

# Skill Development in Unorganised Sector in Indian Economy

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**Abstract:** Skill Development has been accorded an important place in the National economy by the national decision makers. Skills and skill development is an essential component of all efforts in this challenging area. Too many workers are simply unprepared to meet the needs of firms, particularly in more competitive economic environment. Systems to provide training are often plagued by weak governance and poor incentives that make them unreliable or ineffective. However, the problem is often more complex. In India, education system is not providing basic skill that makes them trainable. Rigid labour market reduces the mobility and makes it difficult for workers to find jobs and for firms to find right workers. In this context, it is indispensable to focus study on skill development in unorganized sector of the Indian Economy. The researcher has studied the different aspect of policy design which influences the incentives of individuals and firms to invest in skills and shape those of training providers to deliver effective and responsive services. Further the study has attempted to deliberate and find the solutions for effective implementation of the suggestions given in the study which is considered as a significant pragmatic approach of the study.

**Keywords:** Skill, Skill Developments, Unorganised workers, Government.

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## 1. INTRODUCTION

The term skill is used in the literature to refer to a wide range of attributes and to that extent there is no clear definition of skilled worker. In practical terms, the term used is marketable skill which commonly refers to any skill that has market value. For Indian Economy, growing at the rate of 8 to 9 percent, skill development poses major challenges and also opens up unprecedented doors of opportunity. The magnitude of the skill development challenge can be estimated by the fact that only 3 percent of the existing workforce of India can be called Skilled.

In an increasing connected world, skill is the core of improving employment outcomes of individuals and increasing productivity and growth of the countries. Skill development is an essential component of all efforts in this challenging area. Too many workers are simply unprepared to meet the needs of firms, particularly in more competitive economic environment. The Ministry of Labour and Employment, Government of India, had formulated a National Policy on Skill Development in 2009 for empowering all individuals through improved skills, knowledge, nationally and internationally recognized qualification to gain access to decent employment in the global market. The 2009 Policy was suspended by NPSDE, 2015. The new Policy tries to bring the world of education and training closer to the world of work so as to enable them together build strong India with vision 'sabka sath, sabka vikas' for taking demographic advantage of India in coming year.

Unorganized sector is equated with the unprotected segment of the labour market. According to the Final Report of the National Commission for Enterprises in the Unorganized Sector (NCEUS) released in April, 2009, workers in the unorganized sector constituted more than 93 percent of the total workforce in India. Unorganized sector workers are those who do not have any job security, income security or social security and are therefore extremely vulnerable. Separate institutional mechanism should be explored to plan, implement and monitor the skill development efforts for the unorganized sector.

Many states of India are growing in multiple forms in farming and non farming activities which cover maximum proportion of unorganized workers in the process of employment generation. The different skill set of unorganized workers is the requirement of time in a competitive economic environment. Therefore, Researcher is motivated to study the skill set and skill development in unorganized workers for attaining the future prospect for the growth and development of the country.

## **2. AIM OF THE PROJECT**

1. To understand Skill Set of unorganized workers for adapting as per changing technologies and labour market demand.
2. To understand awareness about skill development plans and activities among the unorganized workers.
3. To study the problems among the unorganized workers
4. To study the implementing Skill Development programmes of the government for unorganized workers.
5. To support skill development initiative of public and private agencies for unorganized workers.
6. To suggest model for enhancement in skill development programme unorganized workers.

## **3. STATEMENT OF THE PROBLEM**

Skill Development for employability is an important strategy in the fight against poverty. Accordingly, the poor should have a priority claim and easy access to opportunities for skill development. Efforts in this regards should aim at mitigating the impact of these economic barriers at different stages, as well as actively promote access of the poor to educational and skill development opportunities through specially designed schemes and measures. Such measures and social coaching should be developed and implemented. Efforts should make to better integrate skill development into broader poverty reduction programmes and to strengthen the existing Skill Development components of such programmes to different class of the society in Indian Economy.

It is clearly noticed that in emerging world and rapid change in the industrialization in Thane District contributed steady and impressive growth in India's GNP. Role of unorganized workers in the process of Industrialization especially in rural India is significant. Different skill sets has changed the lifestyle of the people in rural area at high extent. India Economy gaining lot of significance due to generating 93 % provides employment opportunities to unorganized workers. There was very limited study on contribution of skill development in unorganized workers in Indian Economy. Thus this situation attracted the researcher for knowing how skill developments in unorganized workers are developed due to the high support of government.

