A Study on Skill Development and Self-Employment: Identify the Gaps, Role of RSETIs

Dr. Bommisetty Shyam Babu

Abstract: ***This paper examines the role of skill development in improving self-employment opportunities among rural youth in Nellore, India, with special attention to the contribution of Rural Self Employment Training Institutes (RSETIs). The study discusses the importance of India's demographic advantage, national skill development policies, and partnerships between government institutions, industry, and financial organizations in creating sustainable livelihoods. Using a descriptive and diagnostic research design, data were collected from 500 trainees through structured interviews, focus group discussions, and case studies. The findings show that a large share of the trainees were young adults, many of whom had completed secondary or higher education but still faced limited employment opportunities. The study also highlights the participation of socially and economically disadvantaged groups, reflecting the inclusive nature of RSETI programs. Access to relevant training, timely bank credit, and market-oriented courses emerged as key factors supporting successful self-employment. The paper recommends expanding RSETI coverage, strengthening institutional collaboration, improving industry-aligned training, increasing awareness of government support schemes, and promoting continuous research to make rural skill development more responsive to changing economic needs.***

Keywords: Skill development, Rural youth, Self-employment, RSETI, Vocational training

1. Introduction

Skill is a combination of ability, knowledge, and experience that enables a person to do something well. Skills and knowledge are the driving forces of economic growth and social development for any country (Mehrotra et al., 2013). Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of the world of work (OECD, 2019).

A task of skill development has many challenges, which include:

- Increasing capacity and capability of the existing system to ensure equitable access to all.
- Promoting lifelong learning, maintaining quality and relevance according to changing requirements, particularly of the emerging knowledge economy.
- Creating effective convergence between school education, various skill development efforts of the government, and private sector initiatives.
- Capacity building of institutions for planning, quality assurance, and involvement of stakeholders.

The Government of India took steps to improve the skill training scenario in the country. In 2009, the government formulated the National Skill Development Policy that laid the framework for skill development, ensuring that individuals get improved access to skills and knowledge (Ministry of Skill Development and Entrepreneurship [MSDE], 2015). As compared to Western economies where there is a burden of an ageing population, India has a unique 20–25 years window of opportunity called the "demographic dividend". This "demographic dividend" means that as compared to other large developing and developed countries, India has a higher proportion of working-age population vis-à-vis its entire population. The result is a low dependency ratio, which can provide a comparative cost advantage and competitiveness to the economy (Planning Commission, 2008).

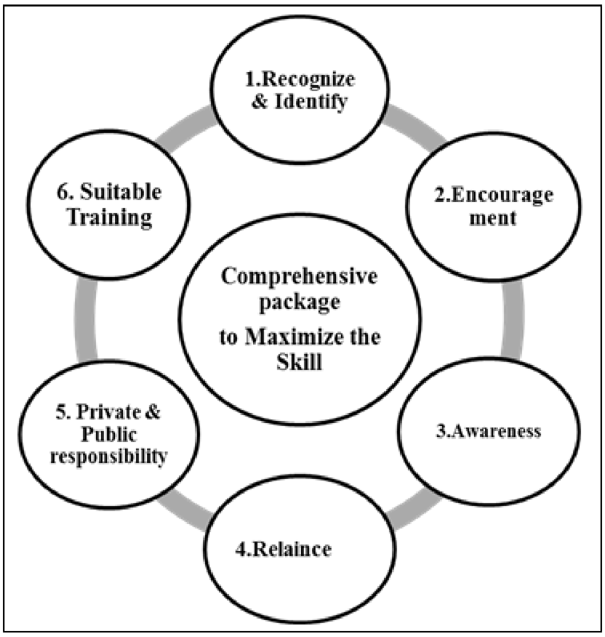
Skill development was one of the priority agendas of the government for the Twelfth Five-Year Plan. The government planned to set up Sector Skill Councils (SSCs) to prepare standards required for training programs. The industries are also proactively taking steps to partner with the government and reduce the skill gap. The government doubled the allocation of funds for skill development under the National Skill Development Fund (NSDF) by INR 10 billion in the Union Budget 2012–13, increasing the total corpus of funds to INR 25 billion.

The private sector, in association with the government, works to identify and quantify skill deficiencies in their respective sectors and constitute sector plans to address these deficiencies. Entities like the National Skill Development Corporation (NSDC) or National Skill Development Trust are entrusted with the job to identify areas where support and implementation will be required from the government. At the grass-roots level, Rural Self Employment Training Institutes (RSETIs) play a crucial role in transforming unemployed rural youth into self-reliant micro-entrepreneurs (RSETI, 2022).

Considering this critical policy ecosystem, the researcher selected to conduct a study in the skill development area with the following primary objectives:

1) To elicit the socio-economic and demographic information of rural trainees.
2) To identify the gaps and opportunities in the skill development area.
3) To construct the bridge between self-employment and skill development.
4) To evaluate the process of availing bank loans and government schemes for skilling unemployed rural youth.
5) To critically assess the role of RSETIs in skill development and self-employment.

Comprehensive package to maximize The Skill:



In order to develop appropriate Skill, professionals and non-professional in the young people, they have repeatedly identified the need for empirical data that gives us insight into the number of young people who are skilled. Generally, the scope of the problem can be measured in three ways: Prevalence studies measure the total number of cases of lack of opportunity in a particular population at a specific time; incidence studies measure the number of new skilling people in a population over a period of time; and we can also estimate the scope of Skilling young people by examining data collected from reports made to various agencies. The complexity of defining Skill Development, and debate over classification of misusing the opportunity, Ignorance, compound the task of evaluating the magnitude of the problem.

1.1 National Policy & Demographic Dividend

To address these challenges, the Government of India formulated the National Skill Development Policy in 2009 to lay down a robust framework ensuring improved access to skills and knowledge.

Unlike Western economies facing the burden of an aging population, India is uniquely positioned with a vital window of opportunity known as the demographic dividend. This dividend means India possesses a significantly higher proportion of working-age population vis-à-vis its entire population. The resulting low dependency ratio offers a distinct comparative cost advantage and heightened competitiveness to the economy. Skill development has thus been placed at the top of the priority agenda to maximize this potential.

1.2 Role of RSETIs and Private Sector Collaboration

The private sector, in association with the government, works proactively to identify and quantify skill deficiencies across respective industries. Entities like the National Skill Development Corporation (NSDC) are entrusted with identifying operational gaps where state support is required.

At the grass-roots level, **Rural Self Employment Training Institutes (RSETIs)** play a transformative role by converting unemployed rural youth into self-reliant entrepreneurs. To maximize the impact of these grass-roots interventions, the collaboration between RSETIs and industrial stakeholders must pivot around the following core areas:

- **Demand-Driven vs. Budget-Driven Trainings:** Vocational training programs must strictly be designed based on actual **market demand and trainees' inherent skill aptitudes**, rather than being constrained by rigid financial budgets or mere target-achievement numbers. Allocating resources based on the depth and quality of the skill required ensures that training investment translates into sustainable livelihood generation.
- **Future-Ready and Industry 4.0 Focus:** The curriculum and training modules should always be formulated keeping the **future of work** in mind. Rather than sticking to obsolete traditional trades, RSETIs need to introduce forward-looking courses (such as digital literacy, sustainable agriculture technologies, and automated repair mechanisms) that remain relevant in an evolving knowledge economy.
- **Robust Post-Training Bank Linkages:** A critical bridge between acquiring a skill and successfully launching a micro-enterprise is timely financial credit. RSETIs must establish seamless institutional linkages with commercial and regional rural banks. Providing trainees with hassle-free access to collateral-free credit and government-sponsored subsidy schemes ensures high post-training settlement rates and long-term business sustainability.

2. Methodology

In this context a study has been carried out in Nellore with an aim to identify the gaps and opportunities of Skilling young people of the rural area. and to ascertain opinion of young people regarding their status in the family and the disparity/violence/abuse they are facing in family as well as in society.

3. Objectives

The objectives as follows:

- To Elicit the Socio-Economic and Demographical information
- To identify the gaps and opportunities in Skill development area
- To construct the bridge between Self Employment and Skill Development
- To Avail the bank loans Govt. Schemes for skilling unemployed rural youth
- RESTIs role in Skill development and Self Employment.

4. Research Objectives and Hypotheses

The investigation was structured around the following core objectives:

- To elicit the socio-economic and demographic profile of the rural trainees.
- To identify structural gaps and operational opportunities within the rural skill development ecosystem.

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- To construct a viable operational bridge linking institutional training with active self-employment.
- To evaluate the awareness and utilization of credit linkages, bank loans, and government subsidy schemes among unemployed rural youth.
- To critically assess the role of RSETIs in driving grass-roots skill development and localized entrepreneurship.

5. Research Hypotheses:

- *H_1***:** Post-training self-employment success and socio-economic empowerment are significantly associated with the industry-relevance and market-alignment of skill training programs.
- *H_2***:** The rate of successful business settlement among rural trainees depends significantly on smooth institutional bank credit linkages.

Study area

A study was carried out in Nellore, which is well developed and linked with rail and road to the educational, business Centre. Most of the younger people have migrated to various places in search of employment and remaining are busy with their work and earning which let them spend little time to their elders. The geographical and sociological status of Nellore resembles the remaining rural areas of the state, which are under transition stage. Descriptive and diagnostic research designs were adopted for conducting the study.

Sampling Technique and Sample Size

The universe of the study comprises rural youth who sought institutional vocational training to mitigate financial dependency and underemployment.

- **Sampling Frame:** The sample was drawn from the official database of the Sri Institute of Rural Development (SIRED) RSETI located in Venkatachalam.
- **Sample Size:** A total sample size of **500 trainees** who successfully completed their vocational training programs was selected.
- **Sampling Method:** A **simple random sampling technique** was employed to ensure an unbiased, mathematically sound representation of the training population.

Variable	Percent
Age	
20-25	200
26-30	200
31-35	100
Total	**500**
Education	
Up to SSC	200
Inter & Diploma	150
Graduation & above	150
Total	**500**
Caste	
Scheduled Caste	250
Scheduled Tribe	20
Backward Caste	130
Forward Caste	100
Total	**500**
Religion	
Hindu	300
Muslim	100
Christian	100
Total	**100.0**
Marital status	
Unmarried	200
Married	150
Widow/widower/Divorce	150
Total	**100.0**
Domain	
Rural	500
Total	**500**

Tools Used for the Study

Primary data collection relied on a multi-tool approach to ensure data triangulation and depth:

- **Structured Interview Schedule:** A meticulously pre-tested interview schedule was deployed to gather quantitative insights on demographic variables, income levels, and employment status.
- **Qualitative Tools:** Focus Group Discussions (FGDs) and targeted case studies were conducted to capture qualitative nuances regarding the socio-economic challenges, domestic pressures, and underemployment anxieties faced by the youth within their families and broader society.

Data Collection Procedure

Formal administrative clearance was secured from the Director of the SIRED-RSETI before initiating fieldwork. The researcher approached the selected respondents, briefed them extensively on the academic purpose of the study, and obtained their informed consent. To eliminate communication barriers and capture precise behavioral responses, all face-to-face interviews were conducted individually in the respondents' native language (Telugu), with each session spanning approximately one hour.

Statistical Analysis

The gathered raw data was cleaned, systematically coded, and processed using standard statistical software. Univariate analysis involving frequencies and percentage distributions was utilized to interpret the demographic matrix, while appropriate inferential statistical tests were applied to validate the research hypotheses and draw actionable conclusions.

Method of Data Collection:

The researcher approached SIRED Director and informed him about purpose of the study and requested for permission to carryout study Then permission has been given by director of SIRED and asked cooperation respondent to researcher. Then the trainees people cooperated well to the researcher. Later the researcher approached the respondents and informed about the purpose of study and fixed convenient time to carry out and taken their consent to elicit information regarding study objectives. Then the researcher interviewed the respondents in mother tongue i.e. Telugu each interview has took for one hour. Meanwhile the researcher clarified the doubts raised by respondents.

6. Analysis, Results and Discussion

The data collected was coded and frequencies / percentages were calculated. The researcher applied statistical techniques where ever appropriate. The inferences were drawn based on the results and details are furnished in results. Demographic and socio-economic characteristics of the SIRED trainees are very important to understand the problems among them, which were presented in Table1.

Discussion of Demographic Indicators

- **Age Dynamics and the Demographic Window:** The concentration of trainees within the youth brackets (20–35 years) directly corresponds to India's highly discussed demographic dividend. This segment represents the core productive workforce. Targeting this age group for specialized RSETI interventions ensures that vibrant human capital is diverted away from seasonal agricultural dependency and toward stable non-farm self-employment.
- **Educational Attainment vs. Employability Gaps:** A significant trend observed in the educational profile is the enrollment of matriculates, diploma holders, and graduates alike. This structural pattern highlights a critical paradox in our modern educational system: formal academic certification does not automatically guarantee functional market employability. The presence of educated youth in short-term vocational institutions underscores the urgent necessity for technical skilling programs that address practical industry demands over mere rote learning.
- **Socio-Religious Inclusivity and Equity:** The heterogeneous distribution across diverse caste categories (SC, ST, BC, and Forward Communities) and religious lines demonstrates that institutional skill training acts as a powerful equalizer. By prioritizing marginalized and economically backward communities, RSETIs actively fulfill national mandates of inclusive growth, ensuring that equitable access to training opportunities translates into grass-roots social mobility and reduced regional disparity.
- **Marital Status and Economic Accountability:** Analyzing the marital status of the trainees provides a psychological window into their economic motivations. While unmarried youth often seek training to build early financial independence, married individuals—burdened with familial responsibilities and domestic pressures-show a higher intent toward immediate post-training settlement and enterprise creation. This diversity highlights that vocational training cannot follow a one-size-fits-all model; instead, it must accommodate the varying socio-economic liabilities of the trainees.

Variable	Category	Frequency (n)	Percentage (%)
Age	20–25 Years	200	40.00%
	26–30 Years	200	40.00%
	31–35 Years	100	20.00%
	Total	**500**	**100.00%**
Education	Up to SSC	200	40.00%
	Intermediate & Diploma	150	30.00%
	Graduation & Above	150	30.00%
	Total	**500**	**100.00%**
Caste	Scheduled Caste (SC)	250	50.00%
	Scheduled Tribe (ST)	20	4.00%
	Backward Caste (BC)	130	26.00%
	Forward Caste (FC)	100	20.00%
	Total	**500**	**100.00%**
Religion	Hindu	300	60.00%
	Muslim	100	20.00%
	Christian	100	20.00%
	Total	**500**	**100.00%**
Marital Status	Unmarried	200	40.00%
	Married	150	30.00%
	Widow / Widower / Divorce	150	30.00%
	Total	**500**	**100.00%**
Domain	Rural	500	100.00%
	Total	**500**	**100.00%**

7. Discussion of Empirical Data

- Dominance of Active Workforce (Age): Combinedly, 80.0% of the respondents fall below the age of 30 (with 40.0% in the 20–25 bracket and another 40.0% in the 26–30 bracket). This structural density confirms that the sample captures the active workforce of the rural block, who are under immense evolutionary pressure to secure permanent economic settlement.
- The Qualification Employability Paradox (Education): While 40.0% of the sample has foundational schooling up to SSC, a substantial 60.0% consists of higher secondary, diploma holders, and graduates (30.0% each). This highlights that structural unemployability affects even educated rural segments, validating the crucial intervention of dedicated institutes like RSETIs over classical rote education frameworks.
- Marginalized Inclusion and Social Justice (Caste & Religion): Half of the surveyed population (50.0%) originates from Scheduled Caste communities, followed by 26.0% from Backward Castes, proving that the institution functions effectively in target-driven inclusive grass-roots upskilling. Religious indicators similarly exhibit an integrated approach with 60.0% Hindu, 20.0% Muslim, and 20.0% Christian trajectories.
- Vulnerable Groups and Financial Stakes (Marital Status): Interestingly, 30.0% of the trainees are under marital bonds, while another substantial 30.0% represents highly vulnerable segments like widows, widowers, or divorced individuals. This demographic tells us that 60.0% of the candidates have deep domestic and financial accountabilities, driving their high survival instinct to complete trainings successfully and launch self-employment operations immediately.

8. Recommendations and Policy Implications

Based on the empirical findings and ground realities of the rural ecosystem, the following strategic recommendations are proposed to further strengthen the grass-roots skilling framework without diminishing the stellar work currently being executed by premier institutes like SIRED-RSETI:

- **Expanding Institutional Footprint:** To systematically de-escalate rural unemployment, relevant authorities should consider establishing at least two RSETI centers per district. This scaling-up will strengthen the rural youth development dynamics by providing targeted, high-impact vocational training blocks to both formal-school dropouts and educated unemployed graduates.
- **Synergistic Tripartite Support (State, Central, and Banks):** There is an immediate operational need for deeper structural cooperation between the Central

Government, State Government, and Commercial Banking sectors. Rather than leaving training institutes to operate in isolation, financial institutions must seamlessly extend security-free, collateral-free credit setups for self-employment ventures, while state frameworks should back these trainees with immediate post-training incubation subsidies.

- **Leveraging Visionary Governance for Future-Ready Skilling:** The integration of a progressive state leadership is vital for long-term sustainability. The strategic alignment of these grass-roots training structures with the forward-looking, tech-driven, and industrial vision of visionary leaders like Chief Minister **Sri Nara Chandrababu Naidu** can transform the rural landscape. Incorporating modern concepts such as digital micro-entrepreneurship, localized supply chain nodes, and institutional global market linkages- which match the CM's vision of a decentralized, modernized economy- will accelerate the pace of rural enterprise creation and economic self-reliance.
- **Localized Demand Mapping & Advanced Action Research:** Continuous in-depth research must be prioritized to dynamically map changing industrial templates. This allows institutions to accurately diagnose hidden skilling gaps and replace conventional courses with market-demanded trades, thereby transforming hidden gaps into scalable employment opportunities.
- **Massive ICT and Media Outreach:** Multi-channel awareness campaigns across regional print, electronic, and social media networks must be executed. These campaigns should explicitly disseminate actionable knowledge regarding free vocational training timelines, government credit schemes, and success stories to prevent information asymmetry among rural masses.
- **Institutionalizing 'Talent Hunter' Teams:** Dedicated mobile outreach teams, designated as 'Talent Hunters', should be systematically deployed to traverse remote, interior villages. By identifying inherently skilled yet underserved youth who lack access to mainstream government networks, these teams can onboard them into formal incubation cells at an early stage, maximizing individual potential and boosting national economic capacity.

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