

Skilling India: Shifting gears with changing aspirations



Michael & Susan Dell
FOUNDATION

Introduction

With an average age of 29 years and 64 percent of its population in the working age group, India will be the youngest country by 2020.¹ To deliver on the ambitions of its young people, the Indian Government has identified skilling as a key priority area. While the first Government intervention in vocational training can be traced back to 1969, the focus on skilling rapidly evolved and developed after the 1990s with the opening up of the Indian economy, and the rapid growth of the services sector. A change in the drivers of the economy from manufacturing to sectors like IT led to a re-think of skilling policies ultimately resulting in setting up of the National Skills Development Corporation (NSDC) in 2008 and drafting of India's first National Skill Development Policy in 2009. To further sharpen the focus on skilling, the central Government carved out the Ministry of Skill Development and Entrepreneurship (MSDE) in 2014 and followed that with the launch of the Skill India Mission in 2015. With this, the Government set a target of training 400 million people by 2022 and commensurately increased the budget of MSDE each year. In the current financial year, it stands at INR 2,989 crores as compared to INR 1,007 crores in 2015-16. However, even with this laser focussed approach and strong political backing, India's skilling policy is fraught with challenges.

In November 2018, the Government's flagship scheme, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which aimed to skill 10 million youth by 2020, was found to be 64 percent short of meeting its target with only 3.6 million people enrolling in the scheme by Nov. 30, 2018. Further, out of the 2.8 million youth who undertook short term trainings under the scheme between July 2016 and June 2019, only 1.2 million found employment.² While these issues are attributable to a host of administrative reasons, the low uptake of the scheme and its

consequent failure to ensure employment also underscore the need to understand the changing aspirations of Indian youth who are being targeted for skilling and vocational training initiatives. With the growing awareness and exposure, Indian youth are today rapidly re-defining their aspirations and employment goals and any policy intervention catering to this audience needs to be cognizant of these changing preferences

Scope of the Study

Commissioned by the Michael & Susan Dell Foundation, this study was conducted by Delphi Research, to map the job-related aspirations of low-income youth, and assess their awareness levels of, and preference for, enrolling in vocational courses/institutes offering skills training. The objective of the study is to inform policy makers, market participants and other relevant stakeholders about the aspirations of low-income youth and provide actionable insights on how the vocational training market can meet those aspirations.

Methodology

To achieve the above stated objectives, interviews of low-income students and institutions offering vocational training were conducted for this study. Students were divided between those currently enrolled in vocational training / skilling institutes (60% of the sample) and those enrolled in general education courses (40% of the sample) as per the following categories.³

- ❖ Students in vocational training / skilling institutes: The sample was divided between those enrolled in technical, long-term skilling courses i.e. Registered Government or Private Industrial Training Institutes and Polytechnics ("ITIs and Polytechnics") (56%), and those enrolled in new-age private vocational

1. Chaitanya Mallapur, India Spend, Bloomberg Quint, 29 Jan 2019, <https://www.bloombergquint.com/union-budget-2019/budget-2019-must-tackle-missed-skill-development-targets-even-as-ministries-funds-go-unutilised>
2. Animesh Singh, Deccan Chronicle, 1 July 2019, <https://www.deccanchronicle.com/nation/current-affairs/010719/pmkvy-fails-to-achieve-its-target.html>
3. Other details on the sample:
 - (a) Students, dropouts, parents, and vocational institutes were surveyed across Mumbai, Pune, Bangalore and Hyderabad
 - (b) There was a quota for female respondents (30%)
 - (c) 20 Aspirational Vocational Institutes were also surveyed



courses such as those training for hospitality, beauty, fitness industries etc. (“New-age Vocational Institutes”) (44%), some of which are considered aspirational (“Aspirational Vocational Institutes”) on account of the jobs they prepare students for, for example data analytics, banking etc.

