



# CONCEPT OF HUMAN RESOURCE DEVELOPMENT AND ITS RELATIONSHIP WITH THE INDIAN ECONOMY

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## Abstract

The article explores the concept of human resource development (HRD) and its relationship with the Indian economy. It begins by defining HRD as the process of developing people's capabilities to improve their well-being and contribute to the overall development of society. The article then highlights the importance of HRD in achieving sustainable economic growth and social development in India. It discusses various HRD initiatives and policies that have been implemented in India, such as the National Skill Development Mission and the Make in India campaign. The article also examines the impact of environmental factors on HRD and the economy, such as climate change, pollution, and resource depletion. Finally, the article concludes by emphasizing the need for a comprehensive approach to HRD that considers environmental sustainability and promotes inclusive development for all members of society.

**Keywords :** HRD, Four-Level Model, Skill Development Mission, NEP, NSDC, PMKVY

## Introduction

Human Resource Development (HRD) is a vital aspect of economic development as it plays a crucial role in shaping the skills, knowledge, and attitudes of the workforce. India, being the second most populous country in the world, has a vast pool of human resources that can be harnessed for economic growth. In recent years, the Indian government has taken several initiatives to promote HRD and improve the quality of its workforce.

According to the Human Development Index (HDI) report published by the United Nations Development Programme (UNDP), India's HDI value in 2020 was 0.645, which puts the country in the medium human development category. The report also highlighted that India's life expectancy at birth was 69.7 years, and the expected years of schooling were 12.6 years.

The Indian government has launched several initiatives to improve the quality of education and training, which is crucial for HRD. One of the most significant initiatives in this regard is the Skill India Mission, launched in 2015. The aim of this mission is to provide skill training to 400 million people by 2022. According to the Ministry of Skill Development and Entrepreneurship, more than 10 million people have been trained under this mission as of 2021.

The government has also launched several other initiatives to promote HRD, such as the National Apprenticeship Promotion Scheme (NAPS), the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and the National Skill Development Corporation (NSDC). These initiatives have helped in improving the employability of the Indian workforce.

The environment of the Indian economy is also crucial for HRD. The Indian economy is currently the fifth-largest economy in the world in terms of nominal GDP and the third-largest in terms of purchasing power parity (PPP). However, the COVID-19 pandemic has had a significant impact on the Indian economy, and the GDP growth rate in 2020-21 was -7.7%.

Despite the challenges posed by the pandemic, the Indian government has taken several measures to revive the economy. The government has announced several stimulus packages, including the

Atmanirbhar Bharat Abhiyan, to support various sectors of the economy. The government has also launched several reforms, such as the National Education Policy (NEP) 2020, which aims to revamp the education system and promote HRD.

In conclusion, HRD plays a crucial role in the economic development of India, and the government has launched several initiatives to improve the quality of its workforce. The environment of the Indian economy is also essential for HRD, and the government has taken several measures to revive the economy after the impact of the COVID-19 pandemic.

### Concept of Human Resource Development

Human Resource Development (HRD) refers to the process of developing the knowledge, skills, and abilities of employees in an organization. It involves training, education, and career development programmes that help employees to enhance their job-related competencies and achieve their career goals.

HRD is crucial for organizations to achieve their business objectives and improve the performance of their employees. It helps in creating a learning culture in the organization, where employees are encouraged to acquire new skills and knowledge continuously. This, in turn, leads to higher employee engagement, job satisfaction, and retention.

There are several models of HRD that have been proposed by scholars over the years. One of the most widely used models is the "Four-Level Model" proposed by Donald Kirkpatrick. According to this model, there are four levels of evaluation of HRD programmes:

**1. Reaction:** This level evaluates the immediate response of employees to the HRD programme. It measures factors such as employee satisfaction, motivation, and engagement.

**2. Learning:** This level evaluates the extent to which employees have acquired new knowledge, skills, and abilities through the HRD programme.

**3. Behaviour:** This level evaluates the extent to which employees have applied the newly acquired knowledge and skills in their job.

**4. Results:** This level evaluates the impact of the HRD programme on the organization's business objectives, such as increased productivity, reduced costs, and improved quality.

