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# MoUs for Skill Development and Labour Mobility: India's Strategy for Global Workforce Integration

- Manvi Jalan

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## **I. Abstract**

Skill Development and Labour Mobility play a pivotal role in the modern global world, significantly impacting the economic growth of a country, especially in the case of India. This research paper meticulously explores the evolving technologies which go hand-in-hand with the evolving skills in demand. It provides an in-depth analysis of the opportunities for India in skill development and labour mobility along with the present initiatives that have been undertaken in India. These include the Memorandum of Understanding (MoUs) and other international agreements signed to facilitate the process of labour mobility and strengthen global relations. A major step was the introduction of the Skill India Mission of 2015 which has spurred further initiatives by the government to bridge skill gaps. With the developed nations facing the problem of the aged working population, India, being the most populous and labour-intensive country in the world, is well-positioned to take the fame. But what the Indian workers lack are the skills that are required in this digital world like- AI, data science, robotics, and other industry-required skills. Furthermore, there has also been a mismatch of skills taught in India to the ones required in the industries. This analysis not only revolves around the initiatives that have been taken by India but also proposes prospective solutions for future advancements in the strategies being taken, ensuring future advancements for the Indian workers in the global markets.

## **II. Introduction**

When it comes to globalisation, the Indian economy has come a long way. The term globalisation is used in reference to the integration of international economies and highlights the growing interdependence of the world economies on each other. The world has seen two major crises since the year 2020. The world economy took a dip with the spread of the coronavirus pandemic, which in turn forced businesses to shut down, and just when the world economy was gradually starting to recover, it was hit by the Russian invasion of Ukraine in February 2022. Initially, there were fears of global recession, but as of January 2024, the world economy was stable due to rising consumer confidence. Following this, Iran's recent attack on Israel has caused a risk of a potential war between them. The conflict could disrupt crucial oil and gas imports via the Strait of Hormuz, leading to higher oil prices, increased inflation, and economic instability in India. The Middle East remains a key region for India's energy imports despite growing Russian supplies.<sup>1</sup>

Countries worldwide are facing labour market changes, technological advancements and rise of new industries. With India, being a labour intensive country, has a unique opportunity to place itself in the global talent hunt list. Leveraging strategic Economic Memoranda of Understanding (MoUs) focused on skill development and labour mobility play a significant role in enhancing global workforce integration.

#### **a. Global Workforce**

The global workforce, also known as the international workforce, is steadily expanding as companies are getting more liberal to expand their operations. Between 2019 and 2020, there was a sudden fall in employment from 3.3 billion to 3.19 billion due to the Covid-19 pandemic. But as of 2024, there are approximately 3.5 billion people employed worldwide. Although, there is a large gap between the formally and informally employed people. The majority of informal workers are found to be residing in Africa and Southeast Asia, with 90 percent of them working in the agricultural sector.<sup>2</sup> Women's employment has also taken an upsurge. Women's participation rate varies depending on the region.

#### **b. India's position in the global workforce**

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<sup>1</sup> [Economics Times](#)

<sup>2</sup> [Statista](#)

India became the world's most populous country at 1.43 billion people by overtaking China. As estimated by the consulting firm EY, India will reach a working population of 1 billion by 2030. The developed economies are now seeing a rise in the ageing population, with the US and China having a working population median age of 38 years. This rise paves the way for India- having a median age of 29 years, to play a crucial role in maintaining the demand-supply gap of skilled workers.<sup>3</sup> There has been a rising demand for skilled workers from India over the past few years, experiencing an annual growth rate ranging from 15-20 per cent. In the coming years, it is expected that this demand is going to be 28-30 per cent.<sup>4</sup> This is a chance for India to benefit from a demographic dividend.

### **c. Understanding Economic MoUs**

A formal agreement between two or more parties or countries which is not legally binding, and defines the scope and purpose of talks is known as a memorandum of understanding. Such memoranda are mainly seen during international collaborations with board outlines about the agreement between the two parties, allowing them to lay down their goals and objectives, that is, creating a blueprint of their agreement. Some of the Economic MoUs of India with foreign nations will be discussed in this paper. Translating India's demographic advantage into a global strategy of integration requires targeted policy frameworks and collaborative mechanisms with international partners. Furthermore, what are the challenges faced during the planning and implementation of MoUs has also been discussed along with laying down light on some of the memoranda of understanding that are still undergoing negotiations and haven't been implemented yet.

This research aims to investigate the integration of the global workforce in the Indian context. It seeks to address the role played by economic MoUs for skill development and labour mobility in the integration of the global economy. Further, it delves into the strategies that India has taken and the loopholes in them which can be addressed by India along with policy measures and strategic initiatives necessary for transforming India's workforce into a globally competitive and mobile talent pool.

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<sup>3</sup> [ET](#)

<sup>4</sup> [Economics Times](#)

### **III. Literature Review**

#### **a. Skill Development in India**

It is believed that addressing the gaps in skill development could help the Indian workforce in the fulfilment and improvement of the industry demands and the development of the required skill sets. Even after the launch of the Skill India Mission, there remains a lack of enthusiasm amongst the students and workers. R. Anita and Dr. V.K. Swami is right to say in their paper that people have a perspective that skilling is the last resort for students.

Although vocational training programmes have been introduced, there remains ineffective and inefficient implementation. India lacks quality monitoring of the implemented schemes which also leads to ineffectiveness. Furthermore, India also lacks infrastructure which in turn hinders the skill development process.

In 2015, India launched the Skill India Mission to address the problems faced. Apart from this, India has also launched the National Skill Development and Entrepreneurship Policy (2015) and Public-Private Partnerships (PPPs). Both of the policies are based on skilling the students by setting up skill hubs and integrating educational institutions. The Indian education system lacks the application of practical skills. Measures have been taken by the Indian government towards this issue as well.

#### **b. Comparative Advantage and Global Labour Mobility**

Peter T. Leeson and Zachary Gochenour in their book *The Economics of Immigration: Market-Based Approaches, Social Science and Public Policy* quoted Adam Smith- "If a foreign country can supply us with a commodity cheaper than we can make it, better buy it of them with some part of the produce of our industry, employed in a way in which we have some advantage." This quote is based on the principle of comparative advantage which is one of the key factors for wealth creation. Adam Smith talked about minimizing the cost of production using cheaper available labour effectively and efficiently.

The authors state that although there is a liberalised movement of goods and services across nations, the movement of labour is still an exception. There are numerous restrictions for people to move across international borders. Every developed country tries to restrict the inflow of foreign migrants. High-skilled workers pay thousands of dollars to move across nation countries, whereas, others try to migrate using illegal techniques. But why are the migrants ready to spend so much? The opportunity of wage-earning in the developed countries like the USA, UK, France and Australia is much more when compared to their country.

Leeson and Gochenour further explain that the mobility and movement of workers across borders help countries maximize their comparative advantage. However international labour mobility is not all about the positives like maximized comparative advantage. Although a more liberalised movement of labour would enable global efficiency, there would still be problems with this. Using a model, Leeson and Gochenour show the economic effects of immigration which shows the effects of an increased supply of labour with an increase in immigration. An increase in supply leads to a decrease in wages and employment for the native workers, which implies that immigration has unambiguously negative effects on the native workers but the overall impact on the native country is positive. Emigrants harm the workforce of the migrant-origin nation by leaving them behind. This means that the human capital return in the migrant-origin country is less than that of the migrant-destination country.

