

The above studies show thrust on the skill development for generating employment opportunities and accelerating economic growth and sustainable development.

Role of Skill Development for Sustainability of Economic Growth in Haryana

Skill development is essential for generating employment in all the sectors of the economy. Skill development is effective key in stimulating a sustainable development process and can make a contribution to facilitating the transition from the informal to the formal economy. Skill development is also essential to address the opportunities and challenges to meet new demands of changing economies and new technologies in the context of globalization. Skills play a pivotal role in optimum utilization of human resources. Skilled workforce is an asset and also a prerequisite for sustainable economic development. The World Youth Skills Day-2022 has focused on 'learning and skills for life, work, and sustainable development'.

Haryana has a large pool of young workforce and will be the largest supplier of human resources. The structural change in the economy of Haryana has led to higher economic growth rates. Haryana economy is a fast progressive economy. AS per the quick estimates, growth in GSVA at constant prices was 10.1 percent and 7.1 percent in the years 2021-22 and 2022-23 respectively. CAGR of GSDP at constant prices has been 5.62 percent during the period 2014-15 to 2022-23 as compared to 4.58 percent at All India Level for the same period (Table I, II).

The growth of Haryana became service-led growth. Moreover, the growth pattern became skewed towards service sector and towards skill intensive activities.

THE DEMOGRAPHIC ADVANTAGE OF HARYANA

Haryana with an area of 44,212 sq. km, accounting 1.34 Percent of the geographical area, is one of the smaller states in India. Administratively, the state is divided into 4 divisions comprising 21 districts. Haryana enjoys demographic advantage as the state has a population of 2.54 crores (2.09 percent of India, 2011 census and earlier it was 2.06 Percent, 2001 census) showing an increase of 2.11 crores over 2001. Rural population is about 65 percent. The emerging demographic dynamics of the state ensures that it will have more number under working age category. This has two implications. One, Haryana will have lowest dependency ratio (ratio of non-working population to working population). A lower dependency ratio implies lower social cost on an ageing population. Second, the global workforce is expected to be dominated by Indians in the next few decades. Haryana has adequate young labour force to face the global market. The demographic dynamics provide Haryana with strong advantages in so far as achieving high rates of growth powered by an enlarging workforce concerned. However, Haryana will be able to utilize this demographic dividend productively provided it is able to equip its work force with appropriate skills. Therefore, skill development emerges as one of the most critical aspect in Haryana. It is expected that Haryana will experience a huge bulge in its working age population between the years 2012-22. This makes the task of skilling even more important and it is estimated that between 2012 and 2017, Haryana will add 1.73 million people to its working age population and a further 1.51 million during the period 2017-2022. The percentage of working age population which is 64 percent, will rise to 66 percent in the year 2022 (Table III). Haryana has not been able to convert the rising population into productive human resources. Skill mismatch has two serious implications for the labour market. One, it prevents the growth of work force and leads to bottlenecks in the availability of labour for industry requirements. Second, on the demand side, large section of the workforce does not find adequately remunerative occupations due to in appropriate qualifications.

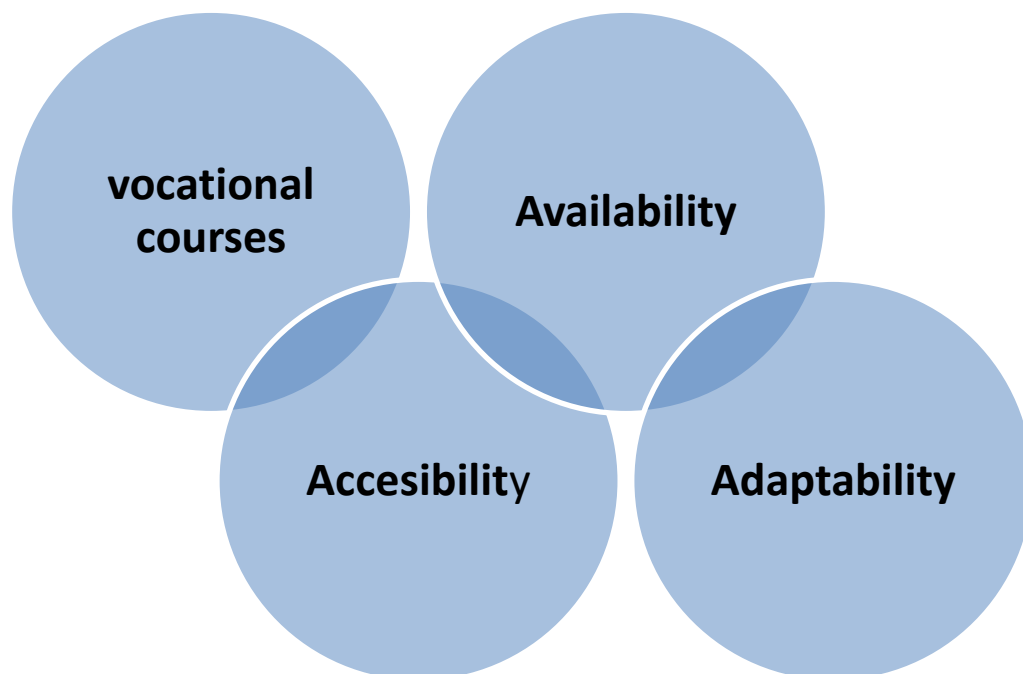
Sustainability of economic growth requires assessment of present skill capacity in Haryana:

