

Skill Training or Nipping Potential in the Bud?

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The introduction of skilling programmes in government schools from the secondary level itself—as part of the Indian government’s ambition to make India the “Skill Capital of the World”—will restrict young people, largely from socially underprivileged backgrounds, to low-productivity blue-collar employment in the informal sector. What is needed is not truncated education in the form of vocational training, but quality basic education for all, which will enable young people to compete for employment in the formal economy.

In his much acclaimed book *At Work in the Informal Economy*, Jan Breman noted:

Development was not a clear-cut process of urbanisation and industrialisation which would have allowed the swelling tide of migrants from the rural hinterland to settle down in their new habitat and find a regular job. Rather ongoing circulation and casualisation became the hallmark of their life and work. A turn for the worse was the withering away of secure employment and the changeover by vested interests to a strategy of informalisation that has kept labour footloose (2013: xi–xii).

There is now a substantial body of evidence on the dominance of the informal sector and the precarious conditions in which its participants eke out a living, with little or no economic and social security. The vested interests Breman mentions are the business conglomerations, which encourage informalisation to keep wages low to maintain or raise profits. However, if developments such as the relaxation of labour laws by the Rajasthan and Gujarat governments posed questions on the role of the state in perpetuating informalisation, the emphasis by the Ministry of Human Resource Development (MHRD) on skills training in the run-up to the New Education Policy (NEP) 2015 appears set to cast this in stone. This article argues that this will breed informality and increase social inequalities. Moreover, this then appears to be in contradiction to the recently proposed Sustainable Development Goals (SDGs) 2015—to which India has claimed adherence—that aim to ensure universal quality education to all (SDG #4) and to formalise the economy and protect labour rights [SDG #8] (United Nations 2015).

Such Is the Economic Structure

The Vocationalisation of Secondary and Higher Secondary Education Scheme under the National Skills Qualification Framework (NSQF) will introduce vocational training in schools from Class IX

onwards, two years earlier than the current introduction in Class XI (MHRD 2014). It will have a strong emphasis on government schools and rural areas, target out-of-school and dropout children and encourage such children to undertake training by providing an average financial incentive of ₹8,000 per trainee on completion (NSDC 2015).

In the run-up to the NEP 2015, the MHRD, in several of its official documents, has emphasised the importance of early introduction of skills training in schools in order to increase productivity in the informal sector, which employs roughly 425 million people out of a total workforce of 472.4 million in India (NSSO 2014). For instance, in the “Themes and Questions for Policy Consultation on School Education” (MHRD 2015: 7) the MHRD provides the following rationale for strengthening vocational training:

Given that only 7% to 10% of population is engaged in formal sector of economy, development of vocational education will provide skilled labour force in the informal sector which would further enhance the productivity.

The emphasis on the informal sector perhaps stems from the fact that the Indian economy is often stated to have leap-frogged into services without following the conventional structural transformation route of agriculture—manufacturing—services. However, the lack of an industrial revolution has meant that India remains a largely agrarian economy, as per Census of India 2011, with 68.84% of the population residing in rural areas despite a staggering primary sector. And since the manufacturing sector has been consistently underperforming with registered manufacturing having only 2.6% share of employment in 2010 (Ministry of Finance 2015), it is expected that the persistently high-growth services sector will have the capacity for structural transformation of the economy and will absorb surplus labour. But, this has not been the case (Table 1, p 17).

Despite the services sector being the highest contributor to growth at 57% of gross domestic product (GDP) in 2013–14, it employed only 39.1% of the workforce in 2011. Thus, as the Planning Commission (2015: 128) acknowledged, “the process of structural change in employment that

Table 1: Sector-wise Shares of Gross Domestic Product (GDP) and Employment

	Share of GDP in 2013–14 (Growth Rate in Parenthesis) (%)	Share of Employment (2011–12) (%)	Employment Growth (2004–05 to 2009–10) (%)
Agriculture and allied activities	18.2 (3.7)	48.9	-8.2
Industry (excluding construction)	24.8 (4.5)	13.8	
Manufacturing	12.89 (-0.2)	12.6	-6.3
Services (including construction)	57.0 (9.1)	39.1	
High value added			
Transport, storage, communication and services related to broadcasting	6.6 (7.3)	5.2	10.8
Storage, communication and services related to broadcasting	2.5		
Financial, insurance, real estate and business services		2.5	31.4
Financial services	5.8 (6.4)		
Real estate and professional services	14.0 (8.5)		
Low value added			
Trade, repair, hotels and restaurants	12.0 (13.3)	11.6	4.5
Construction	8.3 (2.5)	10.6	70.0

Source: Compilation by author using the following sources: Ministry of Finance (2015); Mahambre and Nadkarni (2011).

one would expect with a period of unprecedented growth in output in the economy outside of agriculture, is not occurring fast enough.”