### **c. Emigration from India: Pain or Gain?**

Binod Khadria in his paper says that he believes that emigration from India can be either painful or gainful. Painful in the sense that there is a brain drain from India to other countries, and gainful in the integration of countries leading to international labour mobility. Brain drain from India is continuously increasing in volume year after year. Although there has been an increase in remittances from the increased mobility, it does not come without a high economic cost for remittances. A significant amount of skilled migration to developed countries comes from students who migrate mainly for higher educational opportunities. These emigrants can impact the development of a migration-origin country positively by returning after a few years with their learnt and enhanced skills. However, many emigrants return to work for multinational companies, often without significant impact on local development. Various policy measures have been taken

to manage the migration process of students and to further encourage them to return and enhance their skill development in India.

#### **IV. Skill Development**

##### **a. Obstacles for Countries to Effective Skill Development**

The ever-changing world, new technologies, developments and changes call for a more skilled worker. The labour market is becoming diversified with these upgrades and transitions of the economies. Skills development can significantly contribute to structural changes and growth by enhancing labour productivity. Countries are aware of these measures but still face hurdles towards effective skill development. Some of the major key issues that countries need to tackle for skill development have been stated by the World Bank as below.<sup>5</sup>

**Access and completion-** Access to equitable education is a challenge still faced by many low-income and middle-income countries. Some countries provide incentives for promoting education, whereas others impose penalties for low literacy rates. One example is Colombia, where a wage penalty is charged for low literacy in nine percentage points. In India, a National Scholarship Scheme was introduced to provide scholarships to the weaker sections of society to motivate and help them pursue higher education.

**Adaptability-** Adaptability, that is, how workers adapt themselves to the rapidly changing world with new technologies needs quick attention. This rapid change can make even skilled workers outdated anytime soon. Therefore, there is a need for a problem-solving, critical-thinking, and adaptable workforce.

**Quality-** In many countries, the working population lack quality education and basic skills. The introduction of technical and vocational training (TVET) can generate great returns for a country since this type of education is based on practical experience along with critical thinking and problem-solving. However, some countries need help with quality assurance.

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<sup>5</sup> [World Bank](#)



**Relevance-** Since vocational training provides skills that can last anywhere from six months to three years, it increases the probability of a better-paying job.

**Efficiency-** The skill development programs must be implemented efficiently for them to succeed. Numerous challenges relating to governance, financing and quality may impact its implementation which can in turn limit the opportunities for the disadvantaged group of people.

## **b. Skill Development Initiatives by India**

### **i. The Skill India Mission 2015**

Prime Minister Narendra Modi launched the Skill India Mission in 2015. This was launched to make India “Atmanirbhar”- that is, self-reliant. This initiative was also based on some of the predictions made by the International Labour Organisation and Accenture. ILO has predicted that India is likely to experience a shortage of 29 million skilled workers by the year 2030. Subsequently, Accenture speculated that a skill deficit could cost India US\$ 1.97 trillion in terms of gross domestic product (GDP) over the next decade if required measures are not taken regarding the adoption of new technologies and industry-based skill enhancement.

<b>Year</b>	<b>Unemployment Rate (per cent)</b>
2024	9.2 (June 2024)
2023	8.003
2022	7.33
2021	5.98
2020	8.00

2019	5.27
2018	5.33
2017	5.36
2016	5.42
2015	5.44
2014	5.44
2013	5.42
2012	5.41
2011	5.43
2010	5.55
2009	5.54
2008	5.41

*Source:* [CMIE](#)

This data shows that during the period 2015-2019, there have been some minor reductions only in the unemployment rate. Since the time the world was hit by the COVID-19 wave in 2020, there has been an immediate increase in the unemployment rate during that period. But this was followed by a drastic decrease of 2.02% in 2021. On the contrary, after 2021, the unemployment rate has

been increasing constantly. One of the reasons for this is the inflationary pressures on the Indian economy.

The government also aimed to train more than 400 million people by 2022. Although, this target could not be achieved. Rajiv Pratap Rudy, Minister of State for Skill Development declared in 2017 that more than 11.7 million people were trained for various skills under the Skill India Mission. The numbers are exclusive of skill training programmes run by other ministries.<sup>6</sup>

Three departments were set up under this scheme to govern and support skill development in India:

Department	Responsibility
<b>The Ministry of Skill Development and Entrepreneurship (MSDE)</b>	<ol style="list-style-type: none"><li>1. Coordination of overall skill development initiatives.</li><li>2. Understanding the gap between the demand and supply of skilled workforce.</li><li>3. Designing the vocational and technical training frameworks.</li></ol>
<b>National Skill Development Corporation (NSDC)</b>	<ol style="list-style-type: none"><li>1. Supporting the initiatives taken by MSDE.</li><li>2. Build NSDC partner centres in states and districts (an average of seven centres per district).</li></ol>
<b>Sector Skill Councils (SSCs)</b>	<ol style="list-style-type: none"><li>1. Providing connections to the vocational education training industry</li><li>2. Assisting the employers to lead the Skill India development mission.</li></ol>

*Source: [IBEF](#)*

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<sup>6</sup> [British Council](#)

Additionally, schemes were introduced to implement the ‘Skill India Mission’ throughout the country.

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

PMKVY is a flagship scheme under the Skill India Mission to train industry-relevant schemes to the youth and help them live a better livelihood. This scheme has been implemented by the National Skill Development Corporation (NSDC) under the Ministry of Skill Development and Entrepreneurship (MSDE).

The third phase of this scheme was launched on 15 January 2021, called PMKVY 3.0. Keeping in mind the previous version of this scheme, it was decided to decentralise it and reach out to the targeted audience in States/UTs. PMKVY 4.0, announced in the Union Budget 2023-24, aimed to skill lakhs of youth in courses related to Industry 4.0, AI, robotics, mechatronics, IoT, and drones.<sup>7</sup>

“Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has successfully trained over 1.42 crore individuals since 2015, integrating over 1,000 educational institutions as Skill India Centres.”<sup>8</sup>

### **Jan Shikshan Sansthan (JSS)**

JSS, previously known as Shramik Vidyapeeth has been a part of India since 1967 and was recently transferred to the Ministry of Skill Development & Entrepreneurship in July 2018. This scheme aims to provide vocational training to non-literates, neo-literates and school drop-outs, which is done through NGOs. The target groups of this scheme are women, SC, ST and backward sections.

### **Integration with General Education**

This is a scheme which plans to integrate the education system with vocational training and education. The National Education Policy 2020 was introduced in accordance with this scheme to empower 50% of general education students to VET in the five years ahead of the implementation of this policy.

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<sup>7</sup> [IBEF](#)

<sup>8</sup> [PIB GOV](#)

## **Pradhan Mantri YUVA (PM YUVA) Yojana**

The PM YUVA Yojana aims to educate the youth on entrepreneurship skills and provide an entrepreneurial network. It applies to 10 states (including Uttar Pradesh, Uttarakhand, Bihar, West Bengal, Tamil Nadu, Telangana, Kerala, Assam, Meghalaya, and Maharashtra) and two union territories (Delhi and Puducherry).<sup>9</sup>

## **SANKALP Programme**

SANKALP (Skills Acquisition and Knowledge Awareness for Livelihood Promotion) is a programme under Skill Development funded by the World Bank. Refining the qualitative and quantitative skill training with the assistance from institutions to bring in better connectivity between markets as well as the inclusion of the marginalised sections of society is an aim of this scheme.