Analyzing these factors in the state of Haryana, it is found that though Haryana economy has progressed in terms of economic indicators but the social indicators still act as obstacles to growth.

Status of Literacy and education standards in Haryana: Haryana has 165.99 lakhs literate and educated population. The rate of literacy is 75.55 percent, of males (84.6%) and for females (65.94%) in 2013. The govt. aims to increase the Gross enrolment Ratio from 60% to 65%. The number of enrolments goes on falling as the level of education rises, indicating a higher rate of dropouts. It means the process of skilling must start at earlier level of education. Moreover the quality of education is poor, giving no technical training to the students along with the education. As a result, the pass-out students are not capable to get any job or start their own enterprise. Table V depicts that number of scholars at the primary and the middle levels rose while at secondary level, this number fell down during the period 1990-91 to 2015-16 and at higher levels, it rose by 2.40 times during the period 1990-91 to 2013-14, slight fall in 20121-22. The enrolment ratio fell significantly after primary level, leading to high drop -out ratio after primary level. The reasons for high drop-out rate are socio-economic factors. The children are either made to contribute to family income or they look after their siblings at home.

Haryana failed to realize that good school education is the foundation of productive human resources. Given a poor base of quality education (except private schools), it has been a challenge to build the skill capacity of growing work force in Haryana. Haryana has not been able to utilize its demographic advantage to the fullest. The record of number of recognised institutions in Haryana : Arts and science colleges, Teachers training colleges, Higher/senior secondary schools, middle level schools , Primary schools , Schools for handicaps , Total number of higher education institutions have increased (Table V). The intake capacity of Engineering colleges was 355 in the year 1990-91; it rose to 58399 in the year 2013. Although the government of Haryana tried to upgrade the quality of teachers in Government schools by appointing the experienced teachers from govt. aided private schools to government schools. Given the poor work culture in government schools in Haryana, this upgradation may or may not lead to the upgradation in the quality of education and learning.

Education system can be judged on the basis of following parameters: Accessibility, Availability, and Adaptability. These are the challenges for the skill development in Haryana.



There are less opportunities of industrial training in the rural areas due to a smaller number of training institutes. There is limited access to the job-related information, skill in demand and guidance on skill development programs. 90 percent of the NSDC partners providing skill training are located in Gurgaon, Rohtak and a few other big cities and are not accessible to all.

The results of Haryana board of school education also speak of poor performance of teachers and students. Most of the students fail to get the sufficient marks to be eligible to get admission in the next level or to get any skill development training. There is lack of uniform qualification framework. Large gaps exist in the curriculum of courses, quality of education and training. There are very few vocational courses. Such courses are essential to enable the potential work force to become job-ready in the areas of trade, hotels, restaurants, hospitality management, storage management, logistics, transport services, real estate services, personal services and community health services. With the opening of many shopping malls, demand for much new service is fast emerging like retail management, banking, accountants etc. Even the technical graduates do not have hands on work during their 3-4 years of course duration.

The mounting numbers of qualified young graduates, diploma holders, management graduates find themselves out of place in the job-market. The talent of the youth of Haryana is being wasted by not imparting them the required skills. A low proportion of the workforce has higher education or any form of skills training. In spite of massive effort to expand the capacity of providing high-quality formal education or skills training, the workforce is still unable to gain any kind of benefit from the high economic growth.

The following are the sub-missions of skill development programs in Haryana.