Further, a disaggregation of the services sector shows that the bulk of its growth comes from low-value-added services and from real estate. Similarly, employment in the services sector is highly fragmented. A majority of employment in this sector was in low-value-added services, with high-value-added services employing only about 7% of the workforce. But, as shown in Table 2, high-value-added services jobs require high skills. So, not only are the jobs few and far between, but they remain inaccessible to the less educated, who are also the poorest.

Table 2: Share of Employees in Sectors

	Share of Employees with at Least Secondary Education
Manufacturing	0.248
Registered	0.432
Services (including construction)	0.478
Transport and communications	0.330
Financial and insurance services	0.836
Real estate and business services	0.775
Wholesale and retail trade	0.346
Construction	0.144

Source: Ministry of Finance (2015).

Thus, economic growth has been jobless with the number of jobs added between 2000–05 and 2005–10 remaining flat at 27 million (Mahambre and Nadkarni 2011). And as the Twelfth Five Year Plan recognised, low education levels of the labour force has made the transition to non-farm sector difficult except as low-paid labourers in the construction industry. The majority of the population

is thus toiling in low-skill service sector jobs, while the educated swell the ranks of the unemployed.

The rationale for skills training is then an attempt to resolve the following paradox; while agriculture and manufacturing sectors have a deteriorating capacity to absorb labour, the lack of quality education as well as inadequate supply of jobs implies that participation in high-value-added services for a majority of the population is implausible. Skills training to cater to the specific demands of the informal sector is thus framed as a solution to the problem of employment generation, albeit in informal, low- or zero-value-added services or in unregistered manufacturing activities. It is positioned as a this-or-nothing bait, in the belief that it will be accepted over the hideous insecurity of unemployment.

Deductive Fallacy

There are several reasons why the above-stated logic derivative is problematic. First, as shown in Table 3, the informal economy is not a particularly dynamic sector that can carry India towards sustainable growth.

It is evident that much of the labour productivity comes from registered manufacturing rather than unregistered manufacturing or construction. The *Economic Survey 2014–15* thus stated that it is registered or formal manufacturing that possesses some of the critical prerequisites for structural transformation such as high productivity

and rapid growth in productivity. “Thus, efforts to encourage formalisation will be critical” (Ministry of Finance 2015, Vol 1, p 33) In light of this conclusion, the MHRD’s insistence on increasing productivity in the informal sector is questionable.

Second, skills training particularly for the informal sector will help perpetuate inequalities. The provided skills will relegate the target population—children in government schools belonging to the poorest of families who hope that an education will enable them to transcend the accident of birth—into work that by its very nature is low down in the hierarchy of employment. Acquiring skills of a beautician, mechanic, gem cutter or security guard will ensure that they remain employed in informal blue-collar work where working conditions are severe, unstable and unequal.

Third, skills training may be at the cost of providing quality elementary and secondary education at a time when there have been massive budget cuts for education as shown in Table 4.

Skills training demands a heavy separate budget, that could, if put to the use of mainstream education, help improve quality and enable students to develop capabilities and skills that will make them equal competitors in the formal sector job market. As per the Vocationalisation of Secondary and Higher Secondary Education scheme, each school will be provided with a flexible budget of ₹14.5 lakh per annum for engaging resource persons (MHRD 2014). Compare this with the mere

Table 3: Labour Productivity in Sectors

	Labour Productivity Growth (2000–10)
Manufacturing	4.2
Registered	5.4
Unregistered	1.2
Services (including construction)	6.3
Transport, storage, communication and services related to broadcasting	4.5
Financial and insurance services	-1.6
Real estate and business services	3.2
Trade, repair, hotels and restaurants	7.3
Construction	2.1

Source: Ministry of Finance (2015).

Table 4: Actual Allocations by Government of India

	2013–14	2014–15	2015–16	Decrease over Three Years (%)
Secondary education	10,025	99,992	9,184	8.4
Elementary education	39,622	36,699	32,917	16.9

Source: Compilation by author using Kapur and Misra (2015) and Kapur and Iyer (2015).