Thus the exact problem of study is –'Skill Development in Unorganized Sector'

## **4. REVIEW OF LITERATURE**

**Abhishek Kumar & Pramod Tripathi, 2014**, in his book titled 'Skill Development in India: An overview of Initiatives and Schemes' provides an introduction to skill development and vocational based employment. Efforts have been made to understand skill competencies, apprenticeship, vocation and training as far as their basic features are concerned.

**Rameshwari Pandya, 2016**, in her book titled 'Skill Development and Entrepreneurship in India' provides an idea skill development and entrepreneurship are complementary to each other. it also focused on needs of unorganized sector workers, marginalized and vulnerable groups and women workers.

**Natioal Policy for Skill Development and Enterprunership, 2015**, provides an aim to bring the word education and training closer to the world of work so as to enable them together build a strong India. It provides clarity and coherence on how skill development efforts across the country can be aligned within the existing institutional arrangement. The policy links skill development to improved employability and productivity.

**Skill Development Initiative (SDI),2007**, The Ministry of Labour and Employment launched SDI,2007 as a five year project to provide vocational training to school leavers,existing workers,ITI graduates etc.to improvrr their employability by optimally utilizing the infrastructure available in government,private institution and the industry.

**Prime Minister's National Council on Skill Development (NCSD),2008**, On 15<sup>th</sup> May,2008 NCSD was constituted for financing, governance models and strategies relating to skill development and coordinating public and private sector initiative in framing the collaborative actions. NCSD has set target of creating 500 million skilled people by 2022.

**National Policy on Skill Development (NPSD),2009**, it focused on to create workforce empowered with improved skills, knowledge and internationally recognized qualifications to gain access to decent employment and ensure India's competitiveness in the dynamic global labour market. It aimed to improve productivity of both organized and unorganized sectors.

**Skill India Mission,2015**, The Prime Minister launched Skill India Mission on the occasion of the first World Youth Skills Day on 15<sup>th</sup> July,2015.Government has set a target to provide skill training to 40.02 crore people by 2022.The Primr Minister launched four landmark initiative like National Skill Development Mission, National Policy for Skill Development and Enterprunership,2015,Pradhan Mantri Kaushal Vikas Yojna,(PMKVY),Skill loan scheme.

**National Commission for enterprises in the Unorganised Sector (NCEUS), 2004**, it focuses on review of the status of unorganized (informal) sector in India including the nature of enterprises, their size, spread, scope, and the magnitude of employment. This commission will be ensuring the welfare and well being of all workers particularly in unorganized sector which constitute 93% of workforce in India.

**Report on Conditions of Work and Promotions of Livelihood in the Unorganised Sector (2007)**, The report analyzed the conditions of work of farmers, wage workers, women workers, home based workers, as well as the regulations of work in India of the unorganized sector. In order to protect and promote the livelihood of the unorganized workers in India suggesting 13 point action programme for the unorganized sector workers.

**Report on Financing of Enterprises in the Unorganised Sector (2007)**,it examined in detail the status of financing of this sector and dealt with deficiencies in institutional infrastructure, constraints in financing this sector and provides a set of compressive recommendations.

**Report on Skill Formation and Employment Assurance in the Unorganised sector (2007-12)**, This report brought out various aspects of the need and also the ways to enlarge skill base of the economy in keeping with its large size, heterogeneity, and nature of growth dynamics of the informal or unorganized sector. skill requirements of the on formal sector therefore has to visualized quite differently from the formal sector.

**Report on Growth Pole for the Unorganized Sector (2007-12)**, This report brought out the concept of up-scaling cluster development in a contiguous geographical area to create sustainable employment and incomes with accompanying socio-economic gains.

**Report on Technology Up gradation for Enterprises in the Unorganized Sector (2009)**, this report examined the status of technology in the informal sector and made recommendations for its up gradations. It also suggested that adoption of a mission mode approach for promotion of technology in the unorganized sector.

## **5. RESEARCH METHODOLOGY**

As the requirement to have research methodology in conducting any research, the study in hand had adopted the popular Research Methodology normally adopted in conducting social research. The research adopted is tuned to 'Descriptive and Analytical method'. The standard practice of conducting social research was adopted as Research Methodology.

### **5.1 Universe of the Study:**

The population of the study covered the unorganized workers from different category of own account workers, workers in micro enterprises, casual labourers, Home based workers, Migrant labourers, out of school youth and adults in need of skills, farmers and artisans in rural areas etc.

### **5.2 Sources of Data collection and Processing:**

The study relied upon secondary data, The Secondary data consisted of annual reports of government for unorganized sector which will be covered in the study as well as review of literature; publish articles by different authors and experts in the area of informal economy. The secondary data sources will include research reports published by Central and State government, District Industrial Development Corporation (DIDC), Regional development offices, articles published in national journals, magazine, and newspapers, Reports of various government departments, consultancy firms, published and unpublished Research work at various institutions.