- ❖ Students in general education courses (“General Education Institutes”): Those enrolled in plus two / higher secondary and undergraduate / post-graduate course

Further, institutions offering vocational courses were also interviewed to understand their perspective on uptake and completion of courses, as well as related challenges faced by the low-income youth. The learnings of this report need to be read, keeping in mind that the respondents were chosen from the students of low-income households (Monthly Household Income < INR 40,000).

Summary of Findings

The broad learnings from the study indicate the emergence of a subset in the target group, which is more socially upwardly mobile than the others, and wants to partake in better paying, private sector employment with immediacy. For this, they are enrolling in ‘New-age Vocational Institutes’, which, they believe, are equipping them with specialised and technical knowledge, perceived to be important to get a job. These institutes, in turn, are offering courses at rationalised costs and short durations, focused on improving employability. Then, there are the traditionalists who are following the established route of doing longer duration courses at ITIs and Polytechnics, also with hope of a high salary, and a significantly higher preference for Government jobs.

The study results also indicate that students’ decision to pursue mainstream education vs. vocational training is heavily influenced by their private social networks, including career counsellors. The increasing awareness about the New-age Vocational Institutes, coupled with the fast-changing skills demanded by jobs, puts the vocational training market at an inflexion point, poised for growth. To leverage this market shift, a triangulated

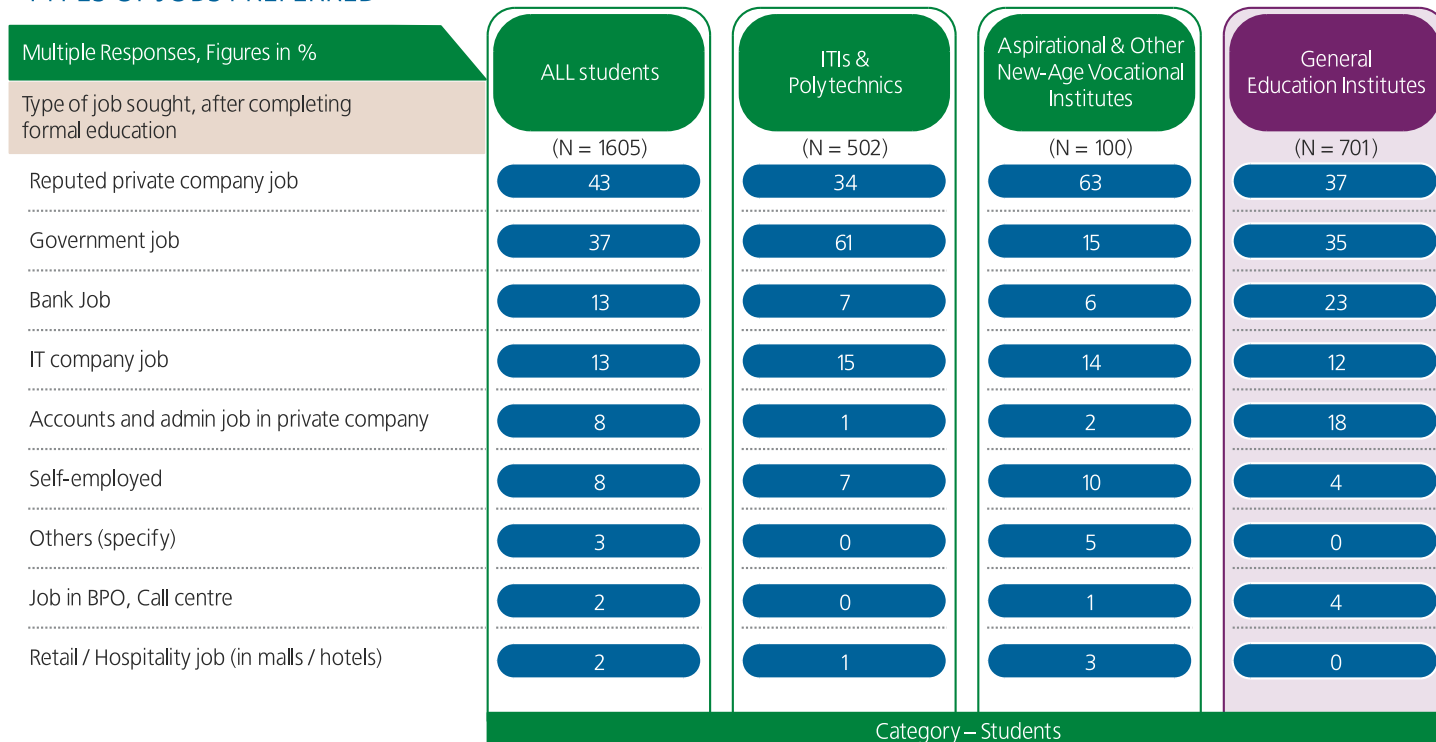
partnership between the Government’s skill mission, the private industry and vocational training providers is needed, where each one of them supports and contributes to the demands of a rapidly changing ecosystem.



