

 Early Warning System

ADB-58033-001

Gujarat Skills Development Program



## Quick Facts

<b>Countries</b>	India
<b>Specific Location</b>	Gujarat
<b>Financial Institutions</b>	Asian Development Bank (ADB)
<b>Status</b>	Proposed
<b>Bank Risk Rating</b>	B
<b>Borrower</b>	Government of India - Directorate of Skill Development
<b>Sectors</b>	Education and Health
<b>Investment Type(s)</b>	Loan
<b>Investment Amount (USD)</b>	\$ 109.97 million



## Project Description

According to the Bank's website, Gujarat, located on the western coast of India, is home to 70 million people. It is India's fourth largest state economy and is regarded as the growth engine of India. Gujarat contributed 18.1% to national industrial output in FY2020 and accounted for 30.1% share of India's aggregate exports in FY2022. The ease of doing business, investor-friendly approach and, enabling industrial infrastructure have contributed to the state being a preferred investment hub for Indian and global conglomerates. Gujarat has witnessed a 16-fold increase in its gross state domestic product from \$17.7 billion in 20022003 to \$282 billion in 20222023 and aims to become a \$500 billion economy by 20262027. Strategic investments in new and emerging sectors such as semiconductors, green hydrogen, electric vehicles, renewable energy, and the financial services industry stand as examples of the state's commitment towards achieving this goal. However, Gujarat's vision of becoming a globally innovative and competitive industrial destination will require a strong workforce with future skills and global networks for skill development.

Gujarat's economy is transforming from the primary economic sector (including agriculture) to the secondary (e.g., manufacturing, construction) and tertiary sectors (e.g., services). Yet, the agriculture sector still accounts for the largest share of employment (41.22%), followed by the manufacturing sector (24.23%), and then service sectors. The shift from self-employment and agriculture to services sector amongst native workers has resulted in a significant gap in workforce in the state with technical knowledge and essential soft skills. Adoption of Artificial Intelligence (AI) to address labor or skill shortages is reshaping workforce requirements of the industries. AI presents both significant opportunities and challenges for Gujarat's micro-small medium enterprises (MSMEs), which view AI as essential for enhancing growth prospects. But MSMEs face challenges in keeping up with technological changes. As Gujarat's economy transitions to a knowledge-based economy, the demand for skilled labor is projected to increase from the manufacturing and service sectors, along with new-age industries requiring skills in utilizing frontier technologies. Therefore, to remain competitive, companies must innovate and invest in workforce upgrades to meet the evolving demands of the industry.

The objective of this project is to develop a flexible and industry-relevant skills training system that can offer diverse skilling opportunities to nearly 3 million youth over the next 10 years, starting from 2023.



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## Early Warning System Project Analysis

Environment: B

Involuntary Resettlement: C

Indigenous Peoples: B



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## Investment Description

- Asian Development Bank (ADB)

Loan (Ordinary capital resources): US\$ 109.97 million



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## Contact Information

*No contacts available at the time of disclosure.*

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