## **6. FINDINGS OF THE STUDY**

1. In India, the Minimum Wage Act, 1948 fixes the minimum wages payable to any person who is an employment specified in schedule. There are vast differences in the minimum wages set for different employments within the states and across the states. Unorganised sector showed that the Act has not been implemented effectively to protect the interest of the unorganized sector worker.
2. Gender discrimination is well entrenched and in many cases women workers are paid less than the men for similar work. Women's work is subject to stereo-typing and segmentation and is more likely to predominate in the unskilled and low paid jobs.
3. Long hours of work in the unorganized sector beyond the regulatory and labour norms are common in India. Most of the workers do not get the benefits of paid off on the occasions of certain holidays and weekly holidays.
4. Physical environment at work place of unorganized workers is poor.
5. Very little participation has studied from civil society and institutions for encouraging the skill development programmes for the unorganized workers.
6. Rural and remote areas are highly affected due to poor infrastructure for training the unorganized workers.
7. Public training institutions are given less managerial and academic autonomy to design and offer programmes that meets the requirements of local economy and unorganized sector.
8. There is no arrangement for testing and certification of skills acquired in non-formal and unorganized arrangements.
9. Quality of employment is poor among the unorganized sector due to the lack of education among them.
10. Skill Set of unorganized workers for adapting as per changing technologies and labour market demand has underestimated by many policy makers.
11. Less Awareness are shown about skill development plans and activities among the unorganized workers.
12. Skill Development programmes of the government for unorganized workers are rarely supporting services to unorganized sectors.

## **7. POLICY SUGGESTIONS**

1. Minimum Wage Act, 1948 includes less revision which falls in leading with real wage over time. Act will be effective in all the states by removing differences in the minimum wages throughout the nation.
2. Criteria for fixing the minimum wage legislation should be strengthen for removing vulnerabilities and discrimination in wages for improving the earnings of women workers in unorganized sector.
3. It is important to enhance the quality of employment in unorganized sector by providing one day paid off from work per week with wages and employer should provide workers with paid off on the occasion of certain holidays and festivals.
4. Better physical conditions such as space, lighting, temperature, hygienic facilities etc. should be improved for enhancing the productivity of the workers in unorganized sector.
5. Various institutions including schools, NGO's, Private institutions, Public institutions and civil society can take leading role for conducting skill development programme for the unorganized sector.
6. Mobile training should be encouraged to deploy the opportunity for improving skill set among rural and remote workers in India.
7. Public training institutions should be given more managerial and academic autonomy to design and offer programmes that meets the requirements different skills of local economy and unorganized sector.
8. There should be strategic and short term arrangement for testing and certification of skills acquired in non-formal and unorganized arrangements.
9. Quality of employment can be improved by providing quality education in informal way by adding new curriculum design for upgrading their skills among the unorganized sector.

10. Policy makers should focus more on technology as per Skill Set of unorganized workers for adapting as per changing technologies and gaining labour market demand.
11. Awareness needs to be on rocket level for educating the skill development plans and activities among the unorganized workers.
12. Skill development centers should conduct skill development programmes primarily to support services and unorganized sector.

## **8. CONCLUSION**

Skill Development has been accorded an important place in the National economy by the national decision makers because of the complementarities that exist between physical capital and human capital on the one hand and between technology and human capital on the other. Fast changing knowledge economies call for new core competencies among all sections of unorganized workers. Creating jobs and increasing productivity is the top of the agenda for policymakers across the world.

Skills and skill development are an essential component of all efforts in this challenging area. Too many workers are simply unprepared to meet the needs of firms, particularly in more competitive economic environment. Systems to provide training are often plagued by weak governance and poor incentives that make them unreliable or ineffective. However, the problem is often more complex. In India, education system is not providing basic skill that makes them trainable. Rigid labour market reduces the mobility and makes it difficult for workers to find jobs and for firms to find right workers.

In this context, it is indispensable to focus study on skill development in unorganized sector of the Indian Economy. The researcher has studied the different aspect of policy design which influences the incentives of individuals and firms to invest in skills and shape those of training providers to deliver effective and responsive services. Further based on the findings provides the suggestions to strategically improve the skill development programme of the government, all these factors becomes significance of the study. Further the study will attempt to deliberate and find the solutions for effective implementation of the suggestions given in the study which is considered as a significant pragmatic approach of the study.

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