STUDY NOTES · BASIC CONCEPT

Skill India-What are India's statistics, challenges and Solutions? What does Economic Survey 2025-2026 say?

Indian Economy

26 Jan 2030

Background

India's Economic Survey 2025-26, tabled in Parliament on January 29, 2026, underscores the critical role of enhanced skilling and vocational training in realizing the vision of Viksit Bharat by 2047—a developed India with a $30 trillion economy and a skilled workforce of nearly 500 million. The survey emphasizes reforming the skilling ecosystem through early vocational exposure, industry partnerships, apprenticeships, and digital oversight to address skill gaps, boost employability, and align with evolving labor market needs amid global challenges like AI integration and demographic shifts.

Current Skilling Challenges

1. The survey highlights progress but flags persistent gaps. The share of individuals aged 15-59 with vocational or technical training has risen from 8.1% in 2017-18 to 34.7% in 2023-24, driven by government initiatives. However, formal vocational training remains low at just 4.9% for youth aged 15-29, with 21.2% relying on informal sources.
2. Alarmingly, only 0.97% of adolescents aged 14-18 have received institutional skilling, while 92% have had none, underscoring an early deficit that hinders the demographic dividend peaking around 2030.
3. Key challenges include mismatched skills for modern jobs in sectors like agriculture, services, IT, and manufacturing; inadequate industry-academia linkages; and rural-urban disparities, where smartphone

access exists but learning outcomes lag.

4. The document warns that without reforms, India risks underutilizing its workforce, particularly in high-potential areas like agro-processing, retail, banking, and emerging tech, where multi-skilled roles demand employability skills. It calls for a multipronged approach to convert the demographic advantage into productivity gains.

Key Recommendations for Boosting Skilling and Vocational Training

To build a future-ready workforce, the survey proposes integrating vocational education across all levels, drawing from global models like Germany's dual system, China's bifurcated tracks, and South Korea's apprenticeships. Here's a breakdown:

1. **Early Vocational Exposure in Schools**: Introduce structured pathways in secondary education (grades 6-12) for early employable competencies, including mandatory skill education from grades 6-8 via NCERT's Kaushal Bodh textbooks. Embed vocational modules in curricula to foster a multi-skilled approach, with employability skills (communication, ICT, entrepreneurship, green skills) made compulsory. This aims to align school-to-work transitions, especially in services (absorbing over half of the workforce) and agriculture.
2. **Industry Collaboration and Apprenticeships**: Strengthen ties through dual/hybrid models where students alternate between classroom learning and workplace training. Expand apprenticeship programs, with industry input in curriculum design, funding, and wages. The survey cites successful international examples and urges outcome-based funding to incentivize quality.
3. **Future Skills and NSQF Expansion**: National Skills Qualification Framework (NSQF)-compliant training has grown to 169 trades, including 31 in AI, IoT, and other emerging areas. Focus on flexible qualification frameworks, subsidies, and employment support to prepare for tech-driven jobs.
4. **Digital Monitoring and Inclusive Growth**: Implement digital systems for oversight, ensuring equity across genders, regions, and marginalized groups. Reforms include Professor of Practice initiatives, Academic Bank of Credits, and biannual admissions to enhance access and mobility in higher education.
5. **Higher Education Integration**: Expand HEIs (new IITs, IIMs, AIIMS) and internationalize through foreign campuses and collaborations, boosting GER and global competitiveness.
6. **Alignment with Broader Initiatives** : These proposals build on schemes like Production-Linked Incentives (PLI), which have attracted ₹2 lakh crore in investments and created 12.6 lakh jobs, alongside

NEP 2020's focus on competency-based assessments and industry-academia linkages. Education is positioned as the "core pillar of human capital," central to Viksit Bharat, with agriculture and services as key job creators.The survey envisions a coordinated ecosystem involving government, industry, and educators to harness India's youth bulge, reduce unemployment, and drive inclusive growth towards 2047.

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