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CUTS' Strategy Note on The Indian Skilling Ecosystem

1. Introduction

1.1 With the uphill task of economic restoration, employment security and societal well-being resting on the charts for India, there is an imminent need to strategically move ahead in this endeavor by restructuring the systems that have failed us in the past.

1.2 One such system is of skill development, which becomes relevant owing to future ambitions of economic growth coupled with the objective of reaping the demographic dividend of India.

1.3 This demographic dividend is expected to last for the next 25 years. While most of the developed nations are experiencing an ageing population, India has the opportunity to produce skilled human resources and become the world's skill capital. It further becomes relevant given the advent of the industrial revolution 4.0 in India and around the world.

1.4 As per the estimates, 62% of India's population falls in the working age group and each year adds roughly 10 million new job seekers. However, the UNDP's Human Development Report-2020 states that only 21.1 per cent of the labour force was skilled in the period 2010-2019 in India.

1.5 This picture becomes much grimmer with the existing lack of synergy between the rising level of education and employment numbers. India needs to create at least 90 million non-farm jobs between 2020 and 2030.

1.6 The country's current labour force participation rate is around 49 per cent, meaning that only about half of people of working age engage in paid work. Simultaneously, India's female labour force participation was at 21 per cent in 2019, fallen from about 32 per cent in 2005.

1.7 In this context, there is a need to strengthen the skill ecosystem in India by addressing its present constraints. A revamped skill ecosystem also has the potential to act as a key impetus for realising the dream of an "Atmanirbhar Bharat", as envisioned by our Prime Minister.

2. Existing Constraints

2.1 A systems issue

2.1.1 The present skill development system is suffering from multiple structural issues, making it ineffective for the target beneficiaries, inefficient for the State to run and therefore, the overall system ignorant to the intended objectives.

2.1.2 In order to reap the potential benefits of a vibrant skill development regime, there should be a clear vision laid out for it, which should be followed in letter and spirit by the relevant arms of the State.

2.1.3 As of now, the five main pillars of skill training system are entrenched in multiple challenges, the pillars being vocational education in schools, Industrial Training Institutes (both public and private), vocational training providers funded by the National Skill Development Corporation (NSDC), relevant ministries of the Government of India and private enterprises carrying out enterprise based training.

2.2 Lack of political will and bureaucratic acumen

2.2.1 A major roadblock to transforming the Indian skill development regime to a more accountable, outcome-yielding and effective one has been the constraints posed by the body-politic and administrative machinery of the State.

2.2.2 For instance, a committee was setup under Sharda Prasad, to review the Sector Skill Councils (SSCs) and provide inputs on strengthening the skill ecosystem. The report highlighted key recurring themes with a special focus on the ‘youth’ of our country by suggesting that Vocational and Education Training (VET) is not a stopgap arrangement for people who cannot make it to the formal education system, but instead is for the entire demography at large.

2.2.3 The report also advocated for policy convergence and limiting the number of SSCs to reflect the National Industrial (Activity) Classification (NIC), which essentially implies reducing the 40 SSCs to 21.

2.2.4 Despite such forthcoming recommendations, not much has happened on this front, except the SSCs being reduced from 40 to 39. However, as the report remains shelved, it is also prudent

to understand that policies and politics are at times overshadowed by optics, thus, reinforcing the vicious circle of policy paralysis.

2.3 Challenges in the Institutional Framework

2.3.1 There is a need to shift the paradigm from supply-driven skill ecosystem into an effectively operating demand-driven ecosystem, a shift that has failed to take off as of yet. A major reason for this is the lack of capacity and overly centralised means of assessing the skill demand. This task, currently reflected in a National Skills Plan 2017-2022, that was developed by MSDE in consultation with NSDC and SSCs, needs to be decentralised at state and district levels for achieving a realistic market intelligence of how the Indian workforce's demand will look like in the coming years.

2.3.2 As highlighted previously, the VET as well as the SSCs suffers from serious issues. For one, there is a lack of synergy between the components of the VETs. Vocationalisation of Education can be successfully implemented in schools, but it requires meticulous planning in terms of providing opportunities to students to get orientated to a variety of skills and occupations, explore opportunities and prepare themselves for the vocation that would like to opt for employment or career development. The dual system of Vocational and Educational Training becomes difficult to implement owing to lack of staff and adequate resources. Instead, a decentralised framework of Primary Training Centres (PTC) that operates in close coordination with District Industries Centres (DICs) and with the help of local finance and capital can be an efficient alternative.

2.3.3 Additionally, the SSCs, which are supposed to be industry-driven in their operations, lack the optimal industry representation. These skill councils which currently function in a fragmented manner are working in silos to maximise their own profit, without paying much heed to the delivery of the desired objectives of setting them up. The SSCs also are responsible for drafting the Qualification Packs (QPs) and National Occupational Standards (NOS), which also lack the requisite planning, design and implementation. In fact, instead of drafting them through their own industry expertise, the SSCs outsource the same to external consultants, leading to poorly framed QPs with little or no market value. One of the reasons for this is that these

consultants are heavily borrowing from Canadian and Australian versions, conveniently ignoring the Indian context while framing them.

2.3.4 Furthermore, the NCVET (National Council on Vocational Educational Training), which is tasked with performing the functions of being an overarching skills regulator for vocational and educational training, needs to be made accountable to skilling outcomes rather than being an old wine in a new bottle.

2.3.5 Finally, although skills can be achieved with practice and proper governance of a vibrant institutional framework, there is no doubt that simultaneous research and development is required for sustaining these efforts and transcending entrepreneurial qualities in the skilled workforce. Thus, what is required is an ecosystem that empowers industry, particularly SMEs, to develop their own in-house skilling and training system and the external institutions like ITIs and NCVET can provide the necessary inputs to them for achieving the market-ready skills required to operate and flourish in clusters.

3. Way Forward

In the backdrop of rising employment and underemployment with tertiary educational institutions being increasingly filled with students instead of making the VET more attractive, there is a need to systematically address the Indian Skills conundrum. A few themes are crucial while devising any strategy to effectively deal with it. These include:

- Decentralisation, of efforts, resources and institutional structure of skill development ecosystem.
- An intra and inter sectoral 'systems approach' needs to be built with a view to assess the sources of productivity across value chains.
- Need to adequately understand the extent of automation that should be allowed. The low wage work-force needs to be up-skilled and hence regulation on automation is needed with a calibrated understanding. A focus on cross skills is also needed i.e. identifying core skills that can be used across disciplines.
- Target beneficiaries need to be identified after a thorough analysis of supply side understanding of producing goods and services.

- Synergy of stakeholders and policies to conform to the principles of minimum government, maximum governance in the skilling and training regime.
- Planning VET interventions from a demand-driven point of view to account for the rapidly changing nature of work.
- Governance and administrative stability and accountability to articulate the vision in an informed way and working coherently to achieving the same.
- Behavioural changes in the system to ensure that skill training is not viewed as an inferior option for formal education and is complemented by a mindset change towards viewing work with a sense of duty and pride.

Thus, to do justice to the narratives that were laid out by ‘Skill India’ mission, dexterous efforts are required for addressing the structural and systemic issues faced by the Indian Skill ecosystem.

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