01 Private Sector jobs are becoming aspirational amongst the low-income households in metro cities in India

- ❖ A higher proportion of students in the study are aspiring for private jobs in reputed companies (43%) versus Government jobs (37%). While this could be on account of the metro-city composition of this survey, it is a **breakaway trend** that could be a harbinger of changing preferences.
 - i. Within the participants of the survey, the proportion of private job seekers is significantly higher amongst the students of New-age Vocational Institutes vs. all other student groups.

TYPES OF JOBS PREFERRED



All Categories of Students, All Centres

❖ Salary emerges as the single most important factor of job preference by a significant margin, amongst students across all categories of courses, and parents. Job security lags at the seventh rank, amongst a total of 13 factors,⁴ again a variation from the past trends. Interestingly, the features of the gig economy workforce, such as flexible working, haven't yet caught up with this audience.

- The expected starting salary is high among students, only slightly below their current Monthly Household Income (Rs 21K vs. Rs 25K on average). Parents have an even higher expectation of starting salary for their wards, similar to their MHI.

This shift in job preferences and expected salaries presents a huge market opportunity for employability courses to train youth for aspirational, private-sector jobs.

- ❖ This shift reflects the emergence of an upwardly

mobile demographic segment – as reflected by higher number of working mothers, higher education levels and corresponding to marginally higher MHIs. This segment was enrolled in New-age Vocational Institutes, versus ITIs and Polytechnics. This may be indicative of a trend that has already started in the low middle-income segments of our society – the shift to high-quality aspirational institutes, thereby indicating a potentially fast-growing sub-segment in the market

- ❖ An encouraging 42%⁵ of the students from General Education Institutes stated an intent to enrol in vocational training courses in the next 12 months. This suggests a growing interest amongst students, and an opportunity for market players to create awareness about various course options, jobs linkages and past success stories

4. The factors were – Salary, desk vs. field job, location of job, time taken to commute, safety of workplace, working hours, low waiting time for securing the job, growth opportunities, job security, reputation of the company, support of parents, social status associated with the job, respect of friends / community

5. This assessment has been based only on the responses from the General Education students (Base=701), to remove bias of purposive sampling

