

# 12 IDEA EXCHANGE

NEWSMAKERS IN THE NEWSROOM

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## WHY MANISH KUMAR

CLOSELY linked to the employment debate in India is the question of skills — do we have the right people for the jobs on offer? Is job availability the issue, or salaries? Does a skill certificate boost your income? Manish Kumar's first task after he joined the National Skill Development Corporation (NSDC) in 2016 was to use

econometric modelling to map the job potential across sectors against availability of skillsets. In the NSDC, Kumar is refining systems to track if beneficiaries of skill courses are getting absorbed. The NSDC, in many ways is a private enterprise, but he understands that receiving government funds brings with it a set of obligations



“The belief that only 7% of Indians are skilled may not be accurate. Nearly 42% are skilled if hours they put in are taken into account. People may be doing well, but because of lack of a certificate, they are not considered skilled

**P V VAIDYANATHAN IYER:** How do you view the unpublished NSSO report on employment that apparently shows joblessness has reached a four-decade high post-demonetisation? Is it related to lack of skills in the market?

I don't think it is lack of jobs. It's the youth perception about jobs being not to their liking given the low wages. It is also possible that a large number of youths are reporting themselves unemployed but are actually in higher education. We have noticed a desire among youth to be in employment part-time even while they are pursuing education. Apprenticeship is being promoted by the government to support this dual expectation of youth. And also, potentially, it could be that the surveys designed for quantifying jobs as traditionally defined are failing to detect and quantify jobs of the economy. There is need for a debate on measurement methods and quantification, taking into account the characteristics of changing economic paradigms such as online employment, self-employment in a shared economy.

**P VAIDYANATHAN IYER:** Has there been any change in the skill development programmes of the National Skill Development Corporation (NSDC) since you joined?

Skilling programmes in India are maturing. If you look at the past, since 1951, the ITIs (Industrial Training Institutes) have been skilling people. But around 2008-09, when the NSDC was created, the private sector was involved in a bigger way. So change has always been there. Since I joined the NSDC, there have been changes too. On the financial aspect, one of the major changes that took place between 2009 and 2015 is that while there was a lot of expectation regarding private sector investment, government investment has increased. Therefore, we now have two models. One is the 'Fee-based model', where the skill centre is run by fees paid by candidates... But when the government comes in with public money, the willingness to pay declines because of the alternative source of funding... But this occurs only in certain layers of the job market.

It is often debated whether skill should be funded by the government at all... But the private sector does not like skilling individuals because of the fear that the person will be poached the moment it becomes public knowledge. But this doesn't matter to the government. After skilling, whichever company the person joins, if it contributes to the national GDP, the country gains....

**P VAIDYANATHAN IYER:** Since demonetisation, there has been loss of jobs in the unorganised sector. Is there any data to show that the skilling programme of the government has managed to create jobs?

Skilling will not directly lead to job creation. It is something that contributes to jobs. When skilled individuals leave, companies fill up job roles frequently if there are more skilled people available... We have done some research to understand the reality. The NSDC is creating people who will be self-employed or join companies. We adopted an unusual method of estimating the potential for job creation given the investments in the last 10 years. We compared CMI (Centre for Monitoring Indian Economy) data for investments above Rs 1 crore in any sector — we took into account 26 sectors — to data on jobs from the 2011 Census... We found that there is a potential for 2.5 crore jobs being created especially in the logistics sector.

The problem is not jobs, it is wages. In his book *Rise of Robots*, Martin Ford writes about the period between 1920 and 1985 where, if a graph is plotted between the rate of return to capital and rate of return to labour, both go up. Which means invest money and also give it to labour, so wages go up. The labour puts in more effort and everyone is benefited. But in 1985, when the rate of return to capital was high, the rate of return to labour plateaued. This is the period when computers were introduced. And when the Internet came in, the rate of return to capital spiked further. But labour was not getting a high wage despite high economic growth.

The onus is on private companies to pay more wages. During our sampling, we took into account a labourer with a wage of Rs 9,000. His expectation of receiving a salary of Rs 18,000 within a year is a mismatch. So, he will not be willing to stay in one place. He will only stabilise when he reaches Rs 19,000.

