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The National Policy on Skill Development

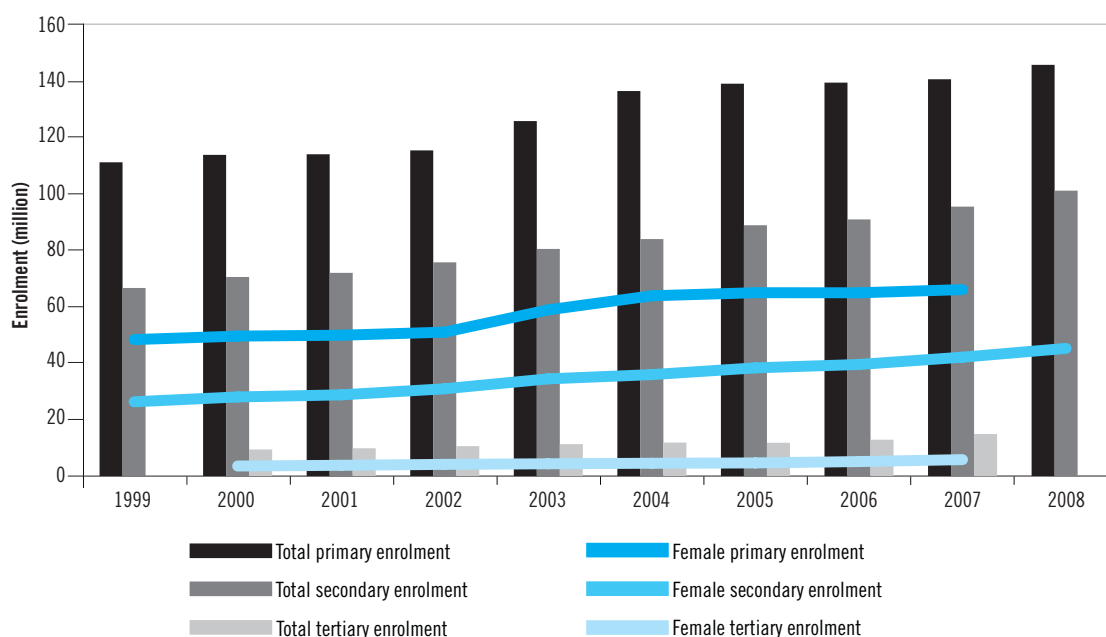
India is confronted with the challenge of a growing labour force, with millions of youth entering the labour market every year. There are currently about 122 million young people in the 15–19 age group. Education enrolment and capacity have increased at all levels in recent years, with around 20 million secondary school places added between 2003 and 2008 (figure 1). Good progress has also been made in improving literacy rates; most adolescents now have a basic level of literacy. However, evidence suggests that learning outcomes among many schoolchildren are low and vocational and higher education graduates are often poorly prepared for the workforce. Large numbers of Indian youth still end up in low-skilled, low-paid employment in the unorganized sector,¹ where more than 90 per cent of all workers in India work. The Government of India is seeking to reverse this trend through the National Policy on Skill Development adopted in February 2009.

Providing skills training to such a large population is a challenge: four out of five new entrants to the workforce have never had the opportunity for skills training. Developing skills is essential, however, for raising productivity levels and helping workers secure decent work. Appropriate skills policies can also contribute to more inclusive growth and reduce gaps between men and women, rural and urban areas, and organized and unorganized employment.

On the supply side, prior to the new policy, the skills development capacity was fairly static at about 3.1 million a year, and thus not sufficient to respond to the growing demand. The drop-out rate in vocational institutions was high, while skills shortages were reported throughout the formal economy.


The National Policy on Skill Development has the ambitious goal of training 500 million people by 2022. This includes increasing the number of apprentices

Figure 1. Enrolment by education level, 1999–2008



Source: UNESCO Institute for Statistics.

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from 258,000 in 2009 to 1 million in 2012, while ensuring that at least 30 per cent of opportunities benefit women by the same year. The principal objectives of the National Policy are to improve the relevance and quality of skills training, make programmes more demand-driven and responsive to the needs of the labour market, and increase access for those disadvantaged in the labour market such as youth, women and other identified minority groups. The policy enjoys a high level of commitment from all stakeholders.

This broad policy also addresses institutional arrangements to provide policy direction, ensure coordination and governance of the system, deliver training programmes across different sectors and monitor training quality. The Prime Minister's National Council on Skill Development provides overall policy direction and review, while the National Skill Development Coordination Board ensures coordination between ministries and other bodies with shared and complementary responsibilities. One of the most innovative aspects of the National Policy is the creation of a private-public partnership (PPP) to drive industry engagement with skills development. The National Skill Development Corporation (NSDC) acts as a catalyst by providing viability gap funding to enterprises and organizations that provide training. It is also charged with establishing Sector Skills Councils (SSC) in India. The NSDC's objective is to deliver training to 30 per cent of the overall target of 500 million skilled people by 2022, mainly in the unorganized sector.

The National Policy also addresses the mandate of the National Council for Vocational Training, which has been expanded to include oversight of relevant aspects of the National Vocational Qualification Framework, quality and certification issues, labour market information systems, and monitoring of the National Policy on Skill Development.

An important mechanism to engage the social partners in the skills development system has been through the Ministry of Labour's upgrading of Industrial Training Institutes (ITI) initiative whereby interest-free loans are made available to ITIs who enter into formal partnerships with the private sector. Under this initiative, the central Government funds the training programmes. State governments identify the industry partner for each training institution and in consultation with employers' representatives, and appoint them in their management committees. Employers lead the management committee, have ownership of skills development activities, participate in the identification of local skills needs and have inputs into curriculum. This fosters the relevance of training in terms of technology and standards, and minimizes skills mismatch. Worker representatives assist in developing competency standards, designing training programmes, and raising awareness among workers about the benefits of training.