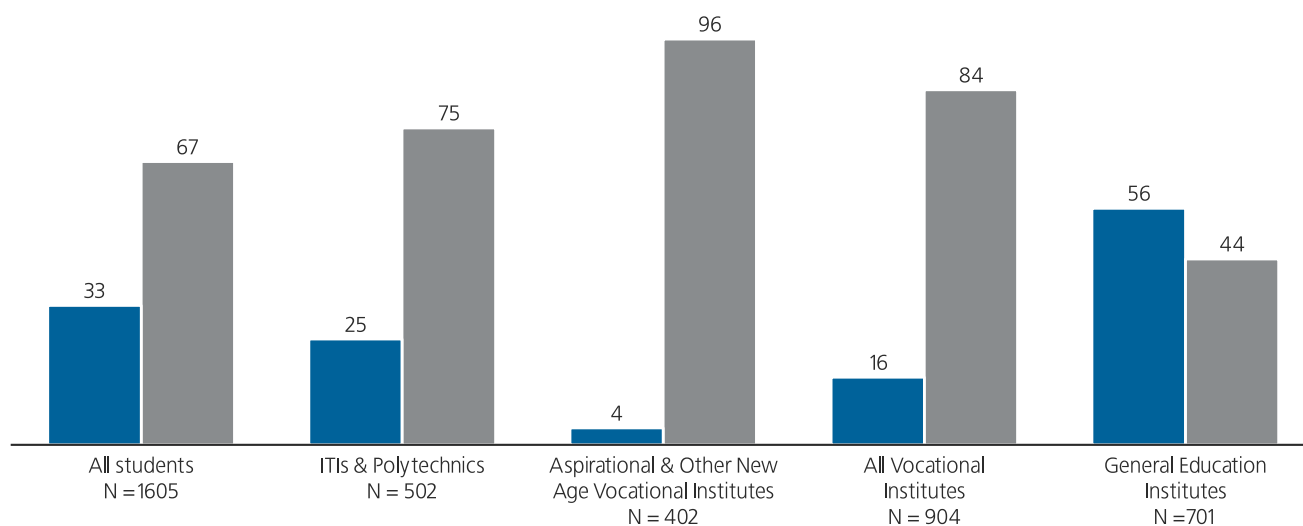
02 Emerging recognition of the role of skill training institutes in gaining access to jobs

- ❖ 84% of the students enrolled in vocational institutes indicated their intent to start working immediately after completion of course. This number was 96% for New-age Vocational Institutes – thereby indicating emerging recognition among students, of vocational training being the pathway to jobs.



