



Current Affairs of the Day

Why skilling must be a multi-sector joint effort

India is poised to remain the fastest-growing economy of the world in the coming years, and sustaining this high-growth economy is implicit upon the skilling outcome of its labour force. A centralised “one-shoe-fits-all” model has limitations in producing desired results within a timeframe.

SANKALP

- Setting up of Trainers and Assessors academies with self-sustainable models
- 50+ Academies to be setup in priority sectors
- Improving quality & market relevance of skill development training programs
- A robust mechanism for delivering quality skill development training
- Ensuring effective governance and regulation of skill training
- Enhancement of inclusion of marginalized communities including women under the Skill Development Mission


Skilling Ecosystem:

1. After the New Skill Development and Entrepreneurship Policy launch in 2015, there was a quantum jump in the number of people getting skilled every year.
2. The National Skill Development Corporation (NSDC), State Skill Development Mission (SSDM), Sector Skill Councils (SSC) and thousands of training centres are part of the robust skilling ecosystem that has evolved in the country.
3. With the launch of the Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) scheme in 2018, districts started preparing their skilling plans and mobilising resources for implementation.



4. This changing paradigm is driven by the District Skill Committees (DSCs) through District Skill Development Plans (DSDPs).
5. Through a competitive process, DSCs are preparing skill development plans, annually. In 2018, 237 districts participated in the exercise. In 2021, this number nearly doubled to 467.
6. Headed by district collectors, DSCs comprise representatives of local industries too. DSCs hold consultative meetings to understand the demand and supply of skilled labour force in their districts.
7. Local Industrial Training Institutes (ITIs) also participate in this strategy-formulation exercise. Districts having the best DSDPs are awarded under the SANKALP scheme.

So, while this decentralised approach has ushered in significant positive change, DSCs need to display greater ownership and improve stakeholder engagement. Skill committees at the district, block and panchayat level need to debate and discuss with civil society while outlining skilling strategies for better outcomes. Special attention on migrant workers is needed while planning for skill development.



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ABOUT SANKALP (SKILL ACQUISITION AND KNOWLEDGE AWARENESS FOR LIVELIHOOD PROMOTION)

IT IS A CENTRALLY SPONSORED SCHEME. IN JANUARY 2018, IT WAS LAUNCHED BY THE MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP AND IS A WORLD BANK LOAN ASSISTED PROGRAMME.



Way Forward:

1. However, there is considerable scope for improvement. In a recent NITI Aayog study, the strengths and weaknesses of the process were identified. There is a need to designate a dedicated district skill officer as the role demands intensive involvement.
2. Formulation of skill development needs an in-depth analysis of skill gaps not only in the district but also in the potential catchment area for employment.
3. The success of the skilling plan depends upon the employability of trainees, and hence industry linkages are vital.
4. As many job opportunities are in the informal sector, consultations and field visits of DSCs with the informal sector need to be increased. A special focus on marginalised sections of the society is required, as is attention on in-migrant and out-migrant workers.
5. Well-defined and measurable key performance indicators of the skilling programmes need to be highlighted in DSDPs.
6. So far, skilling plans have mainly targetted employment through placements in the formal and informal sectors. However, translating the demographic dividend into economic growth requires capacity building for start-ups among the youth.
7. The focus should be on promoting employment and entrepreneurship while planning strategies for skill development at the local level. Such strategies should aim to improve female labour force participation by unlocking the employment potential of the gig and care sector.

SKILLING YUVA-SHAKTI FOR NEW INDIA
Cabinet approves Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) & Skill Strengthening for Industrial Value Enhancement (STRIVE)

- SANKALP & STRIVE are World Bank supported schemes of ₹ 6,655 cr
- STRIVE will incentivise ITIs to improve overall performance by involving SMEs, business association and industry clusters
- SANKALP envisages setting up of Trainers and Assessors academies with self-sustainable models
- Aim at developing globally competitive workforce for domestic and overseas requirements
- Aligned to programs such as Make in India and Swachhta Abhiyan

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CPI inflation races past 6%

1. India's retail inflation rate, as measured by the Consumer Price Index (CPI), climbed to 6.01% in January 2022, as per data released by the National Statistical Office (NSO) with the rise being powered by food inflation.
2. The latest numbers have taken the benchmark inflation rate above the 6% upper limit of RBI's tolerance band.
3. While the initial surge in headline inflation was a result of high core inflation – it measures prices of the non-food non-fuel component of the CPI basket – non-core inflation, including the food component has been gathering momentum in the past few months.

4. At 6.02%, core inflation

continues to be high, even though it has been falling over the past four months.

However, non-core inflation has increased sharply from 2.42% in September 2021 to reach 5.99% in January.

Core Inflation

- ☞ It is a measure of inflation which excludes items that face volatile price movement, notably food and energy.
- ☞ It is Headline Inflation minus inflation that is contributed by food and energy commodities. As food and fuel prices may go up in the short run due to some disturbance in the agriculture sector or oil economy. However, over the long term they tend to revert back to their normal trend growth.
- ☞ On the other hand, prices of other commodities do not fluctuate as regularly as food and fuel – as such increase in their prices could be taken relatively to be much more of a permanent nature.
- ☞ Reserve Bank of India (RBI) keeps an eye on core inflation. Whenever core inflation rises, it increase their key policy rates to suck excess liquidity from the market and vice versa.

5. Food inflation, which accounts for 39% of the CPI basket has increased from 0.68% in September 2021 to reach 5.43% in January.