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

National Apprenticeship Promotion Scheme (NAPS) is an apprenticeship training scheme to encourage apprentices, develop skilled workers and provide up-skilling training. The government provides an incentive to reimburse 25% (up to ₹1,500 per month) to the businesses which promote apprentices along with financial support. The scheme targets to enroll 46 lakh apprentices between 2022-2026.

## **ii. Vocational Education and Training (VET)**

Vocational Education and Training is a career-oriented education that prepares the learners for the practical applications which are utilised in a job. This is sometimes also known as technical training education. With advancements in the field of technology, there is a rise in demand for skilled labourers who have practical skills along with theoretical knowledge.

The National Council for Vocational Education and Training is the regulatory body which looks after VET in India. It focuses on integrating the diversified vocational education and training regulatory system along with ensuring quality standards. With proper implementation, it plans on

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<sup>9</sup> [IBEF](#)

achieving a skilled workforce alongside improvement in the employability and growth of the economy.

One of the initiatives that has been undertaken at the school level is the introduction of the National Education Policy 2020. The National Education Policy aims to integrate vocational education with general education. This will help students inherit industry-based skills and enhance the quality of education.<sup>10</sup>

The National Council of Educational Research and Training (NCERT) also came up with the National Curriculum Framework for School Education in 2023. This initiative enhances the current education system by imposing vocational learning. The aim is towards holistic development by enhancing students into rational and independent thinkers by critically analysing situations. Additionally, it integrated digitization into learning, guiding students into the digital age.

Another initiative by the University Grants Commission (UGC) is the development of ‘Skill Hubs’ under the Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 4.0) scheme. The aim is to expand skill education beyond the skill development institutions and integrate schools and universities into the program. The target beneficiaries of this programme are the school drop-outs and students who are out of education.

### **c. Current state of AI and Skill Development in India**

AI, robotics, and data science are rising in this era. They are the key drivers of the Fourth Industrial Revolution. As stated, the technological revolution has altered everything, the way we work, the way we live and what not. AI surrounds us at present and this transformation can be responded to by integrating our educational systems and skill training with evolving technologies. As we discussed, initiatives have been taken in India towards skill development, but there is still scope for more. Skill India Mission, 2015 aims to train 400 million people in various skills, however, the presence of AI and other digital technologies is still limited. Major attention has been given to vocational education.

Two efforts aimed at AI and digital skills in India are the National AI Portal (INDIAai) and NIELIT. INDIAai was formed with the help of the Ministry of Electronics and Information

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<sup>10</sup> [MoE](#)

Technology, the National e-Governance Division, and NASSCOM, and it is the main hub for all the details and information regarding AI. On the other hand, NIELIT provides AI courses along with certification.

The major issue faced in this sector is the need for more funds. India needs to address this issue for efficient training of AI and digital skills in India. Some of the possible ways as suggested in India are to find various mechanisms for financing like Social Impact Bonds (SIB), Development Impact Bonds (DIB), and fund-of-funds. Even public-private partnerships could help to tackle this problem.

Tata Consulting Services (TCS) took the initiative AI WisdomNext, a platform to integrate generative AI and cloud services into a unified interface. This would enable organizations to rapidly use AI technologies at a lower cost. In 2023, IBM entered into a contract with the Ministry of Education and the Ministry of Skill Development and Entrepreneurship in India. An MoU was signed with the major aim of providing access to online digital content via webinars and workshops from IBM SkillsBuild for high school students and teachers. Additionally, it also aims to revise the curriculum for grades 11 and 12.

#### **d. Bilateral Agreements and International Collaborations**

India has signed both Government to Government (G2G) MoUs as well as Business to Business (B2B) MoUs collaborating in the field of Skill Development and Vocational Training. Over 11 G2G MoUs have been signed as of December 2022. The B2B MoUs facilitate labour mobility and training across other countries. As of December 2022, NSDC has signed 18 B2B MoUs with countries like Japan, Australia, Germany, UAE, Malaysia, Canada, Kingdom of Saudi Arabia, (KSA) etc.<sup>11</sup>

##### **i. Japan-India Collaboration**

The Ministry of Skill Development and Entrepreneurship signed a Memorandum of Cooperation with the Government of Japan in October 2017 to incorporate the Indian youth into the Technical Intern Training Program (TITP). TITP has been going on in Japan since 1993 intending to develop

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<sup>11</sup> [MSDE](#)

professional skills in the youth. “A total of 424 technical interns have been sent to Japan through Sending Organizations (SOs) empanelled by NSDC in diverse sectors, including Manufacturing, Healthcare, Construction, Textile, Agriculture, and Food manufacturing. Further, an additional 738 candidates are currently being trained by Indian Sending Organizations to be sent to Japan under TITP.”- as stated by the Ministry of Skills Development and Entrepreneurship of India.<sup>12</sup>

Additionally, Specified Skilled Workers (SSW) Program was launched in collaboration by the two countries in 2021 to address the shortage of labour in Japan in the manufacturing, nursing, and agriculture sectors. India meets the required demands of the workers from Japan including skill requirements of the sector and proficiency in the Japanese language. Till December 2022, 20 interns were converted to SSW after completing their TITP program.

## **ii. India-Gulf Cooperation Council (GCC) Countries**

The Gulf Cooperation Council consists of 6 member countries- The Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.

NSDC launched the Training for Emirates Jobs and Skills (TEJAS) program along with the GCC countries to train Indian workers in the skills required for employment in these countries. GCC countries have a high demand for labour, and thus, this program was launched to meet those demands knowing that India is a labour-intensive country.

An MoU was signed between NSDC and the Kingdom of Saudi Arabia for launching the Skills Verification Program (SVP) to ensure that the Indian workers meet the skill requirement criteria for the sector they work in. The common sectors under this program are Electrician, Plumber, Electrical Automotive, Mechanical Automotive and HVAC.

Another partnership of the NSDC was with the UAE to upgrade the MSC (Multi Skill Centre) to SIIC (Skill India International Centre) to be operated at ITI Karaundi at Varanasi. This centre foresees becoming a World Class Training Centre with training in job roles like E-commerce

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<sup>12</sup> [MSDE GOV](https://msde.gov.in/)



Delivery person (Bike Rider) HVAC Technician, Technical Electrician, Plumber and Retail Sales Associate.

India and UAE, under their Skills Harmonised Framework, work to enhance the skills of their workers and meet the qualifications requirements. This ensures that Indian labourers are recognised in the UAE labour market. Furthermore, an MoU was signed to establish International Driver Training Institutes (IDTs) which will promote mobility of skilled drivers from India. Lastly, India also participated in the UAE Partnership Summit on 30-31 October in Dubai to showcase its skill development initiatives and to create a demand for Indian workers in the UAE labour market.