**SANDEEP SINGH:** How many people skilled by the NSDC in the last four years have successfully found jobs?

## ‘The market is not creating pressure on the private sector to work towards skilling people’

The NSDC CEO says the problem is not jobs but wages, puts the difference in salaries of individuals after skilling at Rs 12,000 annually, notes that while automation is leading to loss of jobs, it is also creating many, and stresses need to introduce skilling courses in schools



National Skill Development Corporation CEO Manish Kumar with Executive Editor (National Affairs) P Vaidyanathan Iyer in *The Indian Express* newsroom. Abhinav Saha

We have a database of 1.9 crore individuals who have enrolled in the NSDC since it was established. In 2018, we skilled 50 lakh people. About 25 lakh participated through the fee-based model and the rest through the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which is a grant-based model. The fee-based model, where the participants or corporates pay the fees, is more market-driven and has greater chances of employment. In the PMKVY, training partners have reported that 50 per cent of the candidates have found jobs. The data, however, needs to be verified... We have found through impact evaluation that 30 per cent of the people don't want to go for jobs. After learning the skills, they pursue education. The improvement in the education system is attracting youths.

**UNNI RAJEN SHANKER:** Does the NSDC track individuals after they have been placed?

We track them for a year. But of late, we have been trying to use blockchain technology to track them for a longer period. This will give us a more nuanced understanding of what is happening. At the moment we have details of one year.

**UNNI RAJEN SHANKER:** What is the average spike in salary after they are trained by the NSDC?

When we compared people without training to those who were certified, we found that the difference in salaries was Rs 12,000 annually, which is a significant amount. This spike is equivalent to 15 per cent of their salary, with only a few months of training.

The popular belief that only 7 per cent of Indians are skilled may not be accurate. Nearly 42 per cent of the population is skilled if the number of hours they put in their work is taken into account. There may be people who are doing well, but because of the lack of a certificate, they are not considered skilled labour.

About 47 per cent of people witnessed an increase in business post their certification. Almost 63 per cent said that their respect in the workplace increased, which means their bargaining power also increased. The certificate helps you demand aggressively. In a country of 121 crore people, the effect of skilling 2 crore individuals will not be immediately visible. Once 20 per cent of the population is skilled, it will begin to show effect.

**SANDEEP SINGH:** What are the sectors that are doing well?

The transport and logistics sectors are rapidly expanding as new roads are being

constructed. A lot is happening in shipbuilding too. Retail and textile are also expanding. Another sector that is doing well is beauty and wellness because it has more disposable income. As a whole, the service sector is doing quite well.

**PRANAV MUKUL:** The NSDC also provides skills to the existing workforce of companies. What impact does this have on workers' wages and are individuals trained at the NSDC absorbed by these companies?

We don't conduct skilling programmes in companies. We have trained partners whom we motivate either by providing financial resources or knowledge. I don't think there is any study which shows how skilling impacts productivity. But such a study is critical for convincing the private sector to emphasise on skilling. In many countries, studies on productivity are conducted over a period of one or two years to understand the performance of the private sector. A meeting is then held between the government, the private sector and labour union, following which these bodies hold negotiations. We should try to move in this direction in the long-term.

**PRANAV MUKUL:** How will automation impact the job market?

Jobs are being lost and the trend will continue in the future as well. But many more new jobs are being created. Those who will gain are people at the bottom of the income pyramid. For example, the driverless cars in California are run by girls living in villages outside Bhubaneswar. Most of these girls have passed only Class 10 or 12 examination. They examine the streets of California on a computer, tag the medians of the roads and the speed limit. Every 10 minutes when a new picture is presented, they update the tags accordingly... There

are other examples where we find new types of jobs being created. So the worry is not about jobs not being there. What is clear is that we can't afford to have long training programmes. The whole concept is now moving towards modular learning.

**ANIL SASI:** Some skills are informal and geography-specific. For instance, plumbers in Odisha are known for their work. So how does Recognition of Prior Learning (RPL) is a certification under the PMKVY) compete with informal credentials that are already there in the market?

There is no conflict between the two. RPL should be given out more frequently. Odisha plumbers, if they are known for their work, should be given RPL first. They are the ones who will benefit the most. Globally, some places will be known for the automotive sector and some for textiles. But we should not leave RPL merely because the branding is through some source. The informal credential along with RPL will make the individual more employable.

**P VAIDYANATHAN IYER:** What has been the job scenario in 2018 especially in the private sector?

We have the numbers as well as details of individuals and where they are currently placed. These details are available online. We want to ensure transparency of data. Documents uploaded by training partners contain names of individuals who have received training and where they are currently employed. They can be accessed by anyone. Some states have the potential to absorb more. For example, Maharashtra, Tamil Nadu and Karnataka have the highest potential. In terms of cities, it is Mumbai followed by Delhi, Chennai and Bangalore. We should not only look at jobs but also their quality. Some jobs can be bettered

with a bit of formalisation from our end...

**P VAIDYANATHAN IYER:** What has been your experience with the private sector? Have they been emphasising on skilling in the last three years when there has not been much investment?