High WPI:

1. India's wholesale price index (WPI) was reported to have grown at 12.96% in January 2022. While this is a moderation over the 13.56% number for December 2021, January was the tenth successive month when the WPI inflation was in double digits.
2. RBI expects a softening in inflation going forward. The Monetary Policy Committee's resolution released on February 10 projected that CPI inflation



THE HINDU

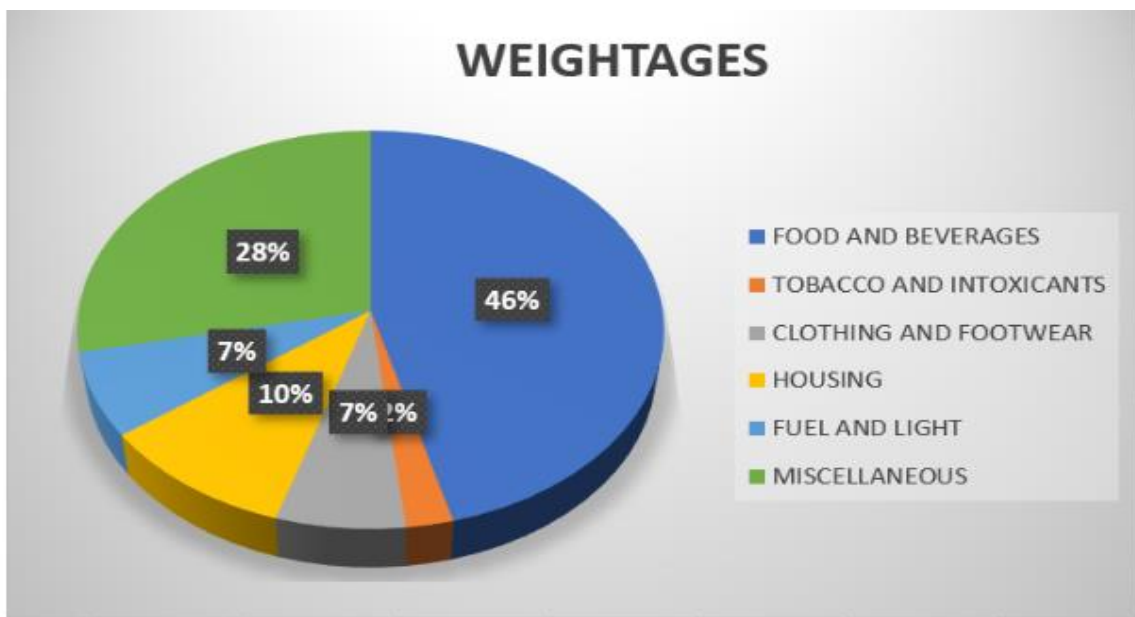
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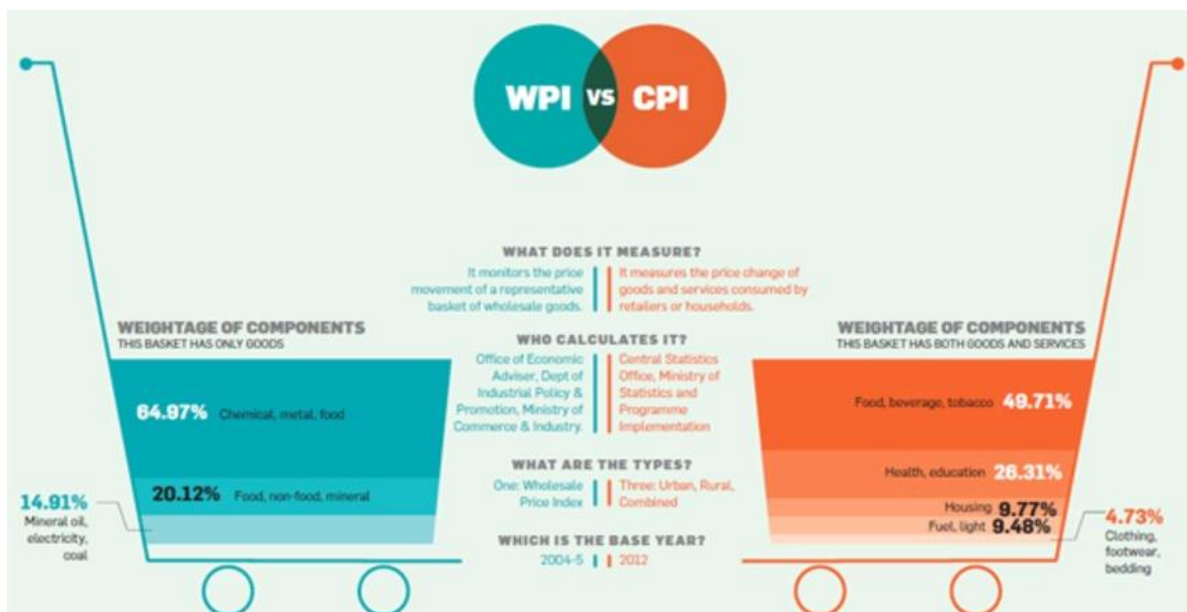
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in the quarter ending March will be 5.77% and then come down to 4.5% in the June quarter.

- RBI Governor Shaktikanta Das said inflation is also high because of the base effect (a lower reading a year ago), specifically pointing to the role this played in the three months ended December.



Source: Numberbasket, 2020





MCQs

Q1. Consider the following statements

1. The weightage of food in Consumer Price Index (CPI) is higher than that in Wholesale Price Index (WPI).
2. The WPI does not capture changes in the prices of services, which CPI does.
3. Reserve Bank of India has now adopted WPI as its key measure of inflation and to decide on changing the key policy rates.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) 1, 2 and 3

MAINS DAWP

Q1. Discuss key differences between Consumer Price Index (CPI) and Wholesale Price Index (WPI).

Q2. Account for low skill levels of workforce in India. Discuss impact of reforms done in recent years in Skilling ecosystem.

Q3. What is Central Deputation Reserve (CDR)? Discuss recent controversy around this and suggest way forward.