### **iii. India-Singapore Engagements**

India's collaboration with Singapore Polytechnic (SP) through a signed MoU was based on training the trainers and assessors to develop Quality Assurance Frameworks for monitoring performance. The National University of Singapore- Institute of System Sciences (NUS-ISS) signed an MoU with the NSDC to train the Indian workforce in emerging technologically advanced skills including Big Data Analytics, Artificial Intelligence and Robotics. Enterprise Singapore also signed an MoU with India in which India would meet the requirements of investors and partners to the companies in Singapore.

Singapore's Minister of Education paid a visit to New Delhi, India in June 2019 to learn about the Indian skills ecosystem alongside looking for opportunities to partner with India's skill stakeholders. Another ministerial-level meeting was held among the Honourable Minister of State, Skill Development and Entrepreneurship and Honourable Minister of State, Ministry of Trade and Industry (MTI) and Ministry of Culture, Community and Youth (MCCY) Singapore on 22nd February 2022 for further collaborations in the skills domain.<sup>13</sup>

## **V. Labour Mobility**

### **a. International Labour Mobility**

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<sup>13</sup> [India and Singapore jointly collaborate to enhance skill training to thousands of youth — People Matters](#)

Globalisation has integrated the world and eased the movement of goods and services, information, capital, technology and people across international boundaries. Most of the markets are now liberalised causing easier travel for people and an increased number of work opportunities. International Labour Mobility, as stated by UNECE, is the movement of all natural persons from one country to another for the purpose of employment or supply of services.

In a country resides the residents of that country but not all residents are a part of the labour force. Of these residents, some of them are international migrants who have settled in the given country and have earned their residency. Of this total labour force, the international migrant workers resident in the country are a part of the international labour mobility. Along with them, some foreign workers are non-residents. These two groups comprise the total international labour mobility of a given country. So, the primary groups of interest when looking at international labour mobility are:

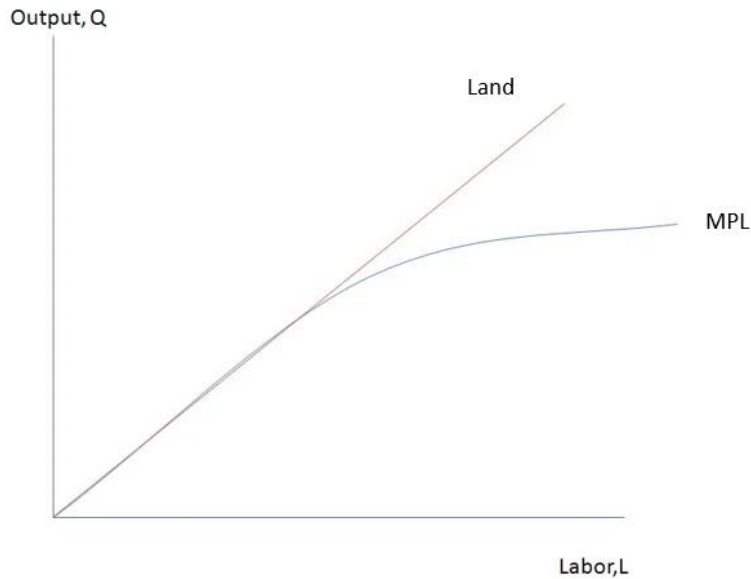
1. International migrant workers resident in the country who changed their resident country to the destination country and are now in the labour force.
2. Non-resident foreign workers who moved across international borders for the sole purpose of employment or supply of services.

Migrants arrive in the destination country for many reasons. Therefore, it becomes important to categorise the 'for-work migrants' and 'not for-work migrants'. While some of the migrants have declared documentation of undertaking work at the destination country, others migrate for travel or study. These might not be a part of labour mobility initially but in future, may or may not become a part of the labour force, hence contributing to international labour mobility.

In order to understand the effects of international labour mobility, for simplification, let us assume that there are only two factor inputs, land (K) and labour (L), and one product which is output (Q). So, the amount of output produced is dependent on the quantity of land and labour, that is,

$$Q(K,L)$$

This means that Output (Q), is a function of Land (K) and Labour (L).

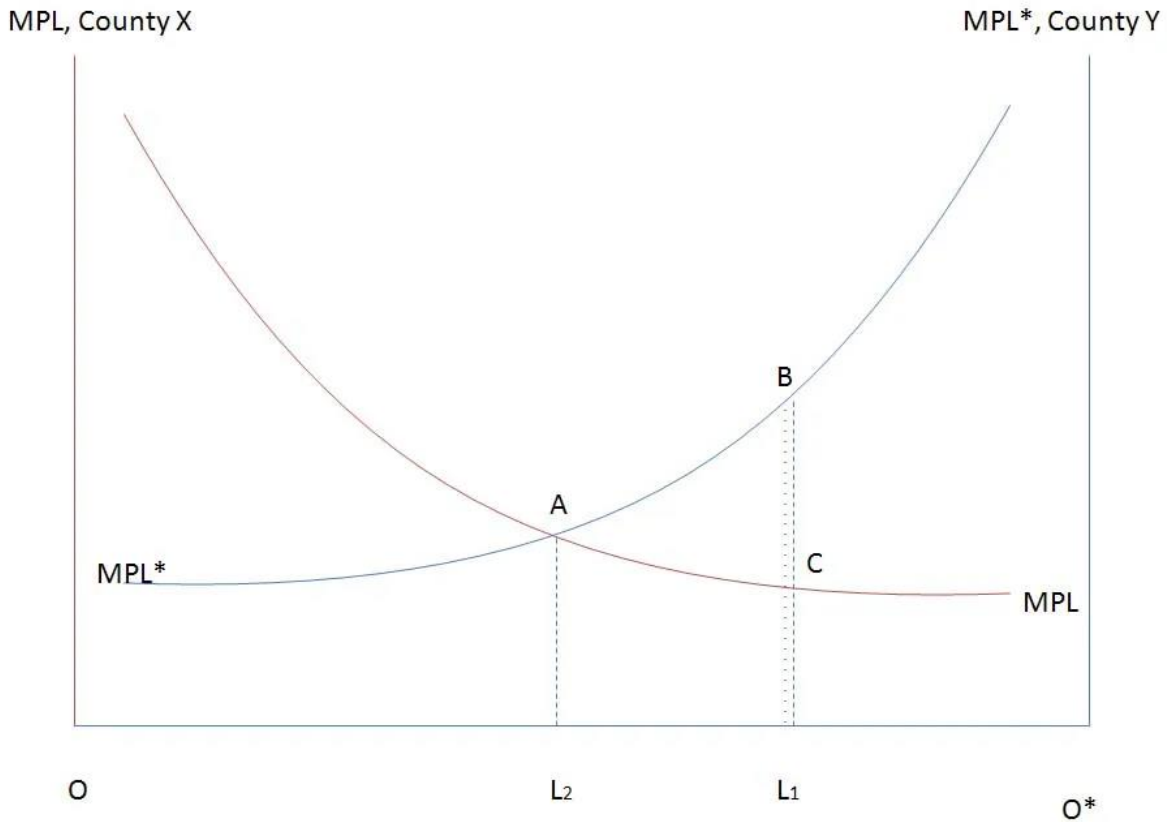


**Source:** [Bachelor of International Management](#)

The graph above indicates that there is a decline in the marginal product of labour on a fixed amount of land. As the quantity of labour goes on increasing, labour productivity starts to decrease and thus, the output varies according to the amount of labour.

