

Education, Skills, Gender Parity: An Agenda for Employment Generation in Urban India

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ABSTRACT The Periodic Labour Force Survey (PLFS) 2017-2018¹ shows that India's unemployment rate² has increased from 3.0 percent to 7.1 percent for urban men, and from 5.2 percent to 10.8 percent for urban women.³ These statistics suggest that employment generation mechanisms, such as skill development and vocational training, are falling short in meeting the demands of the changing urban job market. This brief recommends changes in government-funded skill development courses to increase the employment prospects of the skilled population in urban areas. These include administrative changes and reforms in the disbursement of funds. The gender-neutral diversity of courses must also be promoted.

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INTRODUCTION

The skilling landscape in India has improved significantly in the past few decades. Tangible policies aimed at skill development have been created, and there are now more sectors in which skilling is pursued. The focus of successive post-independence governments was on establishing formal technical and vocational training centres, with institutions catering mainly to the manufacturing and engineering trades.⁴ Policymaking also centred around the technical element of education and skilling, with the All India Council of Technical Education Act introduced in 1987 to serve as the official regulator and funder for polytechnics and technical colleges.⁵ The opening up of the economy in the 1990s saw new sectors emerging for employment; eventually, as the information technology and service sectors grew, employment expanded beyond the traditional trades.⁶ The evolution in types of jobs continued, but without concrete policymaking that would absorb the growing working population into these sectors through skilling.

In 2009 a paradigm shift happened and the government finally recognised the need to expand the skills training sector. It created the National Skill Development Corporation and issued both the first National Skill Development Policy and a National Qualification Framework.⁷ The private sector was brought into the system, representing most sectors of the economy into the skilling environment.

The 2009-2014 government had divided the responsibility and administration of skilling initiatives among various ministries.

The 2014 government changed the trend and upgraded the training and apprentice division of the Ministry of Labour and Employment to a brand new Ministry of Skill Development and Entrepreneurship that would coordinate skilling efforts.⁸ The National Skills Qualification Framework (NSQF) was also created, which would be followed in all divisions of education and vocational training, ranging from schools to vocational training partners. Creating the NSQF as a unifying framework was an important step in attempting to align students graduating from Industrial Training Institutes (ITIs) with those who have post-secondary qualifications.⁹ A determined effort to align the formal and vocational streams of education in the country was made, with common standards of qualification that was missing earlier.

THE CURRENT EMPLOYMENT AND SKILLING LANDSCAPE

Increasing unemployment was one of the major issues the government grappled with during the period 2014-2019. The current government will have to face this issue with renewed energy and focus.

Employment surveys conducted by the National Sample Survey Office (NSSO) are the primary source of data on labour force, activity participation of the population, and the structure of employment and unemployment in the country. The data can be used to address larger issues affecting employment, such as vocational training, education, and social restrictions. The Periodic Labour Force Survey (PLFS) 2017-2018,¹⁰ released in May 2019 by the Ministry of Statistics and Programme Implementation, surveyed 5,759 urban blocks

and 46,005 urban households across the country.¹¹ The survey reveals that the urban labour force participation rate (LFPR)¹² has decreased from 40.5 percent in 2011-2012 to 38.5 percent in 2017-2018 for the age group of 15-29. For everyone ages 15 and above, the LFPR has decreased from 49.3 percent to 47.6 percent.¹³ As the LFPR includes both those who are employed and the unemployed who are seeking jobs,¹⁴ the decrease seen in the backdrop of GDP growth can be an outcome of more people staying in school due to additional income, or more females dropping out of the labour force due to higher household income and lack of need to work.¹⁵

However, the unemployment data compounds the fact that LFPR is decreasing because unemployment is rising, and crucial policy decisions need to be made to address the situation. India's working-age population is swelling and massive job creation needs to be pursued to keep the employment rate constant.

Indeed, the unemployment rate[@] has increased from 3.0 percent to 7.1 percent for urban men and from 5.2 percent to 10.8 percent for urban women¹⁶ (see Table 1).

According to the World Bank report, "Jobless Growth", such increase in unemployment rates shows that the number

of people working has not increased in proportion to the working age population.¹⁷ The same report determined that the working-age population in India will grow by 1.3 million every month, and the country needs to create 8.1 million jobs per year to keep the employment rate constant and prevent a further increase in the unemployment rate.¹⁸ This means that the skill development missions need to be updated to increase the employment prospects of the skilled individuals. The changes have to be made in the design of the courses, in the utilisation of the grants, and the registration process to ensure that the poorest populations are able to avail of the courses and job opportunities.

