

Strengthening the Skilling Ecosystem:

Leveraging the Potential of the Private Sector in India



Policy Brief

August 2023

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STRENGTHENING THE SKILLING ECOSYSTEM: LEVERAGING THE POTENTIAL OF THE PRIVATE SECTOR IN INDIA¹

India has a huge labour pool to supply the market's demand. However, it also has one of the world's lowest female labour force participation rates. **Only 25 per cent of women are currently in the labour force;** a high proportion (approximately 50 million) of young women in India are neither studying nor working (MoPSI 2022). With the bulk of the labour force employed in India's large informal sector, it is important to study the availability of jobs and the quality of the labour force entering it (World Bank 2017).

Several surveys report inadequacies in skills and the resultant productivity of India's workforce. Approximately 298.25 million members of the workforce will need to be skilled, re-skilled, and/or up-skilled to counter the challenge of labour productivity, according to a skills forecast study (World Bank 2017). **The absence of an adequate linkage between the formal education system and vocational training** is attributed as one of the reasons behind the current state (Chenoy 2012).



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THE SKILLING ECOSYSTEM AND ITS CHALLENGES

Industrial Training Institutes (ITIs) were established in the early years of the post-independent nation to fulfil the need for a skilled workforce in the country's industrial sector. Over the years, these institutes have become a part of a skilling ecosystem which are funded both by government and private sector entities, with the Ministry of Skill Development and Entrepreneurship (MSDE) playing the role of facilitator and coordinator.

Short-term skill training is offered through various publicly funded schemes and provides opportunities to about 3.8 million individuals in a year (World Bank 2017). Pradhan Mantri Kaushal Vikas Yojana (PMKVY), under MSDE, is the biggest such scheme providing skill training. Longer-term training and apprenticeship are provided by ITIs, while diploma-level long-term training is offered by the polytechnics. Job-specific skill training programmes are provided by universities and colleges operating in professional fields. This entire landscape is guided by the National Policy for Skill Development and Entrepreneurship (2015) to facilitate an end-to-end implementation framework to offer quality skill training opportunities to meet the aspirations of trainees, leading to their productive employment. The policy also birthed the National Skill Development Corporation (NSDC) in October 2009 to create, fund and enable skill training initiatives in the private sphere.

However, compared with countries in the global north, **India lags severely in providing formal skill training to its population.** Only 2.3 per cent of the Indian workforce has reportedly undergone formal skill training as compared to "68 per cent in the United Kingdom, 75 per cent in Germany, 52 per cent in the United States, 80 per cent in Japan, and 96 per cent in South Korea" (World Bank 2017). A significant section of the workforce (approximately 93 per cent) in the unorganised sector barely receives any formal training (Chenoy 2012). A forthcoming IWWAGE study reveals that awareness about government skilling initiatives is also low at approximately 13-15 per cent.



Skill development initiatives in India are largely government-driven.

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NSDC: ROLE AND PARTNERSHIPS

NSDC acts as a key catalyst to create quality for-profit vocational institutions. It is a not-for-profit public limited company that operates on the Public Private Partnership (PPP) model. The government (through MSDE) holds 49 per cent of its share capital, while the remaining 51 per cent is held by the private sector (NSDC 2023).

With an equity base of about US\$1.5 million or INR 10 crore, NSDC's ownership includes private sector shareholders in the form of 10 business chambers and industry associations, each of which has a 5.1 per cent shareholding (NSDC 2021). It acts as an enabler of the skill development ecosystem by:

- Providing funding to skill-training enterprises, companies and organisations, particularly in sectors where market mechanisms are weak;
- Building frameworks to ensure quality assurance of curricula and trainer academies, and updated information systems directly or through partnerships;
- Developing models to enhance, support and coordinate private sector initiatives; and
- Increasing focus on disadvantaged communities and geographies.