Now let us suppose that two nations, X and Y are allowing free movement of labour across their boundaries. Assume that country X is a labour-abundant country with relatively low wages as compared to country Y which faces a shortage of labour but offers high wages. Other assumptions-

1. The language, culture and skills of workers in country X and country Y are similar.
2. The cost of movement between the two nations is minimal. This will create a strong incentive for the workers in country X to move to country Y to earn relatively higher wages.



Source: [Bachelor of International Management](#)

### Case I: Before any movement of labour

Original wage offered in country X = C

Original wage offered in country Y = B

Labour force of country X = OL1

Labour force of country Y = O\*L1

### Case II: After the movement of labour

Wage offered in country X = Wage offered in country Y = A

Labour force of country X = OL2

Labour force of country Y = O\*L2

Case II is the situation when labour starts to move until the equilibrium is achieved. At this point, the total labour force in country X is equal to the total labour force in country Y along with the

wage offered in both countries is equal to A. The extra workers in country X move to country Y to accommodate for the shortage there. At this point of equilibrium, the world output increases by the amount in triangle ABC.

## **b. India's Pursuit of Global Labour Mobility**

India being a labour-intensive country plays a significant role as a supplier of labour in international labour mobility. There is a huge demand for labour in countries like the USA and China due to a rise in the aged population in these countries. India's working population is still young and thus stands a chance towards development. But having a surplus of labour isn't the only solution since with the given pace of technological advancements, there is a rising demand for skilled workers as compared to unskilled workers. With the COVID-19 pandemic, there has been a transformation in the work structures. Migration is not only restricted to physical migration but has expanded towards "virtual migration"- the flexibility of "migrating without migrating".

With the changing global outlook, India also needs to review its approach towards the prospects of global labour mobility. One way to do so is by identifying bilateral partnerships rather than multilateral engagements. This idea has already yielded dividends for India. However, there are barriers to partnerships on global labour mobility including lack of trust, security-related issues and health risks. But this does not mean for India to isolate itself from the multilateral engagements. Another solution crafted by the Indian Council for Research on International Economic Relations is the introduction of start-up visas. This initiative would attract innovative talent along with high-skilled workers to India.

With the technological upgrades, India also needs to build plans to invest in its human resources by taking measures towards skill enhancement programmes. Access to the internet and basic digital fluency are the major requirements in today's world. There is an increasing demand for familiarity with AI, robotics, machine learning and programming languages across the world.

Still, there remains a high skill mismatch which poses a hindrance to skill recognition across international boundaries. Communication between the countries involved needs to be efficient and clear. There should be skill tests and verifications to make this process more effective and efficient. India, with such a complex system, requires a more adaptive, decentralised and feedback-supported bureaucratic framework. There is another requirement of a plurilateral approach which

involves all stakeholders like employer and employee organizations in enhancing inter-ministerial coordination to improve governance. Immigration is affected by factors like wages, skill levels, living and working conditions, the cost of relocation, and cultural considerations. Wages are wholly dependent on the skills. An unskilled worker is likely to get biased and low wages as compared to a skilled worker. This is where the Skill Development initiatives by India come into play. Along with a cooperative framework, India needs to be aware of the changing global trends in order to maximise the advantages of labour mobility.

### **c. Skills Mobility Partnerships (SMPs)**

#### **i. India-France Mobility Partnership Agreement**

France's Minister of Europe and Foreign Affairs, Catherine Colonna, visited India for labour mobility discussions. The partnership agreement was signed on March 10, 2018, and came into effect in October 2021. This was planned to benefit the youth of both nations. Many measures have been accommodated under this agreement for the benefit of both countries.<sup>14</sup>

The issuance of multiple visas for short-stay has been facilitated to attract businessmen, students, scientists, researchers, intellectuals, experts, and specialists. Along with short-stay, long-stay visas have also been issued which can be obtained by proving that the applicant earns at least 1.5 million times the french minimum salary in France.

Under "Campus France", Indian students have the facility to renew their temporary one-year residence permit. Additionally, the 1-year residence permit has been extended to 2 years to help students find jobs. Last but not least, the "young professionals" scheme has also been implemented which aims to target the age group 18-35. Under this scheme, selected students receive a long-stay visa which is valid for 12 months. The objective is to increase the mobility between India and France.

For years, the USA has been the centre of attraction for maximum students. This agreement with France aims to attract professionals and students to France. This would also help France to overcome its labour shortage, especially in the IT sector.

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<sup>14</sup> [Global Order](#)

## **ii. India-Denmark Mobility and Migration Agreement**

India and Denmark entered into a new Migration and Mobility agreement on 22 February 2024 with the focus of making Denmark an attractive destination for Indian workers and also supporting the two nations' Green Strategic Partnership. This enables Indian workers to work in Denmark for a short time and later on return to India with new and developed skills. The major part of the deal is the recruitment of the Indian staff for Denmark's healthcare services.

## **iii. India-Italy Migration and Mobility Partnership Agreement (MMPA)**

India's External Affairs Minister S Jaishankar and Italy's Minister of Foreign Affairs and International Cooperation, Antonio Tajani signed the Migration and Mobility agreement between India and Italy in November 2023 for 5 years which will stay in place until and unless terminated. This agreement fosters movement of students, businessmen and professionals between the two countries. It also aims to strengthen migration by avoiding irregularities in the same. A temporary residency of up to 12 months has been allowed for students visiting for professional or vocational training. Indian seasonal and non-seasonal workers have a reserved quota from the years 2023 to 2025.<sup>15</sup>

## **iv. India-EU Partnership on Migration and Mobility**

India and the European Union came together under the Common Agenda for Migration and Mobility (CAMM) in 2016, which is still in force.<sup>16</sup> There were four key priority areas under this agreement-

1. To ensure regular migration of skilled workers and efficiency in the issuance of visas.
2. Prevention of irregular migration and human trafficking.
3. Social security issuance for workers to ensure maximisation of migration and mobility.
4. Promoting international regulations for the protection of the migrants.

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<sup>15</sup> [India-Italy Migration and Mobility Agreement](#)

<sup>16</sup> [EU-India Cooperation and Dialogue on Migration and Mobility \(Phase II\) | International Labour Organization](#)

Over the past 25+ years, the inflow of Indian immigrants to the EU has remained constant at 7.9% of the EU's total population. In that time, the UK has consistently remained as the destination of choice for Indians migrating to the EU.<sup>17</sup>

#### **v. India-Germany Comprehensive Migration and Mobility Agreement**

Annalena Baerbock, Foreign Minister of Germany on her visit to India on 5 December 2022, signed an agreement with S. Jaishankar, External Affairs Minister of India. It was signed to encourage people to study, work and do research in other countries. This contract between the two countries annually allows 3,000 students to be given residence permits for 18 months in the Academic Evaluation Centre based in New Delhi along with multiple entries, issuance of short-stay liberalised visas and a systematic procedure for readmission.<sup>18</sup> Lastly, it also promotes student exchange programs between India and Germany to enhance the interaction among them.

#### **vi. India-Austria Comprehensive Migration and Mobility Partnership Agreement (MMPA)**

There has been an increase in the number of illegal migrants from India. The priority of this MMPA is to fight this issue of illegal migrants and take all the necessary measures required for the same. Another aim is to increase the mobility of skilled workers from India to Austria to meet the shortage of workers in the latter. This agreement also allows an efficient visa process, especially for journalists and researchers along with making Austria an attractive destination for Indian students. Moreover, the agreement also consists of an Austrian-Indian Working Holiday Programme which will give a chance to take on short-term and temporary jobs or to utilise educational institutions without a work permit.