The National Institute of Skill Development (NISD) has found that only two percent of the country's workforce has undergone skills training.¹⁹ In the financial year 2018, only three out of every 10 people who undertook courses under the Skill India Mission eventually found a job.²⁰

The Ministry of Housing and Urban affairs (MoHUA) has attempted to employ poor individuals in urban areas through the Deendayal Antyodana Yojana-National Urban Livelihoods Mission (NULM) and its Employment through Skills Training & Placement (EST&P) programme. An

Table 1: Urban Unemployment Rates (%)

2011-2012		2017-2018	
Male	Female	Male	Female
3.0	5.2	7.1	10.8

Source: "Annual Report, Periodic Labour Force Survey 2017-2018", Ministry of Statistics and Programme Implementation, May 2019, Page 83

@ Defined as the percentage of people unemployed among the people in the labour force.

overarching government skill development institution conducts various skilling schemes such as the NULM and the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). This governing body empanels Vocational Training Providers (VTPs) to execute teaching and examination in courses, and disburses funds for the same, based on the criteria of each scheme.

The NULM provides grants to the states' governing bodies for managing and funding appropriate VTPs that choose beneficiaries under the NULM criteria. If they are conducting courses under the NULM, VTPs can obtain funding for beneficiaries from minorities, Scheduled Castes and Scheduled Tribes (SC and ST).[#] Obtaining funding is contingent to the NULM's conditions specified for target beneficiaries, where the sum of SC and ST beneficiaries must be greater than the sum of women, minorities, and persons with disabilities.²¹

SETTING AN AGENDA FOR JOBS GENERATION

Aligning State policies and National policy on the upper age limit of beneficiaries

The National Policy on Skill Development and Entrepreneurship specifies the working age group in India as between 15-59.²² Data for LFPR, unemployment and employment rates are also calculated using working-age population statistics. However, in states like Maharashtra, VTPs can only obtain funding for beneficiaries in the age group of 15 to 45

years. The upper age limit for all state-run skill development bodies need to be aligned with national standards. The upper age limit of 45 years should be raised. As jobs are changing with the advent of new technologies, people need to constantly update their skills. Capping the age at 45 excludes older candidates who may need new skills to re-enter the job market, from registering for courses.

Streamlining the finance and administration structure of multiple schemes

There is a difference in the amount of funds disbursed for multiple schemes that target employment of the urban poor, which creates unnecessary confusion and disparity in administration and funding. For example, VTPs empanelled by state skill development bodies can use both NULM and PMKVY for the skilling of the urban poor. Under both platforms, the VTPs are provided funding under the same disbursement pattern—ranging from 30 percent for the first week of attendance, 50 percent disbursement for successful certification of trainees, and the last 20 percent for course completion and employment.^{23,24} However, the separate guidelines for the schemes suggest that the VTP is paid different base costs for different categories of courses.^{25,26} Some states have explicitly tried to create the same cost structure; the Maharashtra State Skill Development Society states that the “cost for categories as defined in Schedule II of common norms published by Ministry of Skill Development and Entrepreneurship...are

Schedules Castes and Scheduled Tribes are officially designated groups of historically and socially disadvantaged/discriminated people in India. Groups that would fall under this category can be found in constitutional provisions: <https://dopt.gov.in/sites/default/files/ch-11.pdf>

common for both the schemes, the NULM and the state's own flagship skilling programme, the Pramod Mahajan KaushalyaVaUddyojagta Vikas Abhiyan(PMKUVA).²⁷ All states should be made to adhere to this practice.

Multiple forms of fund disbursement can skew the VTPs' incentive towards providing certain courses under certain schemes over the others. This is illustrated in the case of Maharashtra, where the Maharashtra State Skill Development Society's (MSSDS) dashboard of statistics shows that the NULM scheme has 256,917 beneficiaries whereas the PMKVY only has 2,416.²⁸

Ministries that grant funds for the schemes are also different, as the NULM is under MoHUA while the PMKVY is under the Ministry of Skill Development and Entrepreneurship. A better approach would be to have a single programme for skilling and employment in urban areas, which is funded by one ministry. Under this programme, there can be reservation for those in the historically and economically disadvantaged sections of society, so that there is one clear administrative structure with clearly assigned responsibilities. Courses and sectors should be aligned and must come under the same NSQF level so that the operations of course selection, progression, and evaluation is efficient.