WAY-FORWARD AFTER COMPLETION OF COURSE

All students (N = 1605), Figures in %



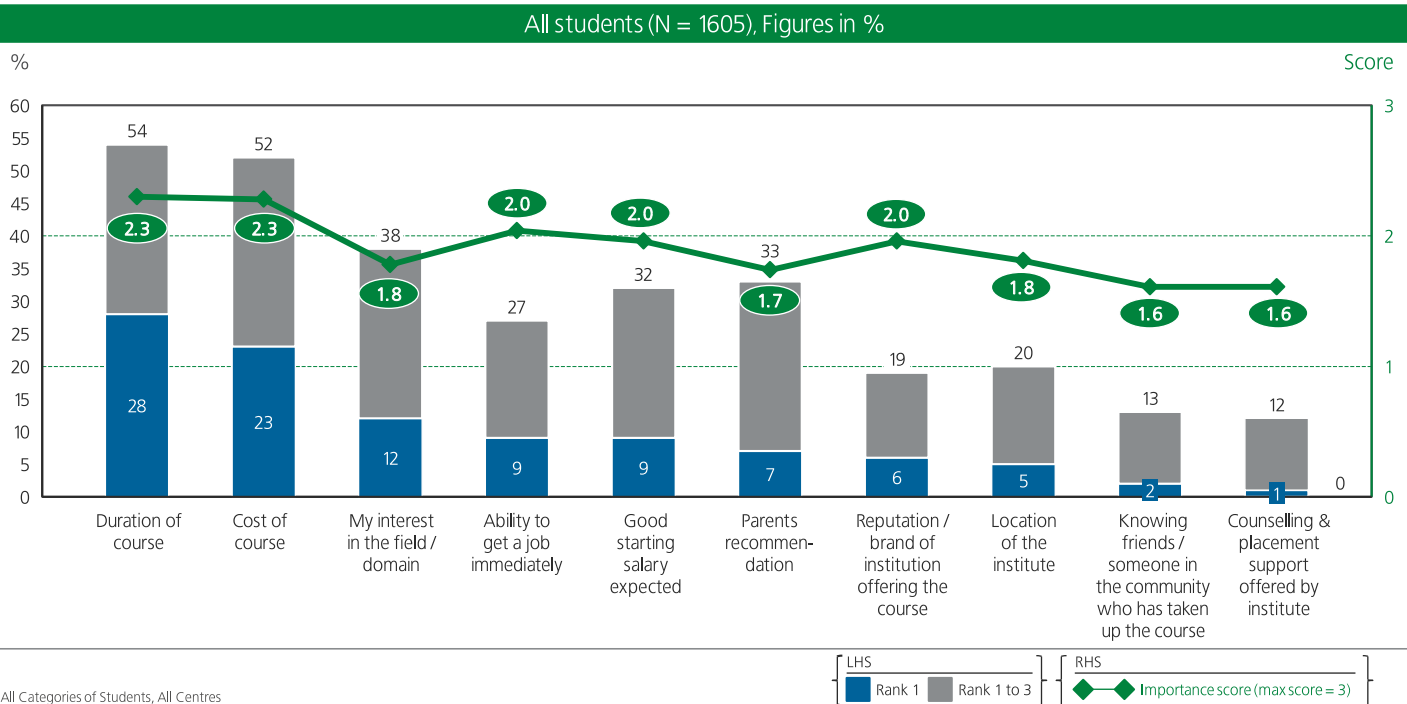
All Categories of Students, All Centres

■ Study further ■ Start working

03 Immediacy in gaining employment and funding constraints drive choice of course and vocational institute

- ❖ **Duration and cost of course** are considered the most important factors in choice of course by all categories of students.





- ❖ This represents a market opportunity, and need, for vocational courses to be sachet-ised – i.e. short duration, and value for money.
- ❖ Most of the courses offered by the New-age Vocational Institutes today, are around a year long, with fee structures lower than, or comparable to other ITIs / Polytechnics and Traditional Vocational Institutes or General Education Institutes, on an overall basis (i.e. total cost over the full duration of the respective courses)

Vocational education is at a tipping point with significant opportunities for “Sachet-ised” employability courses that are high quality, short duration and value for money, providing an immediate pathway to jobs

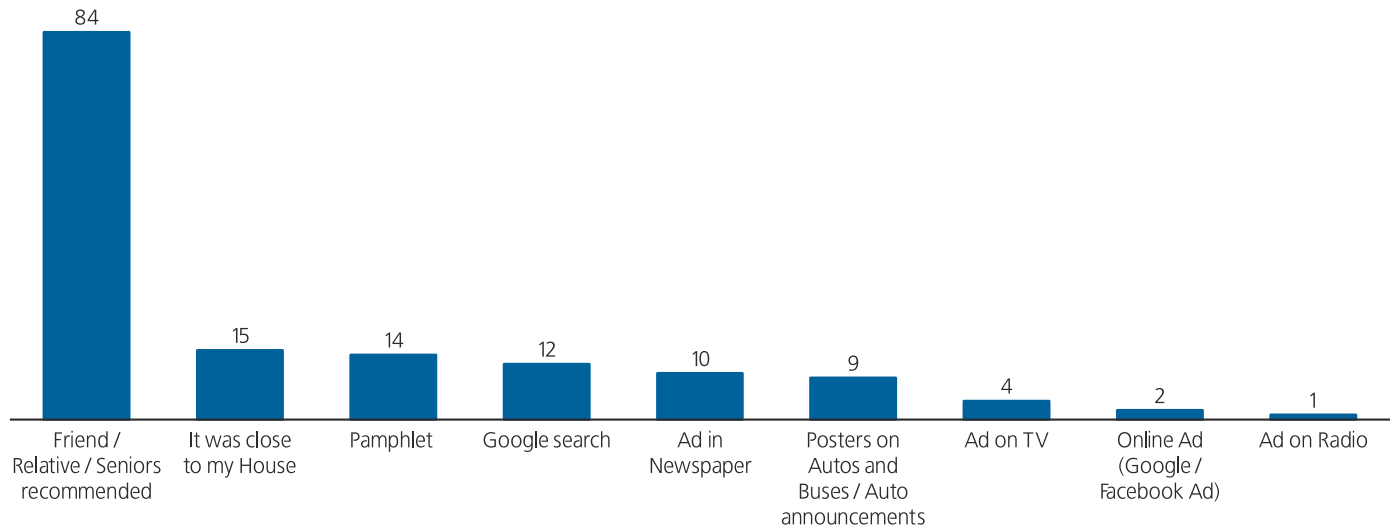
04 Innovative marketing alliances will be critical - Social ilk is the key influencer in students' choice of course and institute