### **VI. Challenges in Implementing the MoUs**

#### **a. Diplomatic and Legal Challenges**

##### **i. Negotiation Complexities**

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<sup>17</sup> [International Labour Organization](#)

<sup>18</sup> [Wikipedia](#)



Drafting an MoU between India and any other country involves a complex negotiation process. This process does not include just one sector but encompasses various sectors in our economy, including labour, education, foreign affairs, and legal. Since each country has its own frameworks, aligning the interests of both nations can be challenging, particularly on issues such as immigration, labour laws, and labour protection.

During the negotiation process, it is important to stay realistic. The objective and goal of the MoU should be clearly stated to avoid irrelevant subjects. Set expectations from the beginning and establish a clearly defined timetable along with specific deadlines. This will help streamline the negotiation process and facilitate alignment between both parties.

## **ii. Political Instability in Partner Countries**

Frequent changes in the government of the partner country cause political instability which in turn leads to an inefficient and ineffective MoU along with a hindrance in the renewal and continuity of the MoUs. Additionally, there may be cause for trust and security issues. A frequent change in power can cause policy shifts which can lead to prioritising other sectors and not honouring the existing agreements with other countries. For instance, a change in France's immigration policy can impact the terms under which Indian workers are allowed entry for employment.

## **iii. Regulatory Hurdles**

Each country has its own regulations regarding labour migration, immigration, certifications, working visas and others. During the implementation of an MoU, it is necessary to ensure that the Indian workers meet the requirements of the partner nation for these regulations. Most of the time, these regulatory hurdles are non-negotiable and stringent which poses a challenge for the Indian workers to seek employment in the partner country. Therefore, during the MoU's implementation, careful attention must be given to these regulations to facilitate smooth collaboration.

## **b. Infrastructural and Administrative Challenges**

### **i. Training and Certification**

Since we are talking about MoUs in skill development and labour mobility, one of the major concerns is the required skills and certifications. In the absence of these, there is a reduced chance for Indians to qualify for a job in a foreign country. Therefore, special attention should be paid to the basic training and certifications required that are globally recognized.

## **ii. Limited Monitoring and Evaluation**

Implementation of MoUs is not the last step, there is a further requirement for a proper feedback system. This would help to identify the goals that have been achieved. Additionally, it will also bring to light the gaps in the agreement and its implementation which would give the governments of the two countries to enhance the implementation.

## **c. Visa and Immigration Barriers**

### **i. Stringent Visa Regulations**

Even after signing an MoU, Indian workers might face problems with visa issuance. After signing the MoU, the partner country may impose certain restrictions due to changes in interests which would lead to an ineffectiveness of the agreement. This can happen in the case of a change of power in the partner country. The new party in power might want to prioritise local employment and hence can change the immigration policies. This would make the MoU between the two countries ineffective.

### **ii. Recognition of Qualification**

Not all professional qualifications are valid worldwide. For instance, Indian Lawyers' qualifications might be retested with an examination before giving employment in a foreign country. The same applies to other professions like doctors, engineers, IT professionals, etc. This can hamper the labour mobility process and thus the agreement between the two countries. Thus, attention needs to be given to this challenge while drafting and implementing an MoU.

## **iii. Temporary Nature of Employment Opportunities**

Just like the Technical Intern Training Program (TITP) between India and Japan, there are many MoUs that provide only temporary employment opportunities or short-term internships. This poses a restriction for the workers since they would not be able to invest in the partner country or settle there for a longer period. Hence, this issue also needs to be considered during the implementation of an MoU especially by countries like India which is supplying workers to foreign countries.

#### **d. Coordination between Stakeholders**

##### **i. Inter-Ministerial Coordination**

An important challenge for the two countries is proper coordination between the various ministries within the country. For instance, in India, there is a need for perfect coordination between the Ministry of Skill Development and Entrepreneurship, Ministry of External Affairs, Ministry of Labour and Employment and other ministries under different schemes. In the absence of this coordination, the entire process would become ineffective and inefficient; the MoU might get delayed and may also lead to trust issues from the partner country.

##### **ii. Private Sector Involvement**

The private sector plays a crucial role in our economy and so the involvement of the private sector in the MoUs is also quite significant. Although the MoUs are government-driven, there is a need for the private sector to align their goals with what the government wants in the agreement. However, aligning their interests is not an easy task since there are different skills and certifications required by different industries and so this issue needs to be addressed by the government.

#### **e. Economic and Financial Barriers**

##### **i. Cost of Training and Certification**

The Indian Skill Development Programs aim to develop basic skills like digital skills in the workers but it does not target any specific internationally required skills at low costs. The cost of such international certifications and training is quite high and thus, the government needs to pay attention to this hindrance in skill development. Taking action in the course will increase the

chances of employment for Indian workers in foreign countries. This issue can be taken up during the implementation of an MoU by the two countries collaborating on it and coming to a solution.

## **ii. Remittance Dependency**

An increase in the outflow of workers to foreign countries can lead to a rise in remittance inflows to India. However, under certain geopolitical or economic conditions, this remittance can act as a burden for India. For example, currency depreciation might reduce the value of remittances held by families and may also negatively impact the Indian economy. Such a situation is not under control and may worsen India's economic condition. Therefore, during the discussion, both countries must carefully consider the issue.

## **VII. Case Studies: Analysing Hindrance in MoU Implementation**

### **a. India-UK Free Trade Agreement (FTA)<sup>19</sup>**

India and the United Kingdom started their negotiation talks in January 2022 for a Free Trade Agreement (FTA). India's major demands have been to get access to the UK market for skilled Indian professionals from the IT sector, healthcare sector, etc. Not just that, India also hopes to get market access for several India goods at the extent of paying no custom duty. On the other hand, the United Kingdom demands for significant cuts in the import duty imposed on goods like whiskey, electric vehicles, lamb meat and certain other confectionary items. The Bilateral Investment Treaty (BIT) remains one of the key issues of the negotiation between the two countries.

The trade deal was initially planned to be executed by Diwali of 2022, but unfortunately got delayed due to the resignation of the then UK Prime Minister, Boris Johnson. Both the sides made some progress after Rishi Sunak was elected as the Prime Minister but the negotiations again got delayed due to elections in both the nations. A recent interaction between Narendra Modi, Prime

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<sup>19</sup> [India, UK to relaunch FTA talks in 2025, 'address remaining issues' | Economy & Policy News - Business Standard](#)

Minister of India and Keir Starmer, Prime Minister of UK in the G20 summit in Brazil led to a decision to restart the 14th round of negotiation talks in the coming year.<sup>20</sup>

This MoU between India-UK for a Free Trade Agreement (FTA) highlights the diplomatic and legal challenges that we discussed earlier. Specifically, it highlights the issue of political instability in the countries. Due to a sudden resignation of the then Prime Minister of the United Kingdom, Boris Johnson, the trade talks initially got delayed. Succeeding that, elections in both the countries led to a further delay in the negotiation talks. Both the countries have different demands which created negotiation complexities, further adding to the delay.