₹4.08 lakh allocated per school in the budget of 2014–15 for secondary education, of which only ₹1.42 lakh per school was allocated for Rashtriya Madhyamik Shiksha Abhiyan (RMSA);¹ the glaring difference reflects the misplaced priorities of the state.

Fourth, the emphasis on skills training at such an early age would serve to restrict social mobility and is a departure from recognising the intrinsic value of education which aims to enable every child to reach her full potential. For first-generation learners—historically poor families, for those who live on the peripheries of globalisation, and for those who suffer from multiple disadvantages of their socio-economic being—education provides acculturation and is a means of social mobility and allows the transcending of class and caste hindrances. However, the state's complicity in fuelling growth that is fed by an informal economy ensures that whatever permeability the poor might achieve with education is restricted, enforcing the rigmarole of disenfranchised informality.

It appears then that the vocationalisation of education reflects a failure to address structural social inequality. There is a severe supply shortage of jobs that is unable to match the demand, primarily due to structural conditions. But, strengthening the school system and improving quality of education will enable competition on a level playing field. Instead, in socialising at an early phase through a skilling process that is wont to push its participants into the perils of the informal economy, the state is limiting the imagination and aspiration of the largest constituents of the holders of potential human capital through which India is expected to reap its demographic dividend. There is thus a need to juxtapose this potential with the goals of the state.

Shortcut to Social Legitimacy?

The mandate to introduce skilling programmes in government schools as part of the Indian government's ambition of making India the "Skill Capital of the World" has revealed the perceived cleavage between the two goals—of education and of economic growth—where there should be none.

Endogenous growth theorists, by showing education as a determining factor of economic growth—deemed to be an un-compromisable goal of the state—made a paradigm shift in the discourse on education. It provided an incentive for the state to provide quality education to explore the growth potential. Except, it is neither so simple nor so straightforward.

It is important to recognise the divide between those who primarily benefit from and control capital, and those who remain at the margins of capitalist accumulation. The latter, which continue to operate within feudal/semi-feudal settings, obstruct the process of capitalist accumulation, especially using legal rights provided to them through citizenship. For instance, the right to property can be and is used by indigenous communities to obstruct miners' capitalist accumulation strategy. The transition to capitalism thus continues within the legal-moral framework of modernity, thereby creating several caveats for procuring social legitimacy, economic development is one of them. Education becomes important in this context, owing to its role in social mobility. However, in the circumstances of deteriorating quality education to majority of the population and the structural constraints of the economy, skills training reflects a helpless state, which in the absence of a viable means for social mobility, hopes to procure social legitimacy by reducing the possibility of unemployment, albeit in conditions that are not much better.

But gearing a socio-economically disadvantaged workforce towards the informal economy will simultaneously increase both income and structural inequality, for it provides the enabling conditions to use the informal sector to service the requirements of the formal sector and help it sustain profits, which remain concentrated in the hands of a few. For empirical evidence shows that economic growth has been slow to trickle down to the poor, with poverty decline much slower than the rapid growth in GDP (Deaton and Dreze 2002). This is evident from the fact that rural wage growth was an abysmal 3.8% year-on-year in 2015 (declined from over 20% in 2011), lower than the annual consumer

price inflation for rural India, as per Labour Bureau data.

There is a historical conflict between short-term quick fixes and sustainable development. We have failed to improve and strengthen the education system, or provide the structural conditions necessary for dignified employment. Rather, the manufacturing sector has consistently underperformed and growth has been jobless. The skills programme is then a double-edged sword: it provides the poor with something, anything, which may just be a notch above the flailing agricultural sector, but it feeds the growing informal sector, which has the tacit approval of the government and keeps business happy.

The skills programme then is short-changing the poorest people for the state's failure by institutionalising skilling at an impressionable age and restricting the possibilities of employment to blue-collar work, we will limit social mobility and thereby maintain the status quo. It would serve well for the government to adhere to its promise of broad-based development and move towards its claims to the SDG 2015 targets to "encourage the formalisation and growth of micro-, small- and medium-sized enterprises," "protect labour rights" and "ensure that all learners acquire the knowledge through education for sustainable development and sustainable lifestyles." Providing quality education to preparing a workforce that is able to compete in the formal economy rather than provide labour to an unproductive informal economy may be a first step in this regard.

NOTE

- 1 The budgetary allocations for secondary education and RMSA were calculated by the author using Kapur and Misra (2015) and DISE (2015).

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