- ❖ Friends, family and seniors (i.e. personal trust channels) are the single most important source of awareness for all categories of students. Most parents are involved in selecting the course and institute that their ward joins.



SOURCES OF AWARENESS – COURSE & INSTITUTE

All students (N = 1605), Figures in %



All Categories of Students, All Centres

- ❖ Considerably low uptake of digital mediums to find out about courses and institutes
- ❖ Salience is hence a function of word-of-mouth, likely a result of lineage and geographic footprint of the institute
 - i. Awareness of Aspirational Vocational Institutes with a national lineage and footprint (NIIT, CADD Centre, Arena Animation, TimesPro, SAP etc.) is consistently high across student categories, including amongst those not enrolled in vocational courses. These institutes, over the years, have incurred large marketing spends to build awareness
 - ii. Niche, local and hyper-local vocational institutes have very low awareness amongst students and parents
- ❖ 90% of the students surveyed have never received career counselling. Those who have received counselling, believe that it made them aware about career and course options

Create reach and awareness of vocational institutes through career counselling at secondary and senior secondary levels to

- ❖ Familiarise students and parents with career options, along with aptitude assessment of the students
- ❖ Create awareness about accredited institutes for vocational courses

05 Industry partnerships with vocational institutes critical for reciprocal success

- ❖ Banks and IT companies have emerged as preferred sectors to work in, over sectors such as Retail / Hospitality, BPOs etc.
- ❖ The Banking and IT sectors have grown significantly in the last few years, propelled by a large technically trained workforce, supported by vocational institutes, which also offered placement tie-ups. Vocational institutes, in turn, grew as a result of the growing demand for trained workforce from the industry
- ❖ Industry partnerships with vocational institutes have thus led to reciprocal success and propelled the growth of the sector

Identifying high-growth sectors with a growing pull from the industry for technically-trained workforce is crucial for success of both, the industry and the vocational training market.