Promoting accountability of VTPs and Beneficiaries

The present practice of providing 30 percent of the funding after the first week of attendance is done in both NULM and PMKVY to incentivise VTPs to train beneficiaries. However, the issue of corruption in VTPs availing the funding after the first week and then abandoning the course

might also arise. The amendment to NULM guidelines has attempted to account for this situation, by stating that the first tranche payment of dropouts would be adjusted in the second tranche of fund disbursement.²⁹ This amendment can be taken one step further to ensure credibility. A stringent system of accreditation must be followed where VTPs are given a final level of accreditation only if a certain number of courses have been successfully completed with a reasonable percentage of attendance of the total and individual student strength. Beneficiaries also need to be made accountable by making them pay a small deposit at the beginning, which would be returned at the end of a year of employment (if the VTP is able to ensure employment for the beneficiary), or after the course (if the VTP is unable to ensure employment for the beneficiary). The "free" tag attached to the courses allows beneficiaries to have no accountability for attending, completing, and utilising the course for gainful employment.

Conducting robust, periodic, and state-wise skills gap analyses

The National Skill Development Corporation (NSDC) has conducted an extensive district-wise skill gap study, published in 2013, for all states except Bihar.³⁰ It identifies development initiatives which have an impact on employment generation; for the development opportunities identified, it forecasts district level employment potential for the period 2012-2022.³¹ It identifies the current and future skills and manpower requirement upto 2022, by industry, and estimates the gap that exists.³² Though the study is wide in its coverage and in its estimation of industry's human resource requirements, there are

limitations that need to be addressed through a robust Skill Gap Analysis (SGA) conducted periodically by each state. The NSDC study itself admits to its limitations and states that in some cases census data from 2001 was used to estimate manpower requirement, and for certain sectors, the number of people currently employed was extrapolated due to lack of numbers in the public domain.³³ The new PLFS report numbers must be used in the state-district specific SGA reports.

The SGA reports must not only showcase statistics regarding human resource requirements across various employment sectors in urban areas, they must also reveal how many skilled beneficiaries have been employed and absorbed within these sectors. As stated in the PLFS, “the volatility in the economy...is reflected in the domestic labour market;”³⁴ therefore, the changes in jobs shown through these studies, and the absorption capacity of these sectors need to be reflected in the courses offered. The NULM has set aside grants for the states’ governing bodies to conduct their own local SGA,³⁵ and all states must participate. State institutions also need to create a matrix to show how many VTPs in urban areas are providing courses for the sectors that require a skilled workforce.

For example, in Mumbai city, there is a glaring lack of VTPs in sectors that are stated to have a clear requirement for skilled workforce. The MSSDS’s annual report for 2017-18,³⁶ which provides an overview of the state’s skill development progress, claims that the human resource requirement for Banking, Financial Services, and Insurance sector is the third largest, requiring some 935,419³⁷ skilled individuals. However, there is only one VTP

empanelled with the MSSDS in the entire Mumbai city that offers this course, as shown in the MSSD’s portal.³⁸ On the other hand, there are almost 30 VTPs each for courses like IT and retail. There should be a cap on how many VTPs can conduct a certain course, so that relevant and diverse courses can be conducted to ensure the availability of an adequate number of employable, skilled individuals to fulfil the actual demands of the job market.

Nurturing diversity in courses and equal employment opportunities

One of the issues with the current government programmes is the lack of diversity in courses that VTPs are conducting, which leads to the lack of gender diversity in employment. State-level analyses of gaps in skills should have a male-female segregation to see whether all jobs are distributed evenly and if there is an effect on employment opportunities due to gender-segregated courses conducted by VTPs.

Though women’s labour force participation in the urban workforce for women of all ages has risen slightly from 15.5 percent in 2011-2012 to 15.9 percent in 2017-2018,³⁹ paid employment for women in India does not necessarily correlate with women’s freedom and agency, especially when an increasing workforce might still be constrained within a narrow scope of what constitutes a ‘feminine’ job. Large numbers of women workers are overcrowded into a small number of “female occupations,” driving female wages down.⁴⁰ The PLFS shows that the “trade, hotel, restaurant” sector employed most of the men, while “other services” – besides hotel, trade, restaurant, and manufacturing – employed most of the women.⁴¹

According to a report in the *Times of India*, as internet and technology companies expand their business, an increasing number of women are participating in the ‘gig economy.’⁴² In the logistics and delivery space for example, out of every one million employees, 67,000 are women (up from 40,000 in 2018).⁴² VTPs need to tap into this surge in gender-agnostic employment choices, and states should create opportunities for the skilling of women in these areas without prejudice.

