5. India's Employmeent Prospects- Economy

NCAER Reports Rise in Skilled Workforce . The NCAER report identifies skilling and small enterprises as the twin pillars for future job creation in India, noting that digital adoption and credit access can significantly boost hiring in the informal sector. However, the ecosystem faces hurdles like low formal training coverage (4.1%) and a dominance of subsistence-level self-employment requiring urgent policy shifts toward demand-driven skilling. The National Council of Applied Economic Research (NCAER) has released a pivotal report titled *"India's Employment Prospects- Pathways to Jobs."* The report underscores the critical roles of skilling and small enterprises as the primary engines for job creation in India.

Key Findings of the Report

Employment Trends

Self-Employment Reality- The dominance of self-employment in India is driven largely by economic necessity rather than genuine entrepreneurial dynamism.

Subsistence Level Operations- A vast majority of small enterprises function merely at a subsistence level, limiting their potential for large-scale job creation.

Workforce Composition & Upskilling

The Medium-Skill Shift- Employment growth is currently dominated by medium-skilled jobs, particularly in the services sector.

Manufacturing Lag- Unlike services, the manufacturing sector remains heavily low-skill intensive.

Projected Impact of Upskilling

Scenario 1- Increasing the skilled workforce share by 9 percentage points could generate 9.3 million jobs by 2030.

Scenario 2- Increasing the share by 12 percentage points could boost employment in labor-intensive sectors by over 13% by 2030.

Technology & AI- The workforce stands to benefit significantly from upskilling, especially to adapt to the advent of new technologies and Artificial Intelligence (AI).

Role of Small Enterprises

Productivity Pivot- The future of employment relies heavily on enhancing the productivity of India's smallest enterprises.

Digital Dividend- Enterprises that utilize digital technologies employ 78% more workers compared to non-digital firms.

Credit Catalyst- A mere 1% increase in access to credit raises the expected number of hired workers by 45%.

Current Challenges

Dominance of Informal Enterprises

Own Account Enterprises (OAEs)- The economy is dominated by OAEs (businesses run by a single person without hired labor).

Growth Potential- A 10% increase in Gross Value Added (GVA) within informal enterprises can lead to a 4.5% rise in hired workers, indicating significant latent potential.

Low Skilling Coverage

Formal Training Deficit- As of 2024, only 4.1% of India's workforce has received formal vocational training, a number significantly lower than global benchmarks.

Structural Flaws in Skilling System

1. Misalignment- Training courses are often poorly aligned with actual industry requirements.
2. Utilization Issues- Many training centers suffer from low seat utilization rates.
3. Weak Outcomes- Placement numbers remain low post-training.
4. Coordination Gap- There is limited coordination between the industry, training providers, and state governments.

Key Government Initiatives

National Skill Development Corporation (NSDC)

Establishment- Set up in 2008 as a not-for-profit public limited company (originally under Section 25, Companies Act 1956; now Section 8, Companies Act 2013).
Structure- Operates as a Public Private Partnership (PPP) under the Ministry of Skill Development & Entrepreneurship (MSDE).
Mandate- To promote skill development by catalyzing the creation of large, quality, and for-profit vocational institutions.

Policy Recommendations

The report outlines a multi-pronged strategy to revamp the employment landscape.

Focus Area	**Strategic Recommendations**
Reforming the Skilling Ecosystem	Demand-Driven- Shift from supply-driven training models to demand-aligned skilling. Industry Tie-ins- Strengthen industry participation to ensure placement-oriented outcomes. Investment- Increase public investment in vocational education.
Demand-Side Employment Strategy	Sector Priority- Prioritize labor-intensive manufacturing sectors like textiles, garments, footwear, and food processing. Incentive Structure- Realign industrial incentives to reward employment multipliers rather than just total output.
Boosting Informal Sector Productivity	Credit Access- Expand access to formal credit for small and micro enterprises to fuel hiring. Digital Adoption- Promote digital tools to improve productivity and capacity. Enterprise Graduation- Create pathways for enterprises to move from subsistence models to growth-oriented models.

Source- https-//www.newsonair.gov.in/ncaer-reports-rise-in-skilled-workforce/