Haryana's technical training and skills development infrastructure also includes training for apprentices and skill-building at the school level. The central Apprenticeship council outlines the policies and different norms and standards of Apprenticeship training. The existing vocational training infrastructure is concentrated in a few districts. Besides, the high penetration districts, many districts are medium penetration areas like Gurugram, sonipat, karnal, Fatehabad, Mahendergarh, Jind, Sirsa. But Bhiwani, Kaithal, Kurukahetra, Palwal, Mewat, Faridabad and Panipat have low capacity for vocational training (Table VI & VII)

On the basis of KPMG and NSDC report, the manpower requirements in service sub sectors during 2017-22 (Table VIII). In Banking and insurance, 25% man-power in skilled category and 75 percent of the manpower is needed in semi-skilled category, while Transport & Logistics require 3% skilled and 44% semi-skilled manpower, in Health care, it is 20% skilled and 79 % semi-skilled, it is 29% skilled and 69.9% semi-skilled in IT sector and it is 25% skilled and 75% semi-skilled in Communication sector. The manpower requirements for the various service sectors, indicate that skill development process must be accelerated to match the rising demand for the various skills by the year 2022. Transport & Logistics is the largest sub-sector, requiring maximum number (417946) persons, followed by Retail sector, Banking and Finance, Health care, & IT&ITes. The required skills for these sectors are at three levels- skilled, semi-skilled and minimally skilled. The transport and logistics sector require Drivers, logistics management personnel, computer data operators & logistics planning. Banking sector require core banking skills, sales & marketing, Insurance, underwriters and claims management. Retail sector needs supervisor, shop floor executives, logistics staff, store managers, stock planning. Health care need doctors, physicians, assistants, lab technicians, pharmacists, OT assistants, physiotherapists, biomedical lab attendants. Education sector require school teachers, college teachers, technical teachers and trainers. IT sector needs testing, web testers, coders, programmers, documentation personnel.

IDENTIFICATION OF SKILLS

There is need to identify the skills required for each of the service sub sectors. For example: The skills required for hospitality management includes language command, communication skills, skills to perform customer services, financial management, understanding the industry, cultural awareness etc. For customer services: skills needed are patience, attentiveness, clear communication skills, time management skills etc. For banking sector, skills needed are Finance, risk- management, analytical skills, communication skills etc. The demand for the various services from the service sector is rising in Haryana. All the service sub sectors are experiencing a rise in demand for services. For example: the demand for software services, teachers, nurses, hospitality services, trade, banking services. The reason is evident that service sector demand increases due to rising incomes of the household sector and demand for service as input in the other sector especially in the industrial sector.

Discussion: Human assets of Haryana need to be developed to capitalize them and to make them capable of contributing in the development process of Haryana. Otherwise, the demographic advantage of Haryana will go waste. The potentials of the youth must be channelized by providing them required skill development opportunities so that they positively contribute in the SGDP rather than becoming a burden. Attendance rates in schools drop sharply after students attain the age of 15 years. From a rate of 84.7 percent in the age group of 5-14 years, attendance in schools drops to 50.4 percent in the age group of 15-19 years. The labour force participation rate, however, increases sharply in the age group of 15-19 years. Thus, the attainment of higher education and participation in the labour force tend to move in opposite directions for significant sections of the population. Typically, the pursuit of higher education should delay entry into the labour force until at least the age of 22-24 years –the time by which students finish post- graduate education in universities. (ESO, Haryana). However, an earlier entry into the labour force implies lesser educational qualifications on part of the entrants at the time of entry. Such entry reflects adversely upon the skill endowments of the entrants. Indeed, the Planning Commission estimates that 80 percent of the workforce does not possess skills that are commensurate with employment requirements.

The shortcomings of Haryana's skills development system are not confined to limited capacities alone. A key shortcoming of the system is its inability to align to labour market requirements. As a result, the employability of several highly educated entrants is not according to their acquired qualifications. The bias of the higher education system towards arts, science and commerce has affected employment prospects by not equipping students with the skills appropriate for industry and professional occupations. This bias and the resultant distortion could have been corrected by a matching expansion in technical education capacities. The technical training system also suffers from a variety of qualitative shortcomings. Most of the polytechnics and ITIs run out-dated programmes with poor infrastructural facilities. There is lack of interaction between the industries and institutes which has constrained the growth of awareness.

CHALLENGES AHEAD

Skill development is required for inclusive and sustainable development. It is a significant driver of economic development. Haryana is also endeavoring to upgrade the skill capacity of the present and future labour. But very few efforts are being done to provide skills needed for the service sector. Creation of a training market through involvement of private sector is need of the hour. Vocational courses are required in the field of hospitality management, para-medical services like nurses, lab- technicians, store keeping, retail management, trading, hair-

cut, beauty and wellness etc. The biggest challenge is to change the mindset of the society that higher educational without any professional training is futile. The challenge is to increase the company participation in skill development programmes not only for in-services employees but also for the students of the vocational courses. There is no training for many skills of the informal sector.