#### **b. India-EU Free Trade Agreement (FTA)<sup>21</sup>**

The Free Trade Agreement between India and the European Union was first launched the year 2007. However, these negotiations were suspended in 2013 due to “lack of ambition”. Three issues were the major reason for the collapse of the negotiations in 2013-

1. Stubbornness to negotiate on issues related to access to market, labour standards, etc.
2. India’s preference to work bilaterally with member countries.
3. The EU was focusing on strengthening its relationship with China and not focusing much on India.

Back in 2013, EU’s demands were focused on issues which were sensitive to India back then including agriculture, SPS (Sanitary and Phytosanitary Measures) and TBT (Technical Barriers to Trade), Non-tariff barriers, Patent protection, environment, labour, and Geographical indicators. But over the years, India has become confident about these issues as it has grown economically and has also strengthened its trade capabilities, giving India power to negotiate.

These negotiations were relaunched in June 2022. This time negotiation in trade, investment protection, and Geographical indications (GI) will be held separately which increases the probability to reach a result. The trade talks are still taking place with the last round between 23rd September, 2024 to 27th September, 2024.<sup>22</sup>

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<sup>20</sup> [India-UK FTA talks: Both sides seek to bridge gaps to close deal expeditiously](#)

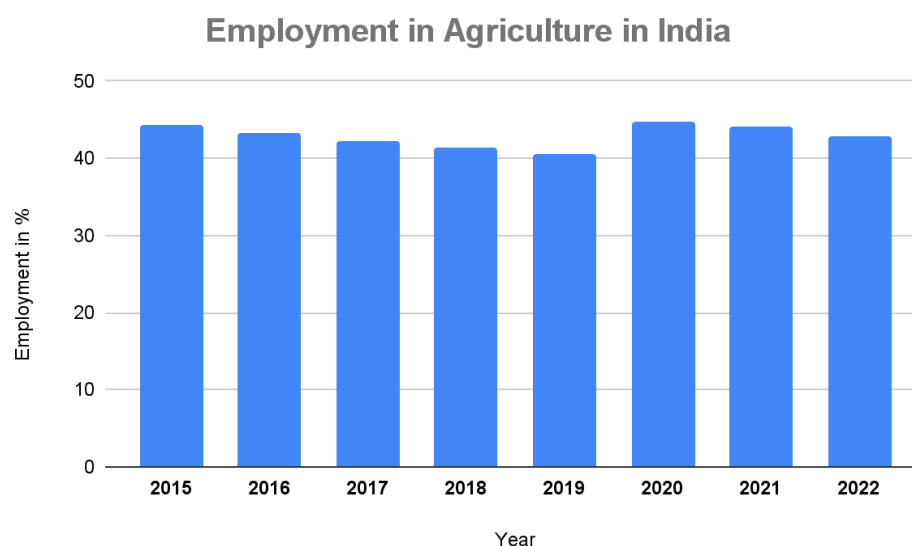
<sup>21</sup> [EU-India FTA](#)

<sup>22</sup> [Business Standard](#)

Initially between 2007 and 2013, many negotiation rounds had taken place but were hindered due to disagreement on multiple issues. Efforts were made in between 2016 and 2020 to revive the negotiations but even these went in vain. Despite a discussion for over a decade, the India-EU Free Trade Agreement remains elusive. While the relaunch of negotiations in 2022 offers hope, the extended timeline reflects the deep complexities of the both sides. The continued delays highlight the need for greater political will and compromise to finally bring these long-standing negotiations to a successful conclusion.

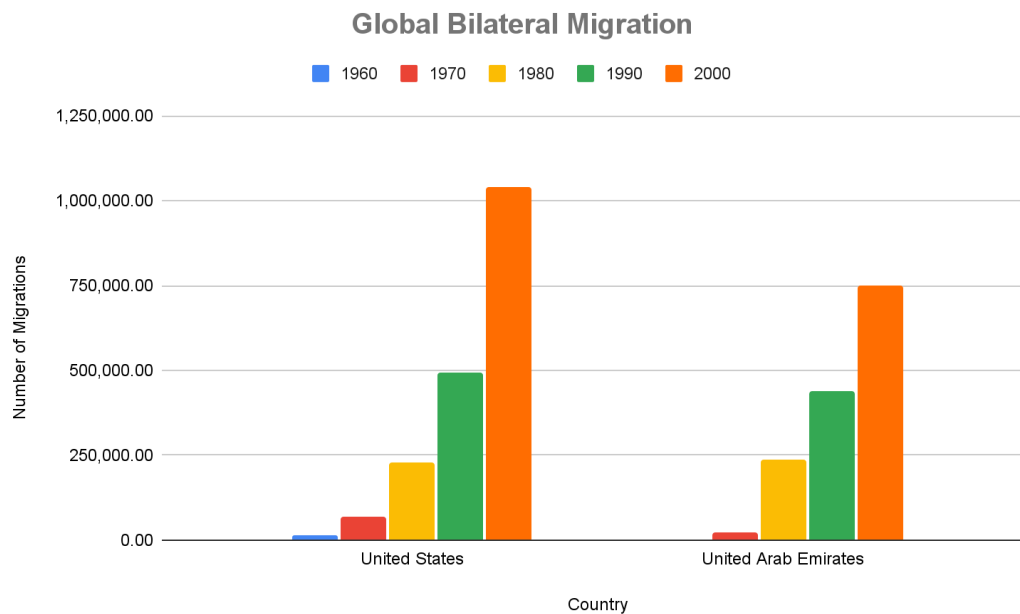
## VIII. Analysis of Findings

Based on the above sections, it is quite evident that there are loopholes that need to be plugged for India. India has an increasing population and by the year 2030, it is expected that India will reach 1 billion populations in the world alone. Having this ahead, there is a need for India to generate employability for its citizens. Even after so much development, most of the Indian population is still dependent on agriculture for survival. As you may see in the graph below, between 2015 and 2022, there haven't been many changes in the population dependent on agriculture. Indian workers lack the basic and necessary skills that are required to obtain a good job.



Having the world's developed countries moving towards an aged working population, India stands a chance to create employment opportunities for its workforce. India is a labour-intensive country

and is slowly becoming a preferred destination to meet the shortage of workers in countries like the USA and China. However, what these developed countries require is a skilled workforce and this is what should be the driving factor for India in the coming years. Even though this is a golden opportunity for India, some perspectives believe that migration of the Indian workers is causing a brain drain in India. Over the years, migration to developed countries like the USA and the UAE has been constantly increasing as shown in the graph below. This showcases the importance of the Indian workers in foreign countries to meet the shortages of workers.



In this ever-changing world, India needs to adapt to the changing technologies and development by enforcing its skill development initiatives efficiently. Many initiatives have been taken including the Skill Development Mission in 2015. Under this initiative, there are many schemes including the PMKVY, JSS, PM YUVA, SANKALP, NAPS and integration with General Studies. The aim of the skill development mission was aimed towards making Indian workers have an enhanced skill set than they already do. This development would in turn lead to an increase in the employment level since there is a rising demand for skilled workers overseas. Vocational education and training also play a significant role in skill development. It helps in showcasing the skills and the practical application of what people already know. Many bilateral agreements and MoUs have been signed by India collaborating with other countries to enhance the skill

development initiatives of India and also to help workers to undertake the formally recognised skills.

