



KAMARAJ IAS ACADEMY
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SKILL DEVELOPMENT IN INDIA

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Introduction

“Skill development is the process of enhancing an individual’s ability, knowledge, and employability by aligning human potential with the demands of a dynamic economy, thereby transforming population into productive human capital.”

Importance of Skill Development for India:

Demographic Dividend: India is one of the youngest nations in the world, with over 62% of its population in the working-age group (15-59 years) and more than 54% of its total population below 25 years of age.

Economic Growth: Equipping the workforce with employable skills and knowledge is crucial for contributing substantially to the economic growth of the country.

Global Knowledge Economy: As India progresses towards becoming a global knowledge economy, it must meet the rising aspirations of its youth through relevant skill development.

Key Highlights of the India Skills Report 2024

Employability Trends

Overall Employability: The overall young employability in India has improved to 51.25%. States like Haryana, Maharashtra, Andhra Pradesh, Uttar Pradesh, Kerala, and Telangana demonstrate a high concentration of highly employable youth.

Top State: Haryana has the highest employable youth concentration with 76.47% of test takers in this region scoring 60% and above on the WNET.

Causes for skill deficit in India

Mismatch between Education System and Industry Needs: Indian higher education is largely theory-oriented and not aligned with practical industry requirements.

Example: India Skills Report 2025 shows only 55% graduates are employable, though India produces millions of engineers and MBAs every year.

Low Formal Skill Training Penetration: Only 4.4% of India’s youth have received formal vocational training, compared to 75% in Germany and 50% in China.

Example: Despite Skill India Mission (2015–2025) training 6 crore individuals, a majority of the workforce is still informally trained.

Fragmented Skill Development Ecosystem: Multiple ministries and state bodies run parallel skilling schemes, leading to duplication and inefficiency.

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Example: The Comptroller & Auditor General (CAG) (2023) flagged poor coordination between NSDC, PMKVY, and state-run skilling programs.

Digital Divide and Regional Inequality: Rural and Tier-3 cities lack access to digital training infrastructure, leaving a large chunk of youth behind.

Example: While ADVANTA(I)GE India AI skilling program (2024–25) trained 2.4 million youth, mostly in Tier-2 and Tier-3 cities, rural areas of UP, Bihar, and Jharkhand still lag in internet access.

Slow Adaptation to Emerging Skills & Technology: Curriculum updates in IT, EV, AI, and renewable energy lag behind global demand.

Example: By 2025, demand for AI professionals in India is projected at 1 million jobs, but less than 30% of IT graduates are AI-ready (NASSCOM Report, 2024).

Implications of skill deficit to Indian Economy

Economic Loss through Stunted GDP Potential

McKinley estimates that India could forfeit as much as \$8.4 trillion in GDP by 2030 if the persistent skills gap remains unaddressed—jeopardizing overall economic growth potential.

Threat to Clean Energy Ambitions & Renewable Growth

A pronounced shortage of skilled professionals in renewable energy is delaying solar and battery projects, raising costs, and slowing India’s transition to clean energy. This undermines meeting India’s climate commitments and “Make in India” manufacturing goals in the renewable sector.

Widespread Underemployment & Talent Misutilization

Reports reveal that 88% of India’s workforce is employed in low-skill, low-productivity jobs, while more than 50% of graduates work in roles below their qualification levels—limiting both individual potential and economic productivity.

Higher Business Costs & Project Bottlenecks

Industries grappling with skill gaps face increased attrition, delayed projects, and the need to import skills—challenges that hamper competitiveness, particularly in high-value sectors like IoT, AI, and advanced manufacturing.

Rural-Urban Divide & Rising Inequity

The skilled talent pool is concentrated in cities, while rural regions and marginalised groups are sidelined due to limited access to training and opportunities, deepening regional and socio-economic disparities.

Measures taken to tackle the Menace

1. Development of National Centres of Excellence for Skilling

As part of the 2025 Union Budget, the government committed to establishing five new National Centres of Excellence for advanced training. These high-tech institutions are designed in collaboration with global partners to impart both technical and soft skills to youth aligned with international standards.

2. SOAR (Skilling for AI Readiness) Initiative

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On July 22, 2025, the Ministry of Skill Development and Entrepreneurship launched SOAR, a nationwide program aiming to build AI literacy and foundational skills among students from classes 6 to 12, as well as teachers—preparing the workforce for an AI-enabled future.

3. Restructuring of the Skill India Programme (SIP)

The Union Cabinet approved ₹8,800 crore for the continuation and restructuring of the composite Skill India Programme through 2025–26. This integrates PMKVY 4.0, PM-NAPS, and JSS to provide structured, on-the-job training, community-based learning, and inclusivity—especially in rural and marginalized areas.

4. Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

Flagship scheme of the Ministry of Skill Development and Entrepreneurship (MSDE), implemented by NSDC. Aims to enable Indian youth to take up industry-relevant skill training that will help them secure a better livelihood.

5. Pradhan Mantri Kaushal Kendras (PMKK)

Establishes Model Training Centres (MTCs) in every district, focusing on quality, sustainability, and stakeholder engagement. Over 700 PMKKs are operating nationwide.

Conclusion

Skill development is not merely a labour market intervention, but a nation-building strategy that bridges the gap between education, employment, and innovation. With a young population and rapid technological change, India's demographic dividend can either become a global talent powerhouse or slip into a demographic burden if skill deficits persist.

Government initiatives like PMKVY 4.0, Skill India Digital Hub, SOAR (AI skilling), and Centres of Excellence mark decisive steps towards a demand-driven, tech-enabled skilling ecosystem. Yet, the success of these programs depends on effective implementation, industry collaboration, and inclusivity, ensuring women, rural youth, and marginalized groups are not left behind.

If India can align its skilling initiatives with emerging economic opportunities—from AI and clean energy to logistics and healthcare—it will not only secure sustainable growth but also enhance its position as the “Skill Capital of the World.”