CONCLUSION AND SUGGESTIONS

- 1) To fulfil the demand, suitable skills need to be imparted.
- 2) The fast-growing service sectors generating more demand for skilled and semi-skilled Labour are transport and logistics, retail, banking and insurance and Health and IT sector.
- 3) The Vocational education and training programs are highly required for equipping the Growing young workforce of Haryana.
- 4) The role of private players is more important because they can ensure the service sector with the required- skills-training and supply.
- 5) The skill capacity in Haryana is not up to the mark due to lack of accessibility, availability, Adaptability of school and vocational education and training.
- 6) A well-knit information system should be developed which connects the students, Services-sub-sectors, trainers, government and the private players.
- 7) The need is to upgrade the curriculum of various courses at all levels to suit the demand of the service sector. New courses must be started.
- 8) An efficient and comprehensive vocational education system should be set up. The mind-set of the society needs to be changed so that there are more acceptances of vocational Courses than the formal education. Placement –linked courses should be there.
- 9) In tune with the objective of women empowerment, more skill development courses should be designed for women to enable them to get jobs or start their own business.

This requires innovations in skilling models by the institutions and the corporate sector. The resource optimization relating to increasing apprenticeships and industry participation is needed. It requires training at the grass root levels by identifying the local talents and the local demands.

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Table I: Growth Rates, Haryana (2011-12 prices) percent

Year	GSDP	NSDP
2016-17	10.48	10.56
2017-18	6.69	6.67
2018-19	6.12	5.87
2019-20	8.24	8.32
2020-21	-5.65	-5.61

Source: Directorate of Economic and Statistical Organization, Haryana.

Table II: Sectorwise share, Haryana 2020-21(Prices 2011-12) Percent

Year	Share in GVA
Primary sector	19.10
Agriculture	18.87
Mining	0.23
Secondary sector	30.02
Manufacturing sector	21.38
Construction	1.31
Electricity, Gas	7.33
Tertiary sector	50.89
Trade, Repair, Hotels Restaurants	15.02
Transport, storage, communication	4.48
Financial Services	5.77
Real Estate	18.01
Other Services	4.78

Source: Calculated, ESO, Haryana Statistical Abstracts, Various Years

Table III: Age Wise Haryana Demographics Projections (percentage)

	0-14	15-59	60 & above
2012	28	64	8
2017	26	66	8
2022	24	66	10

Source: NSDC report on Haryana, 2013

Table IV Number of recognized educational institutional institutions in Haryana

Institution	1990-91	2015-16	2021-22
Universities	3	43	57
Arts and Science Colleges	120	288	364
Engineering courses	2	148	91
Teacher Training colleges	18	491	491
High/Senior secondary schools	2356	7663	9023
Middle schools	1399	4430	5883
Primary schools/pre-primary schools	5109	9675	9896

Source: Statistical Abstract, Haryana, various years

Table V: Education Level in Haryana

Level	Number of scholars 1990-91	Number of scholars 2013-14	Number of scholars 2015-16	Number of scholars 2021-22
Primary	784637	25,13,863	1633573	1246767
Middle	547105	14,42,860	1038326	1380858
High/Secondary	1552643	14,73,038	1475045	1524501
Grand total (schools)	2884385	5340974	4146944	4152126
Higher(colleges)	138405	332363	-----	329167

Source: Statistical Abstract, Haryana various years

Table VI: Government Institutes in Haryana

Government ITIs	143
Private ITIs	108
Govt. Teacher Training Centres:	7
Private Teacher Training Centres:	2
Govt. Craft Teacher Training Centres	1
Private Art & Craft Teacher Training Centres:	5

Source: Department of Industrial Training

Table VII: Districts with high penetration of training centres

District	No. of ITIs, ITCs	Seat capacity	NSDC partner	Seat Density(seats per 1000)
High Penetration areas				
Rohtak	14	4184	3	4.1
Jhajjar	12	2988	1	3.1
Hisar	20	5288	0	3.0
Ambala	12	2840	3	2.9
Panchkula	8	1616	0	2.9
Rewari	16	2416	0	2.7
Yamunanagar	17	3184	0	2.6

Source: NSDC report, Haryana.

Table VIII: Manpower requirements in service-sub sectors, Haryana (2017-2022)

Sector	Skilled	Semi-skilled	Minimally skilled	Total
Banking & Finance	41433	124298	-	165730
Transport & Logistics	11684	185530	220732	417946
Health care	20943	83771	-	104714
IT& ITes	27160	63374	-	90535

Retail	30796	30796	246366	307958
Education	2191	14753	-	16944
Communcation	10106	30317	-	40422
Hospitality	985	1477	7384	9846

Source: NSDC report, Haryana