India has a vast segment of informal workers whose skills have not been formally recognised. Most of the population of India is still unaware of the schemes that are available to them for upskilling. Not only that, there are perceptions that vocational training is inferior. Even after the implementation of skill development schemes and measures, there hasn't been an improvement in the unemployment rate in India.

The concept of international labour mobility is an important aspect for India. Along with skill development, there is a need for a liberalised movement of workers, businessmen, professionals and students between countries. Understanding that India has signed many Skills Mobility Partnerships (SMPs) with other nations. These agreements target the efficient issuance of visas along with allowing work permits to students visiting the destination country for higher educational qualifications.

Even after taking so many initiatives, India still lags and has many challenges ahead of it. India needs a more comprehensive review of its skill development initiatives. Regular assessment of policies, and identifying the gaps and challenges faced should be done to ensure better outcomes. Along with that, India also needs to adopt a robust feedback system which would play a key role in understanding the impacts of the initiatives. Timely actions should be taken wherever needed instead of delaying them. Furthermore, India should ensure regular release of data regarding migration trends, employment rates, outcomes from policies, and other related datasets to create awareness. Tracking of the progress is quite important and hence should be done regularly. This will make the policymakers and the government aware of their shortcomings and to further recalibrate their strategies.

Over the years, Economic Memoranda of Understanding has played a significant role in aligning India's needs with other countries. India has been able to sign agreements which allow for an integration of the global workforce. However, implementation of an MoU is not an easy task to take on. It requires thorough planning and discussion keeping in mind the impact on both the countries involved in the agreement. Such challenges need special attention in the absence of which there might be extensive negative impact on India.



## **IX. Policy Recommendations**

### **a. Effective Utilisation and Allocation of Funds**

As per the report released by the Ministry of Skill Development and Entrepreneurship, only 56% of the total funds to PMKVY allotted were utilised in the period 2016-2017. Similarly, in 2021-2022, ₹1438 crore funds were allotted to PMKVY but only 72% of them were utilised. Even after increasing funds allotted, there is underutilisation. Thus, the government needs to ensure proper utilisation of these funds along with keeping track of all the expenditures that are being undertaken. There should be transparency in the system and monthly or quarterly reports should be released regarding the measures that have been taken along with the target for the coming month/quarter. The Jan Shikshan Sansthan (JSS) scheme faces an inadequate allotted budget. As stated in a report by the Indian Institute of Public Administration<sup>23</sup>, the expansion and enhancement of training programmes are hindered by the insufficient budget which causes low-quality training at the centres. On top of that, there is limited staff allotted under this scheme. Therefore, the government needs to ensure that they are not over-allocating in some of the programmes and leaving the rest with minimal funds. The allocation process of the funds needs to be efficient. Just like the monthly/quarterly issuance of reports, meetings must also be scheduled to discuss the issues being faced in order to find a coping mechanism for them.

Based on this, regular audits should take place so as to ensure transparency and efficiency. Incentivize or penalise based on the efficient utilisation of allocated funds. The budget plans should be based on the performance and facts. Private and public partnerships should be encouraged for reduced and shared costs. Regular reviews should take place in which all the hindrances are mentioned along with the achievements which would help in taking the necessary measures.

### **b. Alignment of Skills with the Industry Requirements**

For a long time, India has been facing the issue of a mismatch of skills. Before designing policies and schemes for skill development, there is a need for a thorough analysis of the required and

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<sup>23</sup> [IIPA](#)

necessary skills at the target destinations and industries. The skill development programmes implemented in India have been targeting erroneous skills that have no linkage with the industry requirements. Our world is transforming every day. Therefore, there is a need to conduct regular in-depth analyses and assessments of the skills that are prominent in industries both in India and foreign countries. Collaboration between educational institutions with industries can foster not just the learning of soft skills and theoretical knowledge but also the application and training of skills aligning with the industries. This can be done with the help of the implementation of a Skill Census. This initiative has first been taken by the Chief Minister of Andhra Pradesh. A skill census will provide accurate data to the government and other stakeholders, aiding them to make informed decisions. Thus, implementation of a skill census will help India identify the skills of the population, the global requirements and design training plans according to the needs.

Based on all this, a targeted skill development programme should be initiated and implemented wherein the skills taught are based on the industry-specific requirements, aligning with the foreign requirements too. This could involve collaborations of private and public sector educational institutes with the industries, promoting skill development at an early age. Since we are living in a digital age, online learning platforms and industry-led workshops can also be organised. A framework can be designed which manages the different skill levels and proper certification after the completion of training which would be acceptable worldwide. This will help to tackle the challenge faced during the implementation of MoUs regarding lack of training and certification as per the requirements of the foreign country.

### **c. MoU Tracking Team**

The objective of this recommendation is to address the issue of disputes and delays in the implementation of the MoUs. The aim of this mechanism is to create an efficient and mutually-agreed upon framework to resolve conflicts related to the implementation of labour mobility and skill development MoUs.

Creation of an arbitration panel which includes an equal number of members from both the countries and additionally, some third-party neutral members, for example, officers from the International Labour Organisation (ILO). This will ensure that disputes are handled efficiently with predefined timelines. This will ensure timely implementation of the MoU.

Stringent timelines can be set up for the dispute resolution in order to make the best use of time. This can be divided into two categories- minor disputes and major disputes. Timelines can be set accordingly. Disputes can be further categorised based on their nature and impacts. Let's take for example, working conditions and welfare, minimum wage rate, etc. Lastly, this entire procedure should be integrated with the digitisation step of the government. There should be transparency to the maximum extent possible. After each round of negotiation, proper documentation must be performed, not revealing the sensitive information but the minutes of the meeting, highlighting the points of discussions and whether common ground was reached for the same.

## **X. Conclusion**

With the introduction of the Skill India Mission in 2015, along with the setting up of the Ministry of Skill and Entrepreneurship, India started its journey towards skill development in India. A variety of schemes and policies are encompassed under this mission including Pradhan Mantri Kaushal Vikas Yojana, Jan Shikshan Sansthan, Pradhan Mantri YUVA Yojana, Skills Acquisition and Knowledge Awareness for Livelihood Promotion, and National Apprenticeship Promotion Scheme. Along with this, emphasis is being given to vocational education and training by integrating it into the educational system in India. Not just this, India has also collaborated with many foreign countries for skill development opportunities along with labour mobility. The aim has been to increase the number of formally skilled workers in India and to increase employment with a significant decrease in unemployment. The National Education Policy of 2020 is also aimed towards vocational training, giving students hands-on industry-needed skills. But even after such significant steps, only 4.7% of the Indian workforce has undergone formal skills training.<sup>24</sup> A maximum of India's workers are still considered informal workers because of the lack of skills training and development. People in India lack awareness of the facilities available to them. Uneven funding, lack of resources, poor management and underutilization of funds are some of the shortcomings. Some of the prominent and rising areas of work have not even received adequate attention. All these issues, along with a number of other challenges, affect the implementation of MoUs. What India needs is proper planning of its shortcomings and the requirements of industries

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<sup>24</sup> [Social Finance India](#)

and the world economies. Based on that, the programmes and initiatives need to be amended to reach its target audience and the goal of skill development and labour mobility. Additionally, there is a need to access the hindrances in the implementation of MoUs and develop plans for them.

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