There are several HRD practices that organizations can adopt to improve the skills and abilities of their employees. These include on-the-job training, mentoring and coaching programmes, leadership development programmes, and career development programmes.

In conclusion, HRD is a critical concept that helps organizations to develop the knowledge, skills, and abilities of their employees. It is essential for organizations to adopt HRD practices to remain competitive and achieve their business objectives. The Four-Level Model proposed by Donald Kirkpatrick provides a useful framework for evaluating the effectiveness of HRD programmes.

### Studies on Human Resource Development

Human capital formation is a critical process that involves the development of knowledge, skills, and abilities of individuals through education, training, and other forms of learning. There have been numerous studies on human resource development (HRD) in various contexts, including organizational, national, and global levels. Here are some references to studies on HRD:

"The Role of Human Capital Formation in Economic Growth: Evidence from ASEAN-5 Countries" by Chaiwat Nimanong and Paitoon Wiboonchutikula (2021) - This study investigates the role of human capital formation in economic growth in ASEAN-5 countries using a panel data analysis. The results indicate that human capital formation has a positive and significant impact on economic growth in these countries.

"The Effect of Human Capital Formation on Economic Growth: Empirical Evidence from Developing Countries" by Arsalan Mujahid Ghouri, et al. (2021) - This study investigates the impact of human capital formation on economic growth in developing countries using a panel data analysis. The results indicate that human capital formation has a positive and significant impact on economic growth in these countries.

"Human resource development and economic growth in sub-Saharan Africa: A panel data analysis" by Isaac Nwaise and Emeka Nwosu (2021) - This study investigates the relationship between HRD and economic growth in sub-Saharan Africa using panel data analysis. The findings indicate that HRD has a positive impact on economic growth in the region.

"Human Capital Formation and Foreign Direct Investment: A Panel Data Analysis of Developing Countries" by Fahad Ali, et al. (2020) - This study examines the relationship between human capital formation and foreign direct investment (FDI) in developing countries using a panel data analysis. The findings suggest that human capital formation is an important determinant of FDI in these countries.

"Human Capital Formation and Economic Growth: Evidence from Developing Countries" by Shagun Sachdeva and Shyam Sunder Yadav (2020) - This study examines the relationship between human capital formation and economic growth in developing countries using a panel data analysis. The results suggest that human capital formation has a positive and significant impact on economic growth in these countries.

"Human Capital Formation and Economic Growth in the Middle East and North Africa: Evidence from Panel Cointegration and Panel Causality" by Kais Saidi and Sami Hammami (2020) - This study examines the relationship between human capital formation and economic growth in the Middle East and North Africa using a panel data analysis. The findings suggest that human capital formation has a positive and significant impact on economic growth in the region.

"Human Capital Formation, Technology Diffusion, and Economic Growth in Low- and Middle-Income Countries" by Eyerusalem Siba, et al. (2020) - This study examines the role of human capital formation and technology diffusion in economic growth in low- and middle-income countries. The results suggest that human capital formation and technology diffusion are important drivers of economic growth in these countries.

"Global human resource development: A systematic review and future research agenda" by Andrew R. Timming, et al. (2019) - This study provides a systematic review of the literature on global HRD and proposes a future research agenda. The study highlights the importance of cultural and contextual factors in HRD practices and calls for more research on HRD in non-Western contexts.

"The impact of human resource development on organizational performance: A case study of telecommunication industry in Bangladesh" by Md. Mamun Habib and Md. Jahirul Islam (2019) - This study explores the impact of HRD on organizational performance in the telecommunication industry of Bangladesh. The results indicate that HRD practices have a significant positive impact on organizational performance.

"Human Capital Formation, Innovation, and Economic Growth in MENA Countries" by Ahmed Driouchi and Jamal Bouoiyour (2019) - This study investigates the relationship between human capital formation, innovation, and economic growth in the Middle East and North Africa (MENA) countries. The findings suggest that human capital formation and innovation are important drivers of economic growth in the region.

"The Impact of Human Capital Formation on Economic Growth: Evidence from Latin America and the Caribbean" by Maribel Guerrero, et al. (2019) - This study investigates the impact of human capital formation on economic growth in Latin America and the Caribbean using a panel data analysis. The results indicate that human capital formation has a positive and significant impact on economic growth in the region.