To synergise the existing stakeholders within the skill development fora, the National Skill Development Policy (2015) guided the launch of the National Skill Development Mission to "provide an overall institutional framework to rapidly implement and scale up the skill development efforts across India". Within this framework, NSDC's collaboration with industries and corporates aims to build and enhance high-impact collaborative projects for skill development. This is helping stakeholders with similar objectives come together with conjoint motivations and goals and enabling funds to execute them. While Corporate Social Responsibility (CSR) skill development initiatives also exist in silos, NSDC helps incentivise such initiatives while bringing them together under one umbrella.

Figure1:
NSDC and the private sector



While ensuring standards and quality of the skill training, **NSDC engages with various types of partnerships and industry tie-ups.** The extent of stakeholder participation varies in each of these cases. With the specialised objective of enabling and promoting inclusive skill development, NSDC's partnerships also witness a gender-focused path of implementation. Over the years, NSDC has forged 64 partnerships, accumulated a cumulative amount of INR 215.5 crore, covered 237 districts and enabled the training of more than 70,000 individuals (NSDC 2021). Box 1 showcases the models and some examples of partnerships that NSDC has undertaken over the years. Considering the range of partnerships that NSDC currently holds, the list is in no way exhaustive.



NSDC's Partnerships with Private Players

Building institutions:

In partnership with Tata Sons, NSDC recently set the foundation stones for the Indian Institute of Skills (IISs) in Mumbai and Gandhinagar. In collaboration with Britannia Marie Gold, NSDC aims to promote women's entrepreneurship through digital learning platforms.

The World Economic Forum (WEF) and Google Inc. have also strategically collaborated with NSDC to enhance the skills knowledge base in the country.

Monetary mobilisation:

Under a market-led fee-based model, NSDC partners with 657 knowledge institutions, corporates and non-profits across the country to build a network of about 11,000 training centres which have helped 150 lakh candidates receive training, of which, 46.6 lakh candidates are women.

International collaborations:

Under the Technical Intern Training Programme (TITP) with Japan, 29 firms were empanelled to send 195 interns to Japan to train in the sectors of agriculture, construction, machinery, and textile sectors.

CSR and industry partnerships:

Several models of collaboration along the skill value chain exist for industries to add to the mission of Skill India. These involve sponsorship of candidates, setting up of Centres of Excellence (CoE), providing land and infrastructure, supporting apprenticeship or setting up business units. Some examples are:


- NSDC's largest skill training/implementation partner is Centum WorkSkills India, which targets rural and semi-urban populations, and skill trains for Petronet, NBCC, Cairn India and other companies, often as part of CSR requirements. They offer separate female-only hostel facilities and safety measures (CCTV cameras and bio-metric attendance) and employ female instructors and wardens. Over 15,000 women are trained across various locations countrywide.
- As a part of e-skill India, Microsoft collaborated with NSDC for a series of live training sessions and digital skilling drives to help create opportunities for young girls and women to join the future workforce. This programme is specifically designed for and made available to women candidates with target beneficiaries being underserved

young women from rural communities. The programme aims to skill more than 1 lakh underserved women in India.

- VLCC also collaborates with NSDC and other government departments to operate more than 85+ academies and train more than 15,000 students annually. It provides vocational training to destitute and homeless women on aesthetics, hairdressing, makeup artistry, nutrition, etc., to empower them with skills to earn a better livelihood. VLCC is a leader in beauty and wellness training programmes in such schemes and has trained more than 40,000 students in the last three years.
- NSDC's partnership with 10 refineries, market and pipeline divisions of Indian Oil Corporation Limited (IOCL) aims to skill more than 7,500 beneficiaries as mason generals, retail associates, welding operators, dewing machine operators, etc.
- Hero MotoCorp has also partnered with NSDC to support the skill training of 1,200 underprivileged youth in Delhi NCR in the automotive, retail, banking and finance sectors.
- A CoE for skill development was started on the campus of the National Institute of Solar Energy (NISE) to create a robust cadre of certified trainers and assessors across the country. Its establishment involved the signing of an operational Memorandum of Understanding (MoU) between NSDC, Schneider Electric India Foundation (SEIF), Power Sector Skill Council (PSSC), and NISE to undertake quality skill training and development in the field of power.
- A project for skilling widows was operationalised in Varanasi in partnership with Powerlinks Transmission Ltd.
- Ingersoll Rand donated Computer-Numeric-Control (CNC) machines worth INR 80 lakhs towards skilling, with a commitment that at least 25 per cent of each of its batches will be women.

