



## INDIA'S RECENT INITIATIVES ON ENTREPRENEURIAL SKILLING AND IMPROVING POTENTIAL OF EMPLOYABILITY OF RURAL YOUTH

**R. Aruna Jayamani**

*Assistant Professor, Centre for Good Governance and Policy Analysis  
National Institute of Rural Development and Panchayati Raj (NIRDPR)  
Rajendra Nagar, Hyderabad. E-mail: arunajayamani.nird@gov.in*

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**Abstract:** This paper has attempted review various policies related to youth development and entrepreneurial development initiatives taken by the government of India. It also discusses institutional arrangements available for capacity building of rural youth and various financial supporting schemes for on-starting of self employment activities to support self earning for unemployed young population in India. It is well known that, Entrepreneurs shape a country's economic destiny by transforming people's lifestyles, altering growth and development paths and prompting inventions that redraw economic contours and bring revolution. The National Youth Policy and National Skill Policy in India makes adequate path to various government institutions effectively involve in guiding, capacity building and supporting financial aid to promote and utilise youth energy for country's economic development. The importance of existing schemes for entrepreneurship development need to reached the needy poor rural youth for their livelihood strengthening. The institutions like RUDSETI and RSETI are playing very important role in building skills of unemployed rural youth but still long way to go reach the entire target group of rural youth. This paper has put sufficient effort to analyse the issues of unemployment, problems in existing policies and institutional performance of the skilling institutions exist in India. It attempted with the aim of disseminating information on the policy, schemes and training programmes for entrepreneurship. It is a secondary data based review will helpful for rural youth seeking for skills and intended for self employment.

**Keywords:** Entrepreneurship, Skilling, Youth, Employability .

## BACKGROUND ON ENTREPRENEURSHIP

Entrepreneurship is transformation of ideas into profitable business possibilities and the creation of value. It is a dynamic process of vision, transformation, and creativity, not just company creation. It necessitates putting one's energy and passion into developing and implementing fresh ideas and innovative solutions. It is a type of economic activity that is carried out by a single person or a group of people. Women

entrepreneurs are individuals or groups of women who start, organise and run a business. Personality traits are the human characteristics, abilities, motives, attitudes, and values that form an individual's experiences and behaviours.

Entrepreneurs shape a country's economic destiny by transforming people's lifestyles, altering growth and development paths and prompting inventions that redraw economic contours and bring revolution. They go off the beaten path and make money with their imagination. Entrepreneurship is seen as the engine of economic growth in developed western countries, which is why countries all over the world have made significant progress in their material well-being through encouraging entrepreneurship. Various governmental, non-governmental, educational, and developmental entities have begun to pursue entrepreneurship development through training interventions, realising the relevance of entrepreneurship in economic development. The goal of entrepreneurship training is to create, motivate and cultivate the skills needed for a successful business launch, management and growth.

#### **THE NATIONAL YOUTH POLICY, 2014**

National Youth Policy (NYP-2014) is "to empower the youth of the nation to achieve their full potential and enable India to find its rightful place in the community of nations". In order to achieve this vision, 5 key objectives and consequent 11 priority areas, identified as important for youth development i.e Education, Employment, Skill development, Entrepreneurship, Health and healthy lifestyle, Sports, Promotion of social values, Community engagement, Participation in politics and governance, Youth engagement, Inclusion and Social Justice.

In order to work towards closing the gaps identified in the 11 priority areas of action, it is imperative to have concerted effort from all stakeholders. Government need to increase its investment on youth development.

The NYP defines youth are persons between age of 15 and 29 years. This cohort accounted for 27.5% of the population. The govt. of India spends about <sup>1</sup> 2,710 per youth on education, skill development, employment, healthcare and food subsidies. The total amount is comes around <sup>1</sup> 90,000 crore every year. Equal amount is also spent by the states. If it is included the state's contribution, it will be around 200 crores. Again it is less than 1% of the GDP, hardly commensurate with their population and potential. One of the reports of the World Bank makes mention of better development of any nation need to spend in children and youth at 4% of the GDP every year. About 30% of youth fall under 'neither in employment nor in education' category and 33% of India's skilled youth are unemployed. Further, around 50 lakh youth are expected to be entering the workforce annually. Following the COVID-19 lockdown, the CMIE estimated loss of 14 crore jobs in April 2020 alone of which 2.7 crore were youth.

## **THE NATIONAL SKILL POLICY**

In order to develop a skills ecosystem in India, the National Policy on Skill Development was initially formulated in 2009. It serves as a guide for developing strategies by tackling various skill development issues. The goal is to provide the workforce with the necessary skills, knowledge and qualifications so that India's workforce can compete worldwide.