"Human Capital Formation and Innovation in Developing Countries: Evidence from Panel Cointegration and Panel Causality" by Abayomi Samuel Oyekale (2019) - This study investigates the relationship between human capital formation and innovation in developing countries using a panel data analysis. The results indicate that human capital formation has a positive and significant impact on innovation in these countries.

"Human Capital Formation and Economic Growth: A Comparative Analysis of Asia and the Pacific" by Gaurav Nayyar (2018) - This study examines the relationship between human capital formation and economic growth in Asia and the Pacific using a panel data analysis. The findings suggest that human capital formation has a positive and significant impact on economic growth in the region, but the strength of the relationship varies across countries.

"Human Capital Formation and Economic Growth: Evidence from Sub-Saharan Africa" by Andrew Phiri and Peter Luswata (2018) - This study investigates the relationship between human capital formation and economic growth in sub-Saharan Africa using a panel data analysis. The findings indicate that human capital formation has a positive and significant impact on economic growth in the region.

"Human Capital Formation, Financial Development and Economic Growth in Emerging Economies" by Vighneswara Swamy, et al. (2018) - This study examines the relationship between human



capital formation, financial development, and economic growth in emerging economies using a panel data analysis. The findings suggest that human capital formation and financial development are important drivers of economic growth in these economies.

"Human resource development practices and organizational innovation: Evidence from the Indian manufacturing sector" by Anju Singh and Abhishek Behl (2018) - This study examines the relationship between HRD practices and organizational innovation in the Indian manufacturing sector. The findings suggest that HRD practices significantly contribute to organizational innovation.

"Human Capital Formation and Economic Growth in Asia: A Comparative Analysis" by Seong-Hoon Lee and Jae Young Lee (2018) - This study examines the relationship between human capital formation and economic growth in Asia using a panel data analysis. The results suggest that human capital formation has a positive and significant impact on economic growth in the region.

"Human Capital Formation and Economic Growth: Evidence from OECD Countries" by Raja M. Junankar (2018) - This study examines the relationship between human capital formation and economic growth in OECD countries using a panel data analysis. The findings suggest that human capital formation has a positive and significant impact on economic growth in these countries.

"Human Capital Formation and Economic Growth: A Time Series Analysis for India" by Rajendra Kumar Sharma (2018) - This study examines the relationship between human capital formation and economic growth in India using time series data analysis. The findings suggest that human capital formation has a positive and significant impact on economic growth in the country.

"Human resource development and economic growth: A comparative analysis of BRICS countries" by Dong Joon Kim, Soonhee Kim, and Hanhoon Kim (2016) - This study examines the relationship between HRD and economic growth in the BRICS countries. The results suggest that HRD has a positive impact on economic growth, but the strength of the relationship varies across the BRICS countries.

These studies provide valuable insights into the relationship between human capital formation and various economic outcomes. They highlight the importance of investing in education, training, and other forms of learning to promote economic growth and development.

In conclusion, these studies demonstrate the importance of human capital formation in economic growth and development. They provide insights into the factors that drive human capital formation and the ways in which it contributes to economic outcomes in various contexts.

### Recent Scenario of Human Resource Development in India

The human resource development scenario in India has seen significant progress in recent years, with various initiatives and policies aimed at improving education, skills, and employability. Here are some recent developments and data on human resource development in India:

**1. Education:** According to the Annual Status of Education Report (ASER) 2020, the percentage of children in the age group of 6-14 years who can read a standard 2-level text increased from 71.7% in 2018 to 77.7% in 2020. Additionally, the Gross Enrolment Ratio (GER) in higher education increased from 25.8% in 2017-18 to 27.1% in 2019-20 (Source: All India Survey on Higher Education, 2019-20).

**2. Skill Development:** As part of the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), over 96 lakh candidates have been trained and certified in various skills as of March 2021 (Source: Ministry of Skill Development and Entrepreneurship).

**3. Employability:** The employability of engineering graduates in India has improved, with 80% of them being employable in 2019 compared to 63% in 2014 (Source: All India Survey on Higher Education, 2019-20).

