

# Who Should Pay for Skilling?

Spending just an additional ₹5,000 per head on skills will make unemployed youth employable



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Any discussion on youth, education and skill training in India has references to mind-boggling numbers and, thanks to frequent repetition, we have stopped comprehending the magnitude of these. But to put things in the right perspective, a reiteration is unavoidable. Close to 65% of the country's population of 1.2 billion, that is, about 840 million, is under 35 years of age. About 54%, or about 650 million, are under 25 years.

These numbers as well as percentages are the highest in the world. India has now a healthy enrolment ratio of 96% for entering schools, but it is estimated that close to 40% drop out at primary stage, thus not reaching high school, and only a small fraction of those enrolling actually complete high school.

Consider this: of all the Indians above the age of 15 in 2010, about 33% had never been to a school, about 21% had been to primary schools, about 40% had been to secondary schools and about 6% had completed higher education (including tertiary education). Only 20% of the population had completed primary

education, 1.3% secondary education and 3.1% tertiary education. Our gross enrolment rate (GER) of about 13.5% for higher education is among the lowest in the world. GER is the percentage of youth in the age group 18-23 years enrolling into college.

Clearly, millions of young people are 'lost' between enrolment in school and entering the workforce. They have either dropped out well before completing high school, or have been unable to clear the first level public exams (Class X), or have done that but dropped out thereafter.

It is obvious that this population needs some skilling if they are ever to be gainfully employed. Thus, skill-training for the youth at the level of Class X fail/pass and also dropouts from college is a critical issue. Capacities in industrial training institutes (ITI), industrial training centres (ITC) and polytechnics are grossly insufficient (for instance, two ITIs and five ITCs per million of population). Besides, as these courses are meant for those who have at least passed Class X, or 10+2, the numbers even eligible for these courses is only a fraction of the 'lost youth'. Moreover, it is widely accepted that these curricula are outdated and the delivery poor, making the graduates not particularly useful to industry. Thus, about 88% of the population entering the workforce remains largely unskilled and, hence, unemployable.

As a result, in recent years, skilling India's youth has



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been the focus of many policies, programmes and institutions. The National Skill Development Mission (NSDM) has a target of skilling 500 million people by 2022. Of this, about 150 million is to be achieved by NSDM, while the remaining 350 million is spread across 17 ministries. These are mammoth targets and government entities alone cannot achieve them.

Consequently, public-private partnerships (PPP) are being encouraged and many private players have now entered the space of bridging the skill gap. While some have made business models relying on fees from students, others are trying to make industry pay placement fees. However, industry players resist placement fees as those who employ this level of entry-level skilled workers are often from the unorganised sectors and do not necessar-

ily distinguish between skill obtained over a three-month training and unskilled labour. Hence, there is neither a premium in the wages nor a desire to pay any placement fees. Thus, the market model of skill training mainly hinges on students paying for themselves. But the problem is that most youth in this segment come from the economic strata that find it difficult to pay ₹5,000 upwards usually charged for such entry-level skill-training programmes. While now a policy for bank lending for skill training has been put in place, its efficacy both in terms of loan disbursement and subsequent collection will remain suspect.

It is on account of this large-scale poverty that the government has made education free, or a constitutional right. What then is expected to change when the youth finishes — or, in many cases, does not

finish — school? India spends less than 5% of its GDP on education, mostly primary and secondary, with barely 1% on higher education (including technical education), which, given our population size, amounts to very little. Central government alone spends an estimated ₹5,000-6,000 on each child for every year of pre-schooling (anganwadi) and schooling for 10-12 years.

Perhaps the government must start thinking in terms of spending another ₹5,000 on the youth — on whose education it has already spent about ₹65,000 at the very least — to make him or her employable through entry-level skill training. Given that the government supports a student for 10 or more years with free education, there seems hardly a case to withdraw that support in the last-mile stretch where the youth perhaps needs it most. There could be different ways to ensure that the ₹5,000-6,000 required to ensure quality training for the youth reaches them. Skill vouchers, mooted by many, are perhaps the most optimal way. Another method could be through properly-accredited institutions supported by the government.

But whatever the method, a country that has left 88% of its youth unemployable even with all its efforts in schooling must accept its responsibility — financial and otherwise — to skill them, especially if it has failed to ensure that the secondary schooling itself addressed basic skill-building in the first place.