Regarding operational aspects, ITIs have been given more academic and financial authority. Some 400 ITIs have been upgraded into "Centres of Excellence" to deliver high-level training. These innovative schemes introduced multiple skills courses during the first year,

followed by advanced or specialized modular courses, adopting an industry-based cluster approach through public-private partnerships. There are also plans to establish up to 5,000 Skill Development Centres in PPP mode throughout the country, with a particular focus on rural and remote areas.

The Modular Employable Skills (MES) framework has also been implemented to focus on skills training that can support upward mobility and lifelong learning in a flexible manner. Under this scheme, training is provided in demand-driven, short-term courses varying between 60 and 900 hours in length. A total of 1,260 MES courses have been developed. One key aspect of this scheme is the flexible delivery arrangements put in place, with double shifts and part-time programmes. Quality is assured through independent assessing bodies and separate certification by the National Council for Vocational Training. Training fees are fully reimbursable on successful completion of the training (the cost is borne by the central Government). There is also a 25 per cent reduction in fees for scheduled castes and tribes, and for women.

Positive outcomes

While there are only limited data on its impact at this early stage, the National Policy is expected to reduce skills mismatch and help decrease gender and social inequality. It should also improve employment outcomes for graduates and enhance employability for an increasing number of workers and new entrants to the labour market.

The active participation of employers in the PPP scheme also shows their growing interest in working with government and more actively participating in skills development. In addition, growing financial support of companies for skills development signifies that their needs are being addressed through the scheme and are complemented with high placement rates and ongoing on-the-job training in the workplace. More generally, direct investment by the private sector is also helping to expand training capacity, with the number of Industrial Training Centres rising rapidly.

Turning to employment outcomes, while consolidated national skills data statistics are not available in India, it is generally recognized that participants in skills programmes have better employment prospects than non-participants. The goal of increasing female participation to at least 30 per cent of total enrolments is on target to being met during the period covered by the current policy, while the participation of socially disadvantaged groups is also increasing.

With regard to the Modular Employable Skills scheme, 1.1 million people benefited from the modules over a period of three years.

Overcoming challenges

Employers in the organized sector are becoming increasingly involved in the design, delivery and monitoring of training programmes. One of the biggest challenges

faced by the National Policy is the unorganized sector. The limited participation in this sector so far highlights the difficulties of engaging with enterprises and workers not formally recognized by the apprenticeship scheme and other skills development initiatives. Also, the lack of a training culture in enterprises more broadly and a long-standing tradition of school-based training are long-term challenges. To raise the employability of participants, programme content could focus more on actual workplace contexts and encourage problem solving, group work and other generic skills in addition to entrepreneurship and other aspects of employability. Clearly, while there have been promising developments, the involvement of employers and workers can be strengthened at different levels of the system including management, delivery, assessment and certification.

Several other issues have become apparent as well. Collaboration between the actors involved, particularly the relationship between state governments and the PPP management of training institutions could be improved so that adequate support and operational freedom are ensured. Also, given the need to rapidly supply skills to a large and growing population, it is not surprising that the recruitment of qualified trainers is a significant problem, especially in the remote areas. While several initiatives have been taken to address these challenges, the need for improved coordination of effort between different state and federal agencies remains, along with improved forward planning, implementation and monitoring.

The National Policy – a contributor to inclusive growth

The Eleventh Five-Year Plan, 2007–12 aims to make employment generation an integral part of the growth process and includes strategies to accelerate not only employment creation, but also the wages of the poorly paid. The Eleventh Plan contains several interlinked components: (a) rapid growth that reduces poverty and creates employment opportunities based on sound macroeconomic policy; (b) access to essential services in health and education; (c) equality of opportunity; (d) empowerment through skills development and education; (e) environment sustainability; and (f) recognition of women as agents of sustained socio-economic development and good governance.

The National Policy also complements reforms aimed at improving education access and quality. The 2009 Right of Children to Free and Compulsory Education Act for the first time enshrines in law the right of all

Indian children to free and compulsory elementary education (from grades one to eight) in a neighbourhood school. At the secondary level, under the Rashtriya Madhyamik Shiksha Abhiyan initiative the Government plans a further rapid expansion in the number of secondary schools with the aim of achieving universal lower secondary enrolments (up to and including grade ten) by 2017 and universal retention by 2020. In higher education, the Government is aiming to lift the enrolment rate to 30 per cent by 2020 and major reforms designed to improve quality and expand capacity are being implemented. The Government has proposed the establishment of a new umbrella regulator, the National Commission for Higher Education and Research, aimed at streamlining regulation, as well as creating a new regulatory framework for foreign education providers.

Successful skills development, lower youth unemployment

Countries operating a vocational training system with a strong component of training in enterprises combined with training in vocational schools or training centres have lower levels of youth unemployment. The most famous example is the German dual apprenticeship system, but other countries, including emerging and developing countries in all regions of the world, have developed different mechanisms to integrate more closely learning and work, including through the development of programmes that combine school-based training with workplace training.

While apprenticeship arrangements in many countries have evolved over time to keep abreast with changes in the labour market, including in the informal economy, in India they remain underutilized due to the complexity and potential cost of reforming the system and the legislative base that underpins it. Despite this, the Indian National Policy on Skill Development incorporates a range of initiatives that reflect international good practice, including the involvement of social partners in training delivery, for example through private–public partnerships, and in the certification process, along with sectoral approaches to skills development.

¹ The “unorganized sector” in India refers to enterprises whose activities or data collection are not regulated under any legal provision and which do not maintain regular accounts.

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