

Empowering Growth: Investing in Education and Upskilling India's Workforce for Tomorrow

Friday, 27 September 2024 • 15:30-16:30 (IST)

Background Note

India is undergoing a rapid economic transformation and is witnessing a surge in automation, digitisation, and AI-driven industries. Its education policy, skills framework, and innovation ecosystem are expected to play a pivotal role in shaping the future of work in the country. Capitalising on India's demographic dividend, rapid applications of AI and other advanced technology in various fields and transforming supply chains calls for equipping the workforce with skills that are in line with the changing demands of the global economy.

India's informal youth, which constitutes 93 percent of the workforce, faces significant challenges, primarily due to substantial skill gaps that hinder employability and productivity. Further, the stigma associated with informal work further perpetuates cycles of low skills and poverty. Evidence suggests the skills gap has increased recently. Between 2017 and 2022, over 60 percent of states and union territories experienced a decline of more than 5 percent in the growth rate of highly skilled individuals¹.

On a more positive note, the semi-skilled workforce has experienced remarkable growth, with a national compound annual growth rate (CAGR) of 59.47 percent between 2017–18 and 2022–23, reflecting a rising demand for individuals with intermediate-level skills, which now account for over 45 percent of the workforce across states. This growth highlights the potential for skill development initiatives to enhance employability and productivity within the informal sector.

¹ <https://www.nilerd.ac.in/writereaddata/UploadFile/%281%29%20Ramesh%20Chand%20and%20Jaspal%20Singh.pdf>

The government's National Education Policy (NEP) 2020 marks a significant shift towards a holistic, multidisciplinary, and skill-focused approach to education, aligning with the demands of a rapidly evolving global workforce. It emphasises flexibility, creativity, and critical thinking, aiming to equip students with 21st-century skills, including digital literacy and socio-emotional capacities, which are essential for navigating the future world of work². Further, the recent Union Budget 2024-25 has allocated ₹2 lakh crore to enhance skill development and employment opportunities for approximately 4.1 crore youth. This includes a 30 percent increase in funding for education and skilling, amounting to ₹1.48 lakh crore, aimed at bridging the skill gap in India³.

India's innovation landscape is also maturing, with the rise of startups and a growing emphasis on research and development (R&D). The country has the potential to become a global hub for tech innovation, supported by programs like Atal Innovation Mission and investments in sectors like fintech, biotechnology, and renewable energy. It is also emerging as a hub for Global Capability Centres. Moreover, initiatives like the Skill India Mission and the Pradhan Mantri Kaushal Vikas Yojana, launched by the government, have been a cornerstone of efforts to bridge the skills gap with focus on vocational training, digital skills, and apprenticeships.

Such developments notwithstanding, India still has some way to align educational outcomes with industry needs, with significant regional disparities and limited access to quality training. A report by the World Economic Forum and Confederation of Indian Industry estimates a potential skill gap of 23 million by 2030 in India⁴. Improved coordination among educational institutions, industries, and policymakers is essential to ensure equitable access to quality education and skill development, particularly in rural and marginalised communities.

Aligned with this, CUTS International is hosting a virtual panel discussion to discuss the importance and impact of government initiatives like NEP 2020 and Skill India on skill development and future of work in India to meet challenges brought on by rapid innovation and technological progress, especially focusing on the informal workforce. This event, part of the CUTS' project on Good and Better Jobs in India, aims to enhance the discourse on inclusive economic growth and the creation of quality jobs. The webinar aims to discuss:

- The significance and role played by NEP 2020 in meeting the skill gap in India
- Analysis of the current state and increasing need for Global Capability Centres for R&D
- Analysis of the importance of the skill and apprenticeship programme under Budget 2024.
- The role played by multiple stakeholders such as Government, Industry players, Civil society and Academia in ensuring skill development aligns with needs of innovation-driven industries or sectors.

² <https://www.entab.in/7-key-highlights-and-changes-in-national-education-policy.html>

³ <https://egrowfoundation.org/blog/union-budget-2024-25-advancing-education-skills-and-employment-for-a-brighter-future/>

⁴ <https://www.peoplesmatters.in/article/skilling/upskilling-india-for-the-future-workforce-41838>

Agenda

15:30-15:32	Introduction and Welcoming participants • Tasmita Sengupta, Research Associate, CUTS International
15:32-15:42	Introducing GrowJobs and setting ground for discussion • Sanchita Chatterjee, Fellow, CUTS International
15:42-16:15	Panel Discussion
16:15-16:25	Q & A Session
16:25-16:30	Summing Up and Vote of Thanks • Sanchita Chatterjee, Fellow, CUTS International