Sector Skill Councils:

To ensure key focus and adhere to standards for training, assessment and certification set by the National Skills Qualification Framework (NSQF), NSDC has thereby incubated 37 Sector Skill Councils (SSCs).

A woman with a bindi and nose ring, wearing a vibrant purple and orange floral sari over a pink shirt, is smiling at the camera. She is sitting on a wooden floor in a workshop, surrounded by numerous brooms. She is holding a pink string that is used to bind the broom heads. In the background, another woman is partially visible, and the walls are made of weathered concrete.

NSDC also continues to play a pivotal role in the implementation and programmatic delivery of the PMKVY. For its implementation, NSDC allocates training targets to employers and employee-training provider consortiums and encourages academic institutions/universities to participate in the scheme, linking them to the provision of high-end job roles.

Beyond collaborations with NSDC, there are several private sector initiatives in collaboration with other government departments and ministries, as well as in-house skill training initiatives. **These initiatives exist along the skill value chain and include analyses of target groups and their sensitisation, learning and support in building curricula or training of trainers, skill training delivery, assessment and certification, and placement and entrepreneurship.** Some of these include DISHA, a UNDP PPP, which connects education with skills, jobs and growth; Project Cyber Shikshaa wherein Microsoft and the Data Security Council of India have associated with the Ministry of Electronics and IT in a cybersecurity skill training programme for female engineering students.

MSDE also offers a Flexi-MoU scheme which allows industries to train candidates according to their own skill requirements in alignment with market demand and the latest technology. Ties with an employer with an established infrastructure and quality training facilities and faculty cater to the need of both industry and trainees. The participating entities need to enter into an agreement or MoU with the Directorate General of Training, as an Industrial Training Partner (ITP). Maruti Suzuki India Limited, Paytm, and the Government Tool Room Training Centre, Bengaluru, are some private players that have availed of the scheme for skill development.

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INNOVATIVE PROGRAMMES TO ENHANCE SKILL TRAINING FOR WOMEN

Innovative initiatives within the private sector also help overcome various challenges faced by the government skilling ecosystem. Organisations operating at smaller scales engage and enhance the uptake of vocational training by engaging women in Non-Traditional Livelihoods (NTLs) that offer enhanced outputs and enable better workspace conditions. Some initiatives, often led by not-for-profit non-governmental organisations (NGOs), are also encouraging and provisioning formalisation and improved conditions of work by:

- Enhancing the visibility of women's work;
- Building social capital platforms and opportunities to engage in NTLs;
- Enabling the acquisition of soft and hard skills; and
- Negotiating terms of work.

These efforts aid in the reduction of occupational segregation and the gender pay gap, which further encourages employers to provide an enabling atmosphere for women with quality care services and family-friendly workspaces (Pal et al., 2020).

The following selective list offers a few examples of organisations undertaking skill training initiatives for women:

Skill Training Initiatives in NTLs

1. Women on Wheels by Azad Foundation

Started in 2008 in Delhi, the programme is motivated by the idea of helping women gain remunerative 'livelihoods with dignity' and aims to empower resource-poor women to become professional drivers. In addition, the organisation also helps women gain awareness of their rights. The program has now expanded to Jaipur, Kolkata, Ahmedabad, Bengaluru and Indore.

2. TechSaksham by Microsoft x SAP India

TechSaksham aims to bring more women engineers into the workforce. Courses are offered in the disciplines of web designing and digital marketing,

cloud computing, and artificial intelligence. They are available to women students who are studying bachelor's and master's courses in technology at government and government-aided colleges. The programme is currently active in seven states with more than 2,000 students enrolled.

