



# Impact of Skill Development Programmes on Employment and Entrepreneurship in India

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**Abstract:** Skill development is a tool for economic empowerment and also a means to encourage self-reliance and innovation. Individuals can transform themselves from being job seekers to job creators with the help of proper training and support, which can be done with the help of a skill development initiative. Skill development has become an important priority in today's fast-moving, knowledge-based world and technology-based economy. Entrepreneurship is the process of identifying a business opportunity. It tends to take initiative to organise resources like capital, labour and material and start a new venture to create and deliver products or services with the primary aim of earning profit. Skill development plays a vital role in promoting entrepreneurship, especially in a country like India, where a large part of the population lacks livelihood opportunities beyond their traditional employment. Skill development in entrepreneurship is an initiative which helps to start a new business and services with the help of Government and private sector programs. These initiatives aim to transform job seekers into job creators, especially among rural youth, women, and marginalised communities.

**Key Words:** Skill Development, Entrepreneurship, Technology-Based Economy.

## 1.INTRODUCTION:

In Today's dynamic global economy, it is essential to have the relevant skills for securing employment and entrepreneurial skills. All over the world, each and every country is focusing on how to enhance the skills of its workforce. This will automatically boost the productivity, reduce unemployment and drive towards economic growth. India has over 65% of its population aged 35 or older, making it the main hub of skilled manpower. Skill development is a tool for economic empowerment and also a means to encourage self-reliance and innovation. Individuals can transform themselves from being job seekers to job creators with the help of proper training and support, which can be done with the help of a skill development initiative. Many employees face many issues, such as low placement rates, lack of post-training support and insufficient alignment with industry equipment. The study aims to analyse the impact of skill development programmes on employment and entrepreneurship and it helps us to identify the challenges which are faced by the stakeholders and recommend strategies for enhancing the effectiveness of this initiative, the research will provide insights into how skill development contributes to inclusive growth and suggest ways to strengthen the ecosystem for youth empowerment in India.

Skill development has become an important priority in today's fast-moving, knowledge-based world and technology-based economy. Skill development contributes to economic growth by increasing employability, productivity, promoting sustainable or enterprise development and fostering equitable growth. In today's competitive job market, continuing training has become an important aspect. India is facing challenges because of a lack of job opportunities, which is increasing the unemployed and unskilled labourers in the economy. If the shortage of train labour is not resolved, then the consequence would be worse, which will directly impact the economy. To increase the employment mobility flexibility in the labour market and better utilisation of skilled workers in the economy, skill development is



needed. The government is playing a vital role in improving skill development. The government is positively working to improve the working population that is both formal and informal skill development through various initiatives like education, training and other learning methodologies. To address this issue, the Government of India has launched several flagship initiatives such as the Skill India Mission, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and National Skill Development Corporation (NSDC), which aim to provide vocational training and promote a culture of skill-based learning across the country. Skill development is crucial as it offers many features, which also include improving the living standards of people, improving the abilities and skills, and increasing the knowledge of employees. Skill development can broaden an individual's employment prospects and effectiveness.

Entrepreneurship is the process of identifying a business opportunity. It tends to take initiative to organise resources like capital, labour and material and start a new venture to create and deliver products or services with the primary aim of earning profit. Entrepreneurs take calculated risks to develop innovative solutions and drive economic activity. Entrepreneurship includes introducing new ideas, products or processes, making decisions in uncertain conditions, identifying opportunities and mobilising resources with the aim of earning profit.

Skill development plays a vital role in promoting entrepreneurship, especially in a country like India, where a large part of the population lacks livelihood opportunities beyond their traditional employment. By skill development, individuals gain the necessary technical, managerial and soft skills that will empower them to start and sustain their own ventures.

## 2. LITERATURE REVIEW:

**Cabral and Dhar (2019)** conducted a study with twofold objectives: firstly, to conduct a descriptive analysis of skill development research in India encompassing various dimensions such as geographical context, research methods, economic sectors, and types of training;

**Agarwal (2014)** centered on the nation's vocational education and training (VET) system. It covered the Indian school system and labour market, emphasizing the value of VET in preventing child labour and the unorganized sector. The study examines skill development in India and its importance for inclusive growth and development in general.