**4. Entrepreneurship:** The Start-up India initiative has supported the creation of over 50,000 start-ups in India as of March 2021, with over 4.2 lakh jobs created (Source: Start-up India).

**5. Digital Education:** The National Education Policy 2020 emphasizes the importance of digital education and aims to promote the use of technology for teaching and learning. In line with this, the government launched the PM eVidya programme to provide digital education to students during the COVID-19 pandemic.

**6. Vocational Training:** The government launched the Vocationalisation of Secondary and Higher Secondary Education (VSHSE) scheme in 2011 to provide vocational education and training to students in

secondary and higher secondary schools. As of March 2021, over 4 lakh students are enrolled in vocational education courses across India (Source: Ministry of Education).

**7. Women Empowerment:** The government launched the Beti Bachao Beti Padhao (Save the Girl Child, Educate the Girl Child) scheme in 2015 to improve the status of girls in India and promote their education. As of March 2021, the scheme has covered 640 districts in 33 states and union territories (Source: Ministry of Women and Child Development).

**8. Digital Literacy:** The government launched the Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) in 2017 to provide digital literacy training to citizens in rural areas. As of March 2021, over 6 crore citizens have been trained under the scheme (Source: Ministry of Electronics and Information Technology).

**9. Higher Education Funding:** The government has increased funding for higher education through various initiatives such as the Rashtriya Uchchatar Shiksha Abhiyan (RUSA) and the Higher Education Financing Agency (HEFA). As of March 2021, over 190 universities and 8,500 colleges have been supported under RUSA, while HEFA has sanctioned loans worth Rs. 31,000 crore for infrastructure development in higher education institutions (Source: Ministry of Education).

**10. Skilling for Migration:** The government launched the Pravasi Kaushal Vikas Yojana (PKVY) in 2016 to provide skill training to potential emigrants and overseas workers. As of March 2021, over 1.5 lakh candidates have been trained under the scheme (Source: Ministry of External Affairs).

**11. National Education Policy 2020:** In July 2020, the government announced the National Education Policy (NEP) 2020, which aims to transform the education system in India by focusing on experiential learning, multidisciplinary education, and digital education. The policy also aims to increase the gross enrolment ratio in higher education to 50% by 2035 and provide universal access to quality early childhood care and education. The implementation of NEP 2020 is expected to have a significant impact on human resource development in India in the coming years.

**12. Skill India Mission:** The Skill India Mission, launched in 2015, aims to train over 40 crore people in various skills by 2022. As of March 2021, over 1.2 crore candidates have been trained under the mission, with a focus on sectors such as healthcare, tourism, and construction. The mission also aims to promote entrepreneurship and innovation by providing support to start-ups and small businesses.

**13. National Apprenticeship Promotion Scheme (NAPS):** The NAPS, launched in 2016, aims to provide apprenticeship training to over 50 lakh candidates by 2021. As of March 2021, over 23 lakh candidates have been trained under the scheme, with a focus on sectors such as manufacturing, construction, and automobile. The scheme also provides financial incentives to employers who train and employ apprentices.

**14. Atal Innovation Mission (AIM):** The AIM, launched in 2016, aims to promote innovation and entrepreneurship among students and start-ups. The mission has set up over 10,000 Atal Tinkering Labs in schools and colleges across India, providing students with access to tools and equipment for innovation and problem-solving. The AIM also provides funding and mentoring support to start-ups through various initiatives such as the Atal Incubation Centres and Atal New India Challenges.

**15. Digital India:** The Digital India programme, launched in 2015, aims to transform India into a digitally empowered society and knowledge economy. The programme includes various initiatives such as the Bharat Net project, which aims to provide high-speed internet connectivity to all villages in India, and the National Scholarship Portal, which provides a single platform for students to apply for scholarships. The programme has also led to the development of various digital education and training platforms, such as the SWAYAM portal and the National Digital Library.

These initiatives demonstrate the government's focus on enhancing human resource development in India through education, skills, and innovation. However, challenges such as low learning outcomes, skill gaps, and unemployment still need to be addressed, and sustained efforts and investments are required to ensure equitable access to education, training, and employment opportunities for all citizens.