3. IT for She, Archana Taxi, Construction Supervisor Course by Archana Women's Centre

Various initiatives for women in NTL are run by the organisation wherein women are trained in construction activities such as masonry, carpentry, plumbing, electric training, etc. The centre has trained around 750 women as masons between 2006 and 2016. Other initiatives include training women in driving and enhancing their IT skills. During the COVID pandemic, the centre was also involved in training in PPE kits and mask making. The centre believes that training helps women bring gender equity into their lives and the work areas they are involved in.

4. 5by20 by Coca-Cola

This global initiative by Coca-Cola has led to the economic empowerment of 5 million women entrepreneurs across its value chain from 2010 through 2020 across the world. Women retailers are trained in business skills, enabling networking and mentoring as well as access to finance. The programme is conducted in classrooms and mobile classrooms in rural and semi-urban markets, which are provided with seating areas, presentation zones, audio videos and onboard trainers.

5. SMART initiative by Tech Mahindra Foundation

SMART academies, started in 2016, offer advanced long-term courses in specialised vocations to men and women. Nine SMART academies are currently functional in the areas of healthcare, digital technologies, logistics and supply chain management. The Foundation works with the mandate that 50 per cent of its beneficiaries are women and 10 per cent are persons with disabilities.

Some skill training initiatives in traditional livelihood sectors for women are also faring well in promoting women's economic empowerment:

1. GAP P.A.C.E. by Gram Tarang

P.A.C.E. is specially focused on young women from remote, rural areas being trained for employment in the garment export industry and other trades such as hospitality and business process outsourcing. The programme has shown huge improvements in the trainees' ability to cope with rural-to-urban migration into their work life and subsequently improved retention in the workplace.

2. Jawaharlal Nehru Port Trust (JNPT)

JNTP recently approved a grant of INR 50 lakh to conduct skill development training for 1,000 beneficiaries in the Raigad district. The courses chosen encompass skills such as beauty culture and health care, helpers for nursing homes, sanitary pad making, vegetable and fish drying, Warli painting, agarbatti packing, etc.

3. Nari Shakti Project by Amway India

Amway felicitated 272 underprivileged girls and women beneficiaries who completed their one-year skill training in fashion designing, wellness,

and beauty under the Nari Shakti project. The project has benefitted 25,000 people including 1,100 direct women beneficiaries.

4. Skill Training by Dabur India

The company runs 12 vocational training programmes across the country that offer courses on stitching and tailoring, beautician training, computer education and English language speaking. Over 510 girls successfully completed training in various courses during 2016-17.

With enabling workspace conditions, some NGOs are also bringing inclusive opportunities to vulnerable and socially disadvantaged groups through skill training. Dalit Shakti Kendra and Sadbhavna Trust are skill training socially marginalised Dalit youth, and Muslim and Dalit women, respectively. Crèche centre and early childhood care services are also being provided by Barefoot College and Mobile Crèches to women trainees. Pratham Institutes offer low-cost hostels for men and women in four states of the country. Accenture invests in skills training for persons with disability in high-demand sectors under their Skills to Succeed Program. Leading in inclusive policies, Tech Mahindra offers adoption leave for LGBTQ+ employees under their diversity and inclusion policy.



Image credit: Paula Bronstein/Getty Images/Images of Empowerment

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SUMMARY

Despite the existence of such a large public and private ecosystem for skill development in India, with the NSDC acting as a catalyst, **the role of the market can be expanded to play a pertinent role to bridge the existing gap between employers and the demand for skilled workers.** Currently, skill training is largely driven by the government, with only 36 per cent of companies conducting in-house enterprise-based training (NSDC 2021). However, there is a low turnout at vocational training institutes, especially among women. While there continues to be a focus on inclusion by the government and other skill training institutions, various steps are necessary to facilitate more successful outcomes. The participation of women is hindered by societal norms which control their educational status, decision-making, mobility, and access to information and technology. In addition, their enrolment at the training facilities also suffers due to a lack of awareness and funds, and poor accessibility. These challenges are further compounded by infrastructure unavailability to train the existing number of aspirational trainees.