The private sector has had a passive approach towards skills. They are happy if you send them skilled people... The government's interest in skilling people is much higher. This is probably due to the market structure. India is such a huge market that companies can afford to have unskilled people... This is because, even with inefficient products, companies have a market in some or the other part of the country. But if we were of the size of Finland, with just five million people, this would mean crossing the border (to find market). So workers would be paid well because companies need them to compete. But in India, companies can continue to pay low because there's a big market somewhere. It is the structure of our market that is not creating pressure on the private sector to work towards skilling people.

**P VAIDYANATHAN IYER:** Do you feel the need for regulatory changes?

One good change is the establishment of the National Council for Vocational Education and Training (NCVT). This happened as there was no centralised regulator. Recently, the concept of having a National Council for Vocational Training (NCVT) was cleared by the government. It will take shape in another six months... The expectation is that the move will send a signal to the market that there is a credible body which is concerned about quality and is going to look at both — those who deliver skilling as well as the quality of people who come out of the skill centres.

**KARISHMA MEHROTRA:** What is the NSDC doing to help people who have lost their job because of automation?

Digital changes are taking place due to the transformation of technologies of the Internet. This is going to impact all sectors. Therefore, we have created National Occupational Standards (NOS specifies the standard an individual must achieve in the workplace) and Qualification Packs (a set of NOS aligned to a job role). We are working along with a small unit of the NASSCOM to imagine how retail might change because of the changes in IT systems and digital world. To give an example, one would say human resources is not a department that is usually impacted by digital change. But in a recent case, a third of the employees of a big industrial group suddenly

stopped withdrawing their salary. When the matter was investigated, it was found that the employees' IDs belonged to robots, which were not supposed to receive salaries... Now all this while the HR person had been taking into account the performance of robots while prescribing the requirement for ordinary people. So there is a need for reshaping HR also. We are partnering with Imperial College London through our Banking and Financial Services Institute in the Bombay Stock Exchange to understand disruptive technologies that will affect the established technology in short and long terms.

**UMA VISHNU:** How early should skilling begin? Do you think it should start in school?

We work in about 7,000 schools, impacting about 5,00,000 children. It is the right place to start skilling for several reasons. One is the aspirational value of skills. Across the world, I have noticed that skilling is done by someone who is not good in academics. But I have also seen countries which do not adhere to such thinking. Finland or Sweden, for example, integrate schooling and skilling in such a way that when children grow up, they realise that you are, for instance, a good carpenter... But unfortunately it not like this in India... Our perception of a carpenter would be of a typical carpenter whom we don't consider valuable.

In Haryana, we are introducing the Kunsapkskolan school model from Sweden in about 100 public schools. The idea is to see how the children react to it. In case the model is successful, we will expand it.

**KRISHN KAUSHIK:** In the past few years, have you noticed any particular trade rising the social value chain?

Many of the trades are changing. It's the power of IT and how we use it that makes the difference. For example, in the plumbing sector, you can find both — the typical plumber as well as a qualified one. So the question is of the quality of service that the person provides. If you look at a driver's job, you will find the change in perception. There are people with MBA degrees driving app-based taxis. You'll find plenty of such people abroad. So I think social changes are underway... But this will take time.

**P VAIDYANATHAN IYER:** The NSDC is working with several countries on matters of skilling. Can you tell us more about it?

There is a lot of interest in India's skilling programme. Recently, the Government of Morocco, through our ambassador there, wanted to know if the NSDC could help strengthen their training programmes in various sectors. Our team has visited Morocco and their team will visit India in March. The UNESCO's international project on technical and vocational education, UNEVOC, has about 25 to 30 centres across the world. Four such centres are in India and the NSDC is one of them. There has also been a request from the World Bank, Beirut, to help rehabilitate people who have been displaced by the Syrian and Iraq wars. The World Bank wants to skill the refugees to help them return to a normal life. They want to analyse India's skill programmes and find out what can be incorporated. There have also been requests from Japan for workers from India for specific sectors.

**KRISHN KAUSHIK:** Many graduates, postgraduates work as delivery boys. This is a mismatch of skills. Is underemployment not an issue?

The solution does not lie in creating jobs but creating entrepreneurial opportunities. We need to unleash the power of entrepreneurial capacity of youths and that will require a lot of imaginative funding from the private sector. Government funding has a very low capacity for risk — you cannot fail with public money. But in entrepreneurship, 70 per cent of the people fail. And it is okay to fail as long as one has tried and done an honest job. Take for example, Subroto Bagchi, who failed thrice before creating Mindtree, a multinational IT and outsourcing company. How we create opportunities for youths to avail loans to become more entrepreneurial is the big challenge.



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