

● WORLD YOUTH SKILLS DAY

Towards a formal labour market

How can India become the hub of a technologically-enabled, future-ready skilled workforce?



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On the occasion of the World Youth Skills Day two years ago, Prime Minister Narendra Modi articulated his vision to make India a hub for skilled manpower, meeting both domestic and global requirements. While a number of policy-level initiatives—including the creation of a separate ministry of skill development and entrepreneurship, the National Policy for Skill Development and Entrepreneurship 2015, introduction of common norms across all skill development schemes being implemented by different ministries/departments, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and amendment to the apprenticeship scheme—have helped in creating a vibrant skill development ecosystem, some key challenges still remain.

Of the 2,000 Qualification Packs (QPs) developed by 38 Sector Skill Councils to create training programmes for job roles aligned to the National Skills Qualifications Framework (NSQF), there are only 700 QPs that are being actively used by the industry. And of these 700 QPs, one-third are under the flagship PMKVY.

There has been a surplus of trained manpower in certain sectors such as IT/ITES, BFSI, apparel and telecommunications due to a large number of training service partners in these sectors and more allocations in the past from state and central agencies to meet the skilled trainee targets. Of the approved higher level 600 QPs, many are still not active. This has resulted in zero career progres-



sion or vertical pathway in many job roles, making them “no growth” job roles.

In fact, many training institutes continue to churn out trainees in the same job role that is easy for them to deliver with minimum infrastructural and capital investments. Therefore, there is a need to encourage and incentivise trainings in diversified and higher-level job roles that are linked to market demand.

In addition, most developed countries follow a work-based learning approach in vocational education as opposed to our approach of “theory and practical” in classrooms and workshops. Work-based learning provides an opportunity to the trainees to operate in an actual environment as opposed to the simulated and controlled environment provided by workshops and labs.

While a paradigm shift may take time, we could always explore to achieve a larger pen-

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etration of the apprenticeship programme. Though estimates suggest that there is a potential to create 20 lakh apprenticeships in public sector entities and an additional 30 lakh from the private sector by 2020, historically we have had low level of apprenticeships (around 3 lakh per annum). The recent announcement by the government to share

25% of total stipend and 50% of basic training cost under the National Apprenticeship Promotion Scheme provides further incentives to employers to engage apprentices. The increase in the number of apprenticeship programmes will ease the transitioning of a candidate from a school to a work environment, which has been one of the biggest challenges faced by a new entrant in the labour market.

One of the key issues faced by the Indian job market today is that around 80% of our informal workforce has had no formal training and depends on skills acquired by informal means. This translates into lower wages, career uncertainty and no social security cover. While the recent initiatives by the government to bring informal sector workers within the Provident Fund and Employee State Insurance Corporation net is going to address a part of the problem, the wage and

career pathway issue needs addressing at industry and appropriate government levels.

In recent years, initiatives such as Recognition of Prior Learning (RPL) and certification initiatives, which help recognise and formalise skills acquired by workers, have gained momentum, but there is no evidence to suggest that they have been able to command a higher wage depending on their skills or have moved to the next level at the workplace. Most skill development trainings are happening at the entry-level and candidates usually fall under the minimum wages category. The difference between the wages of a semi-skilled and skilled manpower is generally in the range of 15-20% and, therefore, it does not provide any incentive for an informal sector worker to get trained because he has to remain unemployed with no wages during the period of training. A wage rationalisation with recognition of his formal skill training is required to incentivise the shift to a more formal labour market in the future.

Automation and digitisation is expected to have widespread implication across sectors, making a number of job roles redundant over the next few years. Although experts feel that the pace of change is expected to be slow in the Indian economy, this definitely becomes critical if we aspire to be hub for skilled manpower. To address this issue, developed nations have already started investing in their educational system to make their future workforce technology-ready. For instance, Australia has revamped its science, technology, engineering and mathematics (STEM) curriculum in primary schools and has trained the teachers, so that children who enter the education system in 2017 are fit to join a very different workforce in 2030. The ministry of human resources development should start taking note of these changes and introduce appropriate reforms in the education system to enable STEM education immediately, so that we do not lag behind developed countries and realise our dream of becoming the hub of a technologically-enabled, future-ready skilled workforce.

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