India's Skilling Outcomes – Challenges and Opportunities

Mains: *GS II - Government policies and Interventions*

Why in News?

India has made significant strides in building one of the largest skilling ecosystems globally over the past decade and despite the implementation of various initiatives such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), skilling has not yet become a mainstream pathway for the youth.

What is the current skilling landscape of India?

- **Scheme** – India's flagship skilling initiative, PMKVY, has aimed to train and certify around 1.40 crore candidates between 2015 and 2025.
- However, as per the *Periodic Labour Force Survey (PLFS),* wage gains from vocational training remain modest and inconsistent, particularly among workers in the informal sector, where the majority of India's workforce is absorbed.
- **Formally trained workforce** – Despite a decade of investments, only about 4.1% of India's workforce has received formal vocational training.
- **Other countries** – This contrasts sharply with countries like Austria, Finland, and the Netherlands, where vocational education programs cover about 44% to 70% of upper-secondary learners.
- Despite the massive scale of the skilling ecosystem, vocational training is not seen as a first-choice pathway for most young Indians.

What are the challenges in the skilling ecosystem?

- **The Disconnect between Skilling and Aspirations –** The low Gross Enrolment Ratio (GER) in vocational education is a reflection of *deep-seated societal perceptions.*
- In India, traditional education, especially undergraduate and postgraduate degrees remains the preferred route, with vocational training viewed as a last resort for those who fail to secure a place in formal education.
- The absence of guaranteed wage premiums or job security in sectors relying heavily on informal labor further discourages young people from pursuing vocational education.
- **Low Industry Participation –** Industry is the largest beneficiary of skilled labor.
- However, the participation of employers in public skilling programs remains limited.
- Most employers prefer hiring through internal training systems, referrals, or private training platforms, instead of relying on publicly-certified vocational qualifications.
- The *National Apprenticeship Promotion Scheme (NAPS)* has made some headway, yet its impact is still uneven, particularly among large companies.

- The primary issue is that industry is neither incentivized nor obligated to contribute to curriculum development, certification standards, or the assessment process.
- The absence of meaningful industry participation in shaping training content and certification standards leaves a gap between the skills being taught and those needed in the real-world job market.
- As a result, employers often remain skeptical about the credibility and relevance of certifications offered by public skilling programs.
- **Fragmentation of Responsibility –** Sector Skill Councils (SSCs) were established with the goal of being industry-facing bodies that would define skills standards, assess job readiness, and ensure that vocational training aligns with industry needs.
- Unfortunately, SSCs have failed to meet these expectations.
- Today, the responsibility for training, assessment, certification, and placement is fragmented across multiple agencies.
- This lack of accountability and coordination has led to erosion of trust in the skilling ecosystem.
- Employers often find SSC credentials lacking in value, as they do not reliably correlate with job readiness or the skills required by industry.
- In contrast, certifications from private players like AWS, Microsoft, or Google hold significant credibility, partly due to the robust standards, fair assessments, and industry recognition they offer.
- SSCs must be held accountable not only for setting standards but also for ensuring that their certifications lead to real employment outcomes.
- If they are unable to bridge the gap between skill development and employability, they will remain ineffective in transforming India's labor market.
- **Lack of Integration –** One of the key limitations of the current skilling ecosystem is its disjointed relationship with formal education.
- Vocational training is often seen as an alternative to traditional academic education, but it is not sufficiently integrated with mainstream higher education systems.
- Without a seamless integration, skilling will always remain a peripheral option, rather than a central pillar of a well-rounded education.
- The National Education Policy (NEP) 2020 proposes an integrated approach where vocational training is embedded within general education, ensuring that skills development accompanies academic progression.
- This would allow students to earn both academic qualifications and industry-relevant skills, thus providing them with more opportunities for employment and upward mobility.

What can be done?

- **Industry as a Co-Owner of the Skilling Ecosystem –** The first step towards meaningful reform is to ensure that industry plays a central role in skilling.
- This means incentivizing businesses to actively participate in curriculum design, certification processes, and assessments.
- Industry-driven certifications that are aligned with real-world job requirements will help bridge the gap between training outcomes and labor-market needs.
- Incentivizing industries to invest in skilling through tax breaks or funding partnerships can create a symbiotic relationship between the public sector and private companies.

- Additionally, scaling initiatives like NAPS and PM-SETU, which focus on modernizing ITIs and encouraging apprenticeships, could further deepen industry involvement.
- **Accountability of Sector Skill Councils –** To address the fragmentation and lack of trust in the skilling ecosystem, Sector Skill Councils must be held accountable for employability outcomes.
- SSCs should be incentivized or required to ensure that their certifications lead to real job placements.
- Reforms should include making SSCs responsible for continuously updating the curriculum in consultation with industry and ensuring that assessments are fair, transparent, and reflective of the skills needed by employers.
- **Integration of Skilling with Formal Education –** The integration of skilling into the formal education system is essential to make vocational training an attractive option for the youth.
- Skilling should not be seen as an alternative to traditional academic education but as a complement to it.
- By embedding vocational training within higher education, India can ensure that every graduate possesses both academic qualifications and employable skills, thus boosting employability and economic productivity.

What lies ahead?

- India's skilling challenges are not due to a lack of intent or funding but stem from the absence of accountability, coordination, and meaningful industry participation.
- To drive sustained economic growth, skilling must be treated not just as a welfare intervention, but as a crucial component of national economic empowerment.
- By addressing the structural flaws in the skilling ecosystem, India can turn its demographic advantage into a powerful engine of growth, improving job quality and dignity of labor for millions of young people.

Reference

[The Hindu| Skill Ecosystem of India]

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