Even if VTPs are encouraged to diversify their courses, employers need to accept women in these new roles. Jobs women get in the industry can be arbitrary and at the discretion of the employers. In the formal non-agricultural sector, the Annual Report of PLFS 2017-18 reveals that 51.8 percent of urban women with regular wages had no social security or employment benefits, while 66.8 percent had no written contract for their jobs.⁴³ Additionally, there has been a rise in female home-based subcontracting work, which shows employer trends of wanting workers for extended hours, but not willing to bear the costs of alleviating risk for female

workers. Home-based self-employed workers are disguised wage workers as their employers seek to avoid risk-reducing arrangements such as job security and social insurance benefits by employing women who work from the home. Thus, employer discretion can overpower skills as well.

Arrangements for basic job security and employment benefits, and safety precautions should be an enforced statutory condition for companies meeting a specific and adequate turnover, regardless of whether or not a woman is employed in it. These steps would attempt to mitigate employers from not hiring women due to increased and cumbersome compliances.

Bridging the skills and education gap

In the data comparing the urban Worker Population Ratio (WPR)⁴⁴ with education levels, the PLFS shows that among all the categories of persons of age 15 years and above, the WPR was the lowest among those with education level up to “higher secondary.” As shown in Table 2, among urban males, the WPR was

Table 2: Urban WPR, 2017-2018 (15 years and above; in percent)

	Level of Education									
	Not literate	literate/ upto primary	Middle	Secondary	Higher secondary	Diploma/ certificate course	Graduate	Post graduate and above	Secondary and above	All
Male	76.2	80.2	73.8	62.1	51.5	69.8	71.1	77.6	63.9	69.3
Female	21.6	21.7	13.8	10.6	9.9	32.8	22.8	35.7	17.3	18.2
Person	38.7	50.5	45.3	38.8	32.3	59.6	50.2	57.1	43.1	43.9

Source: “Annual Report, Periodic Labour Force Survey 2017-2018”, page 61

\$ A gig economy is defined as a type of job market where short-term freelance work is desired more than permanent jobs.

highest for those with education level 'literate and up to primary' and lowest in those with education level up to higher secondary. Among urban females of age 15 and above, the WPR was highest in those with education level post-graduate and above, and lowest among those with education level of higher secondary.⁴⁵


The low unemployment rate for the less educated urban population could be a result of them being absorbed in the informal sector, which requires low skills and offers low remuneration. However, Table 2 highlights the severity of the problem for educated young people in urban India. A possible explanation for youngsters voluntarily dropping out of the labour force is the stigma associated with working in jobs that require lesser qualifications. A skills training agenda by itself might thus be inadequate to address the employment concerns of this demographic group.

Vocational Training is defined as training through which knowledge and skills for the world of work are acquired – the main objective of this form of training is to make individuals employable for a broad range of occupation in various industries.⁴⁶ However, the notion of vocational training institutions being institutes where “rejects” of formal education go in order to gain employment, needs to be eradicated. The asymmetry in reputation and thus aspiration can be overcome if skill development is brought into mainstream education and there is no watertight segregation between the kinds of courses offered by colleges and vocational training institutes. After all, one of the outcomes expected from the implementation

of the National Skills Qualification Framework (NSQF) is “mobility between vocational and general education by alignment of degrees with NSQF.” This goal must be pursued with systematic vigour.

CONCLUSION

Strategic revisions in the skill development schemes can aid in the creation of a better employment environment and help the country reach the number of jobs required to keep a stable employment rate. The upper age limit for registration needs to be increased to skill and re-skill a larger group of individuals in the working-age population who want to participate in the new and expanding job sectors.

Moreover, the diversification and revision of courses will have to be made to meet actual employment opportunities, by undertaking extensive skill gap analyses and reporting how many individuals are skilled and absorbed in the growing sectors. The government needs to provide focused attention on how more VTPs can be supported to develop the necessary capacity for imparting skills to fill the obvious gaps in employment needs. Grants should be kept under a primary administrative body under a single ministry to clearly assign responsibility, undertake the smooth evaluation of courses, and ensure equitable disbursement of funds. Finally, courses need to be gender-agnostic, so that equal opportunity for employment can be facilitated. This is more desirable, and will produce more sustainable results as opposed to having a surplus of skilled individuals who will fill the already-saturated ‘feminine’ or ‘masculine’ jobs. 

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