**Agarwal et al. (2020)** investigated students' awareness of various government skill development initiatives, including NSQF, vocational training, and apprenticeships, and evaluated the quality of training programmes in terms of infrastructure, curriculum, and teaching aids. Data from primary and secondary sources indicated that 45% of respondents preferred formal education over skill-development programmes.

## 3. OBJECTIVES OF THE STUDY:

The objective of this study is to enhance knowledge about the concept of skill development in India. The objective is to provide meaningful insights into how skill development contributes to individual empowerment and economic transformation, and to suggest policy improvements that can strengthen India's skill ecosystem. And to focus on the government initiatives for the growth and development of entrepreneurial skills. And also to rectify the challenges faced and how to overcome them by providing necessary suggestions.

## 4. RESEARCH METHODOLOGY :

**RESEARCH DESIGN :** Analytical as well as descriptive research designs have been used in the present study to have a better understanding of the requirements and significance of skill development on employment and entrepreneurship.

**DATA COLLECTION :** The studies primarily based on secondary data for the present study have been taken from published annual reports, documents, handbooks, articles, journals and various official websites.

## 5. Skill Development:

Skill development is a tool for employment generation with proper training and mentorship. Many workers, particularly those living in rural areas or in this advantaged community and also women, are empowered to start their own businesses and contribute to economic growth and job creation.



## **5.1 Major Government Skill Development Initiatives:**

### **☐ Skill India Mission (Launched in 2015)**

Skill India mission, which was launched in 2015, had the primary objective of training over 40 crore Indians in different skills by 2022. It was primarily coordinated by the Ministry of Skill Development and Entrepreneurship (MSDE), and it acts as an umbrella mission under which various other schemes and programs are implemented.

### **☐ Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

Pradhan Mantri Kaushal Vikas Yojana, which was launched in 2015 with the primary aim of providing free skill training to youth and certifying them with recognition of prior learning (RPL). Its features were short-term training in various sectors, job placement support, an incentive for skill certificates and a focus on demand driving.

### **☐ National Skill Development Corporation (NSDC)**

National Skill Development Corporation was established in 2008. It was a public-private partnership. Its primary role was to act as a catalyst in skill development by funding training partners setting up sector skill councils (SSCs) and also ensuring industry participation. It was an initiative with promotes primary training institutions, innovation and entrepreneurship development.

### **☐ Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)**

Dindayal Upadhyay Gramin Kaushal Yojana (DDU-GKY). It was an initiative which was started by the government of India, which primarily targeted rural poor youth from the age of 15 to 35 years, and it was implemented by the Ministry of Rural Development (MORD). Its focus was to promote rural employment through skill-based and placement-linked training. Its features were foreign job placement and training in high-growth sectors.

### **☐ National Apprenticeship Promotion Scheme (NAPS)**

The objective of the National Apprenticeship Promotion Scheme (NAPS) was to promote apprenticeships in industries with support types and sharing in basic training costs for employers and apprentices, which provides the benefits and hands-on industry experience, especially for youth.

### **☐ Jan Shikshan Sansthan (JSS)**

Jan Shikshan Sansthan (JSS) was started for the target group of non-literate and semi-literate persons, especially women, and its objective was to promote vocational training and non-formal settings. Its special focus was on life skills and income-generating skills at the community level.

### **☐ Entrepreneurship Development Programmes (EDPs)**

Entrepreneurship development programmes (EDPs), which were conducted by the Ministry of Skill Development (MSME) and others, had a focus on developing entrepreneurial skills like project management, marketing, accounting, and business planning. The outcome was that it in a courageous self-employment and supports the startup creation among population.

### **☐ SANKALP & STRIVE Projects**

SANKALP & STRIVE Projects was started in 2017 with the aim of self-acquisition and knowledge awareness for livelihood promotion, which primarily focuses on trending institutional mechanisms for skill development. The focus was to encourage skill strengthening for industrial value enhancement, and it focuses on improving the quality and market relevance of ITIs.



Government-led skill development initiatives have significantly expanded the availability of training across sectors and regions. These schemes not only aim to improve employability but also encourage entrepreneurship and self-reliance. However, for their full potential to be realised, effective implementation, industry linkage, quality assurance, and post-training support remain crucial.

Programme / Metric	Data / Value
<b>1. PMKVY (Pradhan Mantri Kaushal Vikas Yojana)</b>	
Total Trained	~1.36 crore (13.6 million)
Certified	~1.08 crore (10.8 million)
Job Placement	~24 lakh (2.4 million)
Placement Rate	~18–23%
<b>2. CTS (Craftsmen Training Scheme) via ITIs</b>	
Total Trained (since 2015)	~88.4 lakh
ITIs in India	~14,740 (up from 10,119 in 2014)
ITI Seats	~24 lakh
Employment Rate of ITI Graduates (2018 study)	~63.5%
<b>3. NAPS (National Apprenticeship Promotion Scheme)</b>	
Apprentices Enrolled	~24.7 lakh
Completed Apprenticeship	~9.25 lakh
Total Engaged	~22 lakh
<b>4. DDU–GKY (Deen Dayal Upadhyaya Grameen Kaushalya Yojana)</b>	
Youth Trained	~10 lakh
Focus Area	Rural youth, women, SC/ST, minorities
<b>5. Atal Innovation Mission (Entrepreneurship)</b>	
Startups Incubated (via 72 incubators)	~3,500
Jobs Created	~32,000
Students Reached (via ATL labs)	~1.1 crore (11 million)
<b>6. Startup India &amp; Youth Entrepreneurship</b>	
Entrepreneurs Supported	~10 lakh
Under-30 Entrepreneurs (Hurun Report 2025)	Created ~64,000 jobs; \$5.2 billion raised
<b>7. Overall Workforce Context</b>	
Workforce in Low-Competency Roles (IFC)	~88%
Youth Unemployment (Urban/Rural, 2025)	Urban: ~18.8%, Rural: ~13.8%
Female Labour Force Participation (FLFP)	~37%

5.1.1 The above table shows the Sector-Specific Employability & Skill-Gap.

- **Sector-wise**, skill development remains heavily concentrated in a few traditional trades; emerging sectors such as IT/AI, healthcare, and green energy demand urgent expansion.

Gender-Specific Outcomes in Skill & Employment Programs		
Indicator	Data for Women	Key Insights
PMKVY women trained (2018–20)	~68.12 lakh	<u>Significant participation in skill training</u>
ITI training for women	~38.72 lakh	<u>Large representation in vocational training centers</u>
Women employability rate (2025)	~47.5%	<u>Decline vs male (men: ~53.5%) reveals increasing gender gap</u>
Female labour force participation	~37% nationally	Under-utilization in workforce despite training programs
WEE Index (UP districts)	High performance in Lucknow, Kanpur, Varanasi	District-level leadership in women's empowerment



Youth NEET (not in employment/training)	~48.4% of young women (vs men much lower)	<u>Vast gender disparity in youth engagement</u>
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5.1.2 The above table shows the gender specific outcome in skill and employment program.

- **Gender-wise**, although women make up a substantial share of trainees, their employability remains lower than men's, and female labour force participation is lagging, indicating barriers in translating training into economic engagement.

## 6. Government Initiatives for Skill Development for Entrepreneurship:

The Government of India recognises entrepreneurship as a powerful engine for economic growth, employment generation, and innovation. To nurture a culture of self-employment and business creation, several skill development initiatives have been launched that not only train individuals in vocational skills but also equip them with entrepreneurial competencies such as business planning, marketing, financial literacy, and digital skills. Skill development in entrepreneurship is an initiative which helps to start new businesses and services with the help of Government and private sector programs.

These initiatives aim to transform job seekers into job creators, especially among rural youth, women, and marginalised communities.

### 6.1 Key Government Initiatives Supporting Entrepreneurship through Skill Development:

#### ♣ Startup India (Launched in 2016)

Startup India was launched in 2016 the objective of startup India was to promote innovation and entrepreneurship through supportive policies and training the support was provided mainly to entrepreneurial workshops and boot camps, startup India learning programs which we are free online modules it also provides mentorship seed funding and ease of registration the target was to early stage entrepreneurs students and innovators.

#### ♣ Pradhan Mantri Kaushal Vikas Yojana (PMKVY) – Entrepreneurship Modules

Pradhan Mantri Kaushal Vikas Yojana was a primary vocational training program which includes entrepreneurship orientation as a soft skill component and training in basic business concepts, credit linkage and enterprise management.

State-Wise PMKVY Performance (as of mid-2022 & mid-2024)			
State / UT	Trained (till 30-June 2024)	Placed (till 30-June 2022)	Placement Rate (%)
Uttar Pradesh	19,47,356	3,12,285	~16.0%
Maharashtra	12,17,288	69,658	~5.7%
Rajasthan	10,94,168	1,70,544	~15.6%
Madhya Pradesh	9,08,074	1,97,263	~21.7%
Delhi	5,02,575	72,993	~14.5%
Karnataka	5,17,238	60,233	~11.6%
Jharkhand	2,74,215	26,943	~9.8%
<b>India Total</b>	<b>13,724,226</b>	<b>2,370,255</b>	<b>~17.3%</b>

6.1.1 The above data shows the State wise performance of PMKVY in India.

- **State-wise** disparities are stark: states like Madhya Pradesh and Rajasthan show relatively higher placement rates, while many large states (e.g. Maharashtra, Uttar Pradesh) have low conversion despite high training volumes.

#### ♣ Entrepreneurship and Skill Development Programme (ESDP) – by Ministry of MSME

Entrepreneurship and Skill Development Program, which was initiated by the Ministry of MSME. Its objective was to develop entrepreneurs' skills among youth, women, SC/ST and other disadvantaged groups. Its key components were





industrial motivation campaigns, skill training, with business management inputs, and an advanced entrepreneurship development programme (EDPs).

#### ♣ Rural Self-Employment Training Institutes (RSETIs)

Rural Employment Training Institute, which was run by the Ministry of Rural Development in partnership with banks. Its purpose was to train rural youth in skill-based entrepreneurial trades. Its special features were to give free training with boarding, lodging and holding support after training, and its outcome was that many trainees became micro entrepreneurs in the rural sectors.

#### ♣ Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) – Entrepreneurship Focus

Dindayal Upadhyay Gramin Kaushal Yojana was on a Focus campaign, it includes components to help train youth, especially to start their own business in rural areas, access financial market support, and receive post-training entrepreneur mentoring

#### ♣ Stand-Up India Scheme

The Startup India scheme was started to support bank loans from 10 lakh to 1 crore to start enterprises in manufacturing, services, or trading. It was started for the target group, mainly SC/ST and women entrepreneurs. still, linkage was many, mainly beneficial, and are linked to skilled development centres before business launch

#### ♣ MUDRA Yojana (Micro Units Development and Refinance Agency)

Mudra Yojana micro units development and reference agency was started with a goal of providing financial support to small entrepreneurs. It was linked with the skills, so that many mudra beneficiaries are trained under skill development schemes like PMKPY or RSETI. The categories which come under Mudra Yojana were Shishu startups, Kishore growth stage, and Tarun expansion stage.

Sector-Specific Employability & Skill-Gap Summary			
Sector	Workforce Share / Demand	Skill Gap / Employability	Implications
Agriculture	~43% workforce	Low formal training; limited vocational relevance	<u>Need for agro-processing, mechanization training</u>
Manufacturing	~27.3M employed (~17% GDP)	Concentrated skills in few trades	Diversify and scale manufacturing skill pipelines
Services / IT	High growth sector (incl. IT, AI, healthcare)	Emerging demand; AI and digital skills lagging	Massive gap in AI roles (60–73%)
Healthcare	Projected 12M jobs by 2030	Training infrastructure insufficient	<u>Expand healthcare-specific vocational programs</u>
Technology / Digital	~5.4M current skilled workforce	~25% workforce; high unmet demand	Urgent AI/digital skill scaling needed

6.1.2 The above table shows Sector-Specific Employability & Skill-Gap Summary



## 7. CONCLUSION:

It has been found with respect to the **Impact of Skill Development Programmes on Employment and Entrepreneurship in India** that they lack awareness about government assistance, inadequate market facilities or skills, lack of skilled workers and unavailability of securities. We should focus on conducting awareness programmes at various educational institutes with the initiative of the government. Skill development in entrepreneurship is an initiative which helps to start a new business and services with the help of Government and private sector programs. These initiatives aim to **transform job seekers into job creators**, especially among rural youth, women, and marginalised communities. The main focus would be to prepare youth for the challenges and opportunities, as they are the pillars of our nation.

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