## **NATIONAL POLICY ON SKILL DEVELOPMENT AND ENTREPRENEURSHIP**

It was introduced by the government in 2015 and its goal is to offer a unified framework for all skill-related activities in the country, to align them to common criteria and to connect skill activities to demand centres. It tries to identify potential institutional frameworks that can operate as the vehicle to achieve the intended outcomes, in addition to laying out the objectives and expected outcomes. Further it portrays how current institutional arrangements might be used to align skill development efforts across the country.

## **THE APPRENTICESHIP ACT 1961 AND THE APPRENTICESHIP RULES OF 1992**

These two frameworks govern apprenticeship programmes in India. The Ministry of Labour and Employment, as well as the Ministry of Human Resource Development are in charge of implementing the Apprentice Training Scheme. Six regional offices of the Ministry of Labour and Employment monitor 'trade apprentices.' Through four boards in different cities, the Ministry of Human Resource Development supervises 'graduate, technician, and technician (vocational) apprentices.' The Act controls apprentice training programmes and makes it mandatory for businesses in both the public and private sectors to provide the necessary training infrastructure. This was done primarily to guarantee that trainees have the best possible exposure to a real-world work environment and on the job training. One of the goals of apprenticeship was to ensure that businesses get skilled workers who had sufficient experience in a real-world setting. The Act covers around 254 industry groupings, with approximately 27,000 firms employing apprentices. The main problems with India's apprentice system are low worker and employer involvement, low stipend rates, rigorous regulatory requirements for businesses, including fines for non-compliance.

In December 2014, the Apprentice Act of 1961 was revised to make it more responsive to industry and youth. In addition, the Apprentice Protsahan Yojana was introduced to assist MSMEs in the manufacturing sector in hiring apprentices. Apprentices will have the same work hours and leave benefits as regular workers in the

organised sector under the modified Act. Depending on the nature of the job, industries will be able to hire more non-engineering graduates and diploma holders as apprentices.

### **EXISTING SCHEMES FOR FINANCIAL SUPPORT FOR YOUTH EMPLOYMENT**

1. **MUDRA** - The Micro Units Development and Refinance Agency (MUDRA) were founded with the motto of “funding the unfunded” by extending financial support to the micro segment of the Indian economy. The scheme seeks to enhance the employability and self-employability skills of youth population.
2. **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**: The PMKVY is a flagship program of the Ministry of Skill Development & Entrepreneurship (MSDE) aimed at improving vocational skills for youth. The objective of this skill certification scheme is to enable large number of Indian youth to take up industry relevant skill training that will help them in securing better livelihood.
3. **Start-Up India** - Start-up India aims at creating favourable environment for start-ups in view of boosting economic growth and job creation. The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in the initiative to set up over 75 start-up support hubs under the program. RBI will also take steps to contribute to an ecosystem that is conducive for the growth of start-up businesses.
4. **Make in India** - Make in India is a leading initiative for industrial development and has profound implications for manufacturing sector job creation.
5. **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** - The act is one of the flagship programs of the government to provide minimum 100 days of employment in an year to rural people including youth.
6. **Deen Dayal Upadhyay Gramin Kaushal Yojana (DDU-GKY)** - This scheme caters to rural youth employment opportunities. It aims to reposition rural India as a resource that can support the needs of the global manufacturing industry.
7. **Self Employment and Talent Utilisation (SETU)** - This is a techno-financial, incubation and facilitation program to support all the aspects of start-up business and self-employment activities, especially in the technology sector.
8. **Self Employment in Horticulture** - The scheme provides funds of up to 10 lakhs for starting up horticulture farms. This has enhanced horticulture production, improved nutritional security and income support to farm households and others.

9. **National Rural Livelihood Mission (NLRM)/Aajeevika** -Under this scheme, special Rural Self Employment Institutes have been set up for basic skill development for the BPL rural youths. This enables them to undertake micro-enterprises and wage employment.
10. **The Sampoorna Grameen Rozgar Yojana** -This scheme of the Ministry of Rural Development provides additional wage employment in rural areas.
11. **Rural Self Employment training Institutes (RSETTs)**: These institutes are being established in most districts of the state for imparting training to rural BPL youth in collaboration with the leading district banks. The state government will provide land on free of cost for these institutions setup by District Lead Banks.

## **VARIOUS CONCERNS PERTAINING TO THE EXISTING SKILL DEVELOPMENT POLICIES**

Some of the strategies that need to be taken for integrated rural development include properly identifying the skill challenges faced by people in rural areas. Need to determine what works in promoting and sustaining skill development in rural areas. Enumerating the measures taken to boost employment in rural areas in both agricultural and non-agricultural sectors need to be ascertained.