### **Causes of Poor Performance of India in the Sphere of Human Development Index**

India's poor performance in the Human Development Index (HDI) can be attributed to several factors, including:

**1. Poverty and inequality:** Despite significant economic growth in recent years, poverty and inequality remain pervasive in India, particularly in rural areas and among marginalized communities. This has resulted in poor health and education outcomes, particularly among children and women.

**2. Poor healthcare infrastructure:** India's healthcare infrastructure, particularly in rural areas, is inadequate and underfunded. This has resulted in poor health outcomes, with high rates of infant and maternal mortality, malnutrition, and infectious diseases.

**3. Limited access to education:** While India has made significant progress in increasing access to education in recent years, there are still significant disparities in access and quality, particularly among disadvantaged communities. This has resulted in low levels of literacy and poor learning outcomes, particularly in rural areas.

**4. Gender inequality:** Gender inequality remains a significant issue in India, with women facing discrimination and limited access to education, healthcare, and employment opportunities. This has resulted in poor health and education outcomes for women, as well as lower levels of economic participation and empowerment.

**5. Environmental degradation:** India's rapid economic growth has come at a cost, with significant environmental degradation and pollution. This has resulted in health impacts, particularly among vulnerable communities living near industrial and urban areas.

**6. Poverty and inequality:** Despite the rapid economic growth in recent years, poverty and inequality remain persistent in India, especially in rural areas and among marginalized communities. According to the World Bank, over 170 million people in India still live in extreme poverty, with income below the international poverty line of \$1.90 per day (World Bank, 2021). In addition, income inequality in India is among the highest in the world, with the top 1% of the population holding more than 22% of the national income (Oxfam India, 2020). The high levels of poverty and inequality have resulted in poor health and education outcomes, particularly among children and women.

**7. Poor healthcare infrastructure:** India's healthcare infrastructure, especially in rural areas, is inadequate and underfunded. According to the National Health Profile 2019, India has only one government doctor for every 10,926 people, which is well below the World Health Organization's recommended minimum of one doctor per 1,000 people (Ministry of Health and Family Welfare, 2019). In addition, there is a shortage of health facilities and medical equipment, resulting in poor health outcomes, with high rates of infant and maternal mortality, malnutrition, and infectious diseases.

**8. Limited access to education:** While India has made significant progress in increasing access to education in recent years, there are still significant disparities in access and quality, particularly among disadvantaged communities. According to the Annual Status of Education Report 2020, around 5.3 crore children in India between the ages of 6 and 17 are out of school, and many of those who are in school have poor learning outcomes, with only 16.2% of children in grade 2 able to read at grade level (Pratham Education Foundation, 2020).

**8. Gender inequality:** Gender inequality remains a significant issue in India, with women facing discrimination and limited access to education, healthcare, and employment opportunities. According to the Global Gender Gap Report 2021, India ranks 140th out of 156 countries in terms of gender parity, with significant gaps in economic participation and opportunity, educational attainment, and health and survival (World Economic Forum, 2021). Gender-based violence and discrimination are also pervasive in India, with high rates of sexual harassment, domestic violence, and child marriage.

**9. Environmental degradation:** India's rapid economic growth has come at a cost, with significant environmental degradation and pollution. According to the State of India's Environment Report 2020, air pollution in India is responsible for over 1.6 million premature deaths each year, and water pollution is a major health hazard, with over 80% of India's surface water contaminated (Centre for Science and Environment, 2020). The impact of environmental degradation is particularly severe on vulnerable communities living near industrial and urban areas.

## Conclusion

In conclusion, India's poor performance in the Human Development Index (HDI) can be attributed to a combination of factors, including poverty and inequality, inadequate healthcare infrastructure, limited access to education, gender inequality, and environmental degradation. While India has made significant progress in recent years in improving some of these indicators, such as access to education and healthcare, there is still a long way to go in addressing the underlying structural issues of poverty, inequality, and

discrimination. Policymakers and stakeholders must prioritize investments in human development, such as health, education, and gender equality, as well as sustainable development, to ensure a better quality of life for all citizens and to achieve sustainable, equitable growth for the country.

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