Literature suggests several ways in which the private sector's engagement can be leveraged to advance the efforts of skill training in India. With rigorous standards of quality assurance set by NSDC, NSQF and SSCs, it is critical that the market's participation in the skill development process is represented and sustained. This is possible through the intention and action of the government and private sphere.

Over the years, the role of the private sector in skill development has evolved to take up more space and provide inputs for future actions in the domain. Post-independence, in addition to the government-run ITIs, privately run Industrial Training Centres (ITCs) were also set up. Since then, both ITIs and ITCs have grown in number. The need for private sector funds was also realised to modernise the operation of ITIs when, in 2005-06, most were upgraded using a PPP model. This outcome-focused action and heightened role of PPPs within the sector was further formalised

through the National Skill Development Policy of 2009 (later amended in 2015). The policy clarified the roles of the government, industry, trade unions and civil society in creating a skills ecosystem in India.

CSR funds by the sector have increasingly been deployed to help the current ecosystem become more inclusive – in providing funding and scholarships to the disadvantaged sections as well as building local infrastructure to reduce travel time for trainees (Tara and Kumar 2016). In addition, by supervising the quality of training, private training providers play an important role in skill development (Dunbar 2013). About “86 per cent of firms in Germany, 85 per cent in China, 52 per cent in Russia and 51 per cent in Brazil and Mexico” train their workers themselves (NSDC 2021). Using a similar approach in India, with the private sector also being a pertinent job creator in the country, its involvement is necessary to boost the skilled and employable workforce.

The private sector's role is not limited to developing employment skills, but also to engage in fostering entrepreneurship and connecting the workforce to markets (WEF 2015). Entrepreneurship can be encouraged through both financial (investments in start-ups) and non-financial (training, mentoring and networking) support.

It is important that the enormous quantity of latent talent that exists in the country is unlocked, especially if the role of the private sector is re-equipped to proactively “seek out, engage and develop people's potential” (WEF 2015).

With a greater focus on employer-driven prioritisation of skills, various businesses across the globe are facilitating access to job market information by leveraging networks to connect employers and employees, especially to ensure the inclusion of disadvantaged groups. They further help provide specialised placement support by targeting marginalised groups.



Image credit: Paula Bronstein/Getty Images/Images of Empowerment

In South Africa, the Youth Employment Accelerator by Harambee aims to match young, trained work seekers from poor households to available jobs. The organisation and its partners identify demand-supply mismatches and market inefficiencies to respond to the changing needs of employers and the youth (WEF 2015).

Further, businesses can also help uplift, re-integrate and nudge aspirational workers towards higher income sources through customised training and placement support. Accenture in India, in partnership with LabourNet and NSDC, is providing training for construction workers to upskill and achieve improved livelihoods within the construction industry. Another initiative by Accenture and Plan International in India ensures immediate employment through vocational training by leveraging their business network for placement (WEF 2015).

Finally, the private sector could also promote an enabling environment and flexible work models to ensure the inclusion of disadvantaged groups. They can help women circumvent options of male-dominated occupations by creating and promoting a conducive environment for them to join NTLs. This can be done by enhancing investment in better and safe transport services and ensuring the implementation of maternity benefits and support (Pal et al., 2020; World Bank 2017; Dunbar 2013).

Implementing these models requires strong partnerships across the public, private and social sectors to shift employers' mindsets, and further build platforms that connect work-seekers with employers in lieu of the changing needs of the market. **These efforts could be key to enhancing access, ensuring retention and aligning placement, especially for women candidates of skill development.** With a focus on such initiatives, socially responsible businesses hold the ability to mitigate unemployment and enhance people's capabilities to earn a livelihood.

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