In order evolve sustainable development, skill development activities must be done in a cost-effective manner. It should primarily aim to improve gender equality and social inclusion in rural areas. Private sector should also take an active role and implement technology-enabled skill development initiatives.

To address the aforementioned concerns, government schools could include vocational training alongside other subjects in earlier classes, use school infrastructure for training and skill development after school hours and provide incentives for industries to establish units in rural areas, thereby leveraging their resources.

There's also a need to build synergies amongst partners in the skill eco-system, where stakeholders are in-charge of everything from design to implementation. At the operational level, they must complement rather than compete with one another. Identification of appropriate training partner is also crucial. Skill development initiatives must also work backwards to establish training programmes by dynamically aligning themselves with the needs of the industry. Job creation must be done in a way that prevents young people from emigrating to other countries.

Existing labour restrictions are also a threat to any new business. It is really difficulty for the investors fulfilling the requirements of over 50 Acts of parliament and rules governing employers in industrial relations practise and a cumbersome bureaucratic

process. The government must ensure that the regulations and processes involved in starting business are as simple as possible for businesses. Skill gap studies must be undertaken on regular basis, and the framework must be changed and aligned to fit current trends and practises.

### **SKILL DEVELOPMENT IN RURAL INDIA - ROLE OF RSETIS**

It is important to note, at present youth across the world face serious challenges regarding skills and jobs. In the globalized economy, competition has become intensified among firms and industries in developing and developed countries, requiring their workers to have higher levels of skills to enable them to engage in innovation, improve the quality of products/services and increase efficiency in their production processes and improving value chain process. Rapid technological change demands greater intensity of knowledge and skills in producing, applying and diffusing technologies. In turn, all these have changed the nature, contents and types of skills that industry demands. To meet the demand most countries have moved to reform their education systems to upgrade the skills of their workforces.

The challenges are greater for developing countries like India, which have long suffered from shortage of skilled labour. Over the last two decades developing countries have primarily focused on basic education, particularly primary education, since the 1990 World Conference on Education for All (WCEFA) held in Jomtien, Thailand and its follow up World Education Forum in the year 2000 in Dakar, Senegal. Even though put much efforts on improving basic education but higher education has become commercial and works only for profits which resulted in graduates who are entering the labor market find lot of difficulties due to lack of needed efficiency and communication skills Thus, developing countries, and all major international organizations concerned with education, have recently shifted their focus, away from basic education and back to technical and vocational education and training (TVET) and higher education (Asian Development Bank 2008; World Bank 2012a; UNESCO 2012).

### **EVOLUTION OF THE CONCEPT OF RUDSETI**

An innovative initiative was taken way back in the year 1982 jointly by *Sri Dharmasthala Manjunatheshwara* Educational Trust, Syndicate Bank and Canara Bank to motivate unemployed rural youth to take up self-employment as an alternative career. Under the stewardship of the visionary leader and aided by total support from the sponsors, Rural Development and Self Employment Training Institute (RUDSETI) has successfully executed challenging assignments and conducted innovative experiments in Rural Development. RUDSETI institute has established 26 units across 16 states in India. Its headquarter is located at Ujire in Dakshin Kannada district of Karnataka. It is good to

notice that, 26 units of RUDSETIs are having adequate infrastructure facilities to conduct residential training programmes. The motto of the institution is overall development and providing self-employment. The Institute conducts more than 60 types of training programmes, which are of short duration, ranging from 1 to 6 weeks such as comprehensive agriculture and allied activities, dairy management, comprehensive horticulture, sericulture, poultry, piggery, mushroom cultivation, sheep rearing, cultivation of medicinal plants, agro-forestry, apiculture, vermin-composting and food processing etc. Institution also provides special training to the officials of nationalized banks and rural development banks, Government officers with regard to providing information related on self-development and self-employment to the people of the society.

The training modules of ED/Skill development programmes of RUDSET Institute have been accepted as standard modules by the funding agencies such as Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), Department of Industries and Commerce. Through excellent liaison with various Government departments, developmental agencies, banks and net working with other Non- Governmental Organizations (NGOs), RUDSET Institute has been able to provide support to the trained entrepreneurs for establishing their ventures. So far, RUDSETI has trained 3.69 lakh youths of which 2.53 lakh trainees have settled with their self-employment ventures, thus constituting around 69 per cent to the settlement rate, which is a matter of pride for RUDSETI. Thus, the model has proved successful for the past 29 years in building the morale of the rural youth and empowering them to acquire a productive identity by taking up self-employment ventures in their own places. The success of RUDSETI has inspired Government to start more than 500 institutes similar with RUDSETI ([www.rudseti.org](http://www.rudseti.org)).