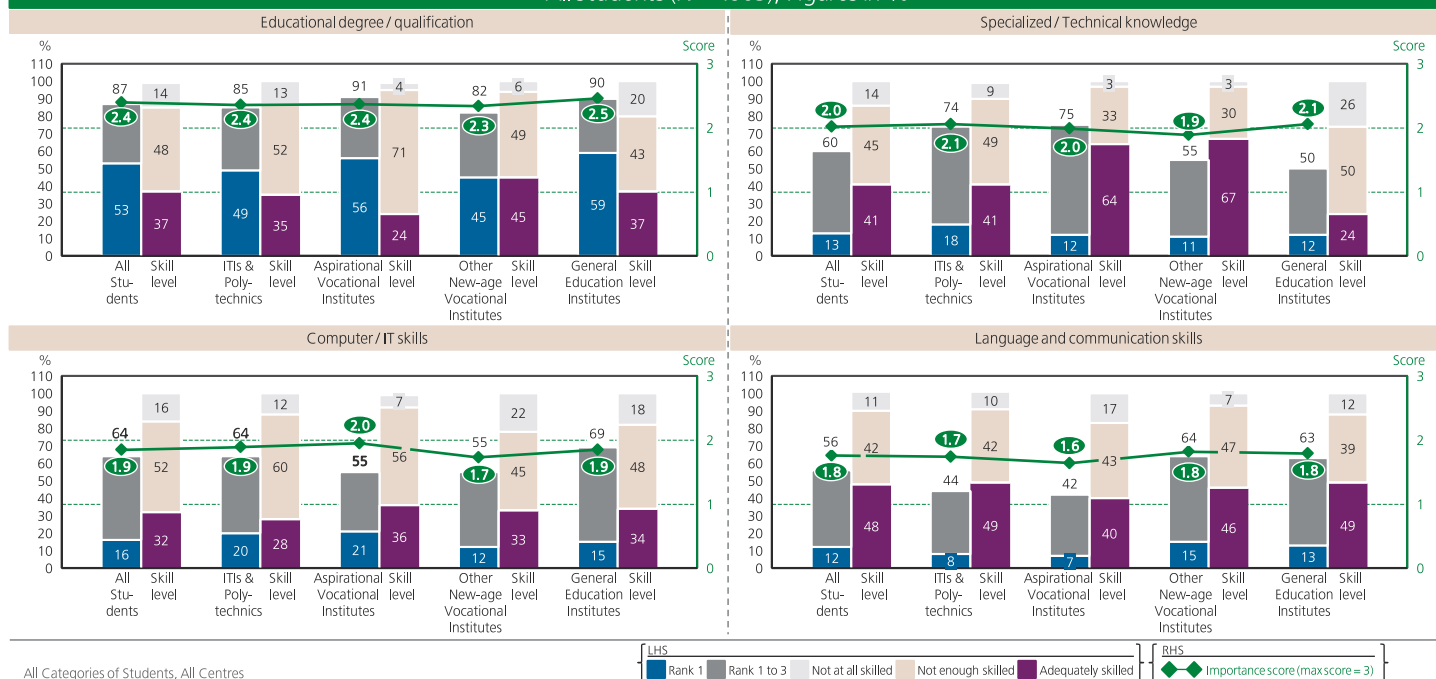
06 Pathway to jobs still considered to be Educational Qualifications

The factors considered most important by students, when competing for jobs, are **Educational Qualifications**, **Specialized / Technical Knowledge** and **Computer / IT skills**. Students across all categories rated themselves poorly on these factors, with the perceived gap for Computer / IT skills being the largest



FACTORS CONSIDERED IMPORTANT TO COMPETE FOR A JOB / SELF-ASSESSMENT OF PERCEIVED SKILL LEVEL

All students (N = 1605), Figures in %



07 Offering all-round support in the form of soft skills training, to students to prepare them for job interviews, will be a key differentiator for the vocational training winners in the market

- Beyond education qualifications and technical training, students perceive **interview skills**, **counselling** and **spoken English** to be the key factors essential to cross the finish-line for securing jobs

- Students also display low confidence in their **preparedness to get jobs** and rate themselves low, on these ancillary skills, regarded as critical to compete for jobs

Soft skills training and bridge courses in English language and Computer skills, to be offered along with vocational courses. A hybrid of classroom and

technology enabled training modules can subsidise costs.

Training for interviews to be imparted, with participation from recruiting industries and players.

The English Conundrum

- ❖ For nearly all respondent students, medium of instruction in their current courses is English. Majority have been educated in private schools with English as medium of instruction. Almost half of those using any app on their phone are using an English learning app
- ❖ Less than 2% of the students find it challenging to understand the lessons in English for their current courses
- ❖ Interestingly, while stated comfort with spoken and conversational English is near universal amongst the students, more than half of them do not feel adequately skilled in the language from a job readiness perspective
- ❖ The vocational institutes surveyed, ascribe the low-income students' lack of fluent English, as a barrier for them performing well in job interviews

08 JAM Trinity (Jan Dhan – Aadhar – Mobile) has created loan preparedness, but incidence of education loans remains very low

- ❖ Only 2% of all students in the survey had taken a loan to fund their education
- ❖ Only 20% of vocational institute students had access to loan options for financing their course
- ❖ Finance was cited by almost all institutes as a challenge faced by this group of students
- ❖ The overall incidence of loans, as stated (for any purpose), for households was 12%. The popular categories of loan uptake were – two-wheeler and durables. These two categories offer loans at the

- ❖