

# Importance of skilling India's burgeoning workforce

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India's workforce is young and growing fast: 250 million people will enter the labour market by 2025. Rapid expansion of the workforce generally leads to one of two outcomes.

Managed poorly, it can strain an economy and lead to higher unemployment. Managed well, a larger talent pool can contribute towards growth and development. For India, our bet is on the latter.

As highlighted in the IMF's World Economic Outlook, India is already among the fastest growing major economies in the world and projected GDP growth for the next two years remains an impressive 7-8%. India is extremely competitive in terms of labour and production costs, and has a successful culture of entrepreneurship. Foreign direct investment (FDI) has surged in the last few years as a result, which implies that investors share my optimism. India's young workforce only adds to the attraction.

However, sustained success is by no means guaranteed. The skills and employability of the 250 million young people joining the workforce over the next decade will be crucial. With globalization, innovation and digitalization driving global competition and exorbitant consumer expectations, goods and services will have to constantly evolve to remain relevant, as will the skills required to deliver them. It is estimated that six out of 10 young people entering the workforce by 2025 will be in professions that do not exist today.

India is no exception. And yet 50% of its population is still employed in farming, while the 2016 India Skills Report states that only 5% of young people aged 20-24 have obtained vocational skills through a formal training system.

The Global Talent Competitiveness Index (GTCI), a study published annually by INSEAD, Human Capital Leadership Institute (HCLI) and Adecco Group, has ranked 109 countries on their ability to grow, attract and retain talent. India is placed at the 90th position in labour vocational skills.

Even at higher-education level, despite record numbers of graduates, many lack the soft skills required to succeed in business today, like problem solving and creative thinking.

We must take steps to ensure that the 250 million young people starting work over the next decade in India have the skillset required to succeed in a 21st century economy. First and foremost, India should invest more in talent development, starting with formal higher education, where courses should align more closely with real world business needs, including more focus on soft skills.

A greater emphasis on vocational training would be beneficial as well. There are too few apprenticeship schemes in the world, although in markets where they are prevalent, such as Germany, they have proved hugely successful. We strongly encourage the Indian government and businesses to work together to develop apprenticeship models able to provide the employable skills markets require.

Moreover, education must not stop after school or university. Given the speed of progress, lifelong learning is essential. And an emphasis on digital skills is required across the board, with digitalization increasingly affecting every sphere of work.

There are further prerequisites for success that will affect the prospects of the 250 million. The precarious nature of the global economy makes it subject to unpredictable change and risk. In order to stay competitive, companies must be allowed to be flexible in their hiring. The mix between permanent and temporary labour to tackle periods of high or low demand must be more if companies are to thrive—or even just survive.

Some measures taken by the government have facilitated business practices in India, and as a result, India has moved up 12 places in the World Bank's ease of doing business measure, but there is more work to be done, particularly in simplifying the labour code.

The importance of flexibility in addition to skills is illustrated by the countries that rank highest in the Global Talent Competitiveness Index (GTCI), all of which have flexible labour markets as well as excellent formal and vocational training.

One specific area in which improved digital skills and flexible working practices can combine to offer significant rewards in India is the sharing economy, a system in which people rent or share goods and services with the aid of online technology. Although most famous for platforms like Uber and Airbnb, the sharing economy operates across hundreds of services, in sectors like financial services, retail and real estate. It has enormous potential in India, and has already created millions of micro-entrepreneurs who benefit from sharing expertise, goods or services.

India is especially ripe for a sharing economy boom because of its high urban population and population density, which helps hyper-local sharing services due to the proximity between suppliers and customers, and the huge numbers of millennials who are comfortable with technology and the concept of sharing.

The sharing economy relies heavily on people with digital skills and short-term, elastic employment, enabled by flexible working and hiring practices.

For it to truly provide the economic boon it promises to India, providing digital skills and facilitating flexible working norms are a must.

The fundamentals are in place in India. The economy is growing fast, entrepreneurship is rife and government initiatives to boost competitiveness are on the right track. But 250 million new entrants into the workforce over just a decade represents a huge shift. Whether they will become a burden or a windfall will depend on the workforce acquiring the appropriate skills, a flexible working environment that can provide employers and the entire sharing economy the right conditions to thrive, and simplified regulation and business barrier reduction that will encourage investment.

There is much work to be done, but my bet is that this booming and increasingly sophisticated economy will thrive in the midst of seismic change.

*Sergio Picarelli is regional head of Italy, Eastern Europe and Middle East and North Africa, and India, Adecco Group.*

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