### **LEAD BANK ROLE IN SKILL DEVELOPMENT IN THE DISTRICT**

**The Lead Bank** aims at providing adequate banking and credit in rural areas through a 'service area approach', with one bank assigned for one area. **It was introduced in 1969.** All the districts in the country have been allotted to various banks. The lead bank acts as leader for coordinating the efforts of all credit institutions in the allotted districts to increase the flow of credit to agriculture, small-scale industries and other economic activities included in the priority sector in the rural and semi-urban areas. One of the main objectives was to help in removing regional imbalances through appropriate credit deployment and to extend banking facilities to unbanked areas. The important role of lead bank was to identify economically viable and technically feasible schemes through development of co-operation amongst financial and non-financial institutions work for the overall development of the districts.

## EVOLUTION OF RSETIS

The Government of India has been assigning increasing importance to the development of entrepreneurs in country recent years. There are several institutional arrangements both at centre and state levels like nationalized banks, state financial corporations, state industrial corporations, district industrial centre and voluntary agencies. Ministry of Rural Development (MoRD), in the year 2009, advised to establish one similar to RUDSETI in all their Lead Districts and named as Rural Self Employment Training Institutes (RSETIs). RSETIs will identify, orient, train and assist rural youth to take up self-employment as an alternative career and a source of livelihood. Youth in the age group of 18-45 years, irrespective of Caste, Creed or Religion are eligible to undergo training at RSETI, on free of cost.

Rural Self Employment Training Institutes (RSETIs) are bank led institutes, in which the Government of India gives onetime infrastructure fund of rupees one crore, besides reimbursing the cost of training of rural BPL youths, the State Government gives land, and the banks run the institutes by providing manpower and day to day operations. At present, there are 582 RSETIs in the Country who have trained over 31.90 Lakh unemployed candidates, of which 21.92 lakh candidates have successfully settled holds accounting settlement percentage of 69% as on 30.06.2019. These institutions are sponsored by different Banks, outcomes were not uniform and required standardisation. The RSETIs' unique training includes short market linked entrepreneurship development training followed by longhand holding supported with bank linkages.

**Approach of RSETI:** It offers self-employment or skill building training courses viz.,

- (1) The RSETI has fair selection process for identifying youth candidates who have interest to do business and selection of appropriate trade which are having fair demand in the market.;
- (2) A well-designed program schedule keeping in view the interest level and future growth opportunities for the candidate; and
- (3) evolving appropriate training methodology including experiential learning, group discussions and field experience.
- (4) Periodical conduct of market survey and interface sessions with successful entrepreneurs
- (5) Systematic follow up and monitoring on post training for further guidance.

**Types of Entrepreneurship Development Programs(EDPs):** RSETI offers around 70 types of Entrepreneurship Development Programs (EDPs) in various areas with short duration ranging from one to six weeks. They provide four different type of courses as follows.



- i. **Rural Development and Human Resource Development Training Programs** Training of NGOs, SHGs and staffs of banks involved in rural development projects and Sensitization Programs to Bank/ Government officers.
- ii. **Technology Transfer Programs** Launching platform for introduction of cost efficient, environment-friendly technology, collaboration with Research Institutes and other NGO's. Short duration training programs through demonstration, slides and lectures.
- iii. **The Distinctive Training Segments of the EDPs** While the technical training under a chosen skill is handled by an expert-practitioner in the respective field, the other important areas/elements of training viz., motivational, managerial, financial planning (financial literacy), which account to 30% of the program-duration, are imparted by the in-house faculty, who is none other than the Director himself who comes on deputation from one of the sponsor banks.
- iv. **Skill Segment** RSETI developed an exhaustive list of EDPs under the above-described categories where the detailed curricula are available in the form booklet.
- v. **Soft Skills Segment** it offers Developing Entrepreneurial competencies, Leadership, Motivation and Personality development and communications skills.
- vi. **Financial Literacy Segment:** Why to save, Why to budget, Why financial planning, UnderstandingØ important banking terminology, Key points to be remembered for getting bank facilities.

## CONCLUSION

The economic growth and social development of a country, which are essential for translating a country's vision of inclusive growth into reality, depends on the rich knowledge base and the skills it has which act as the driving forces. However, poverty and unemployment are the twin problems faced by rural India. Creation of job opportunities and development of entrepreneurship in rural areas is therefore the priority of the country to ensure the wellbeing of the rural communities and also the development of the rural economy. As RUDSETIs or RSETIs alone cannot cater to the requirements of the unemployed youth, the corporate sector, the NGOs and other stakeholders of the society should come forward to lend their supporting hand towards this cause so that the population of India, which is once considered as a curse, can effectively be turned into a desirable demographic dividend. The youth have to come forward to avail the skilling facilities and financial schemes to start either self employment or engage in income generating activities. They should take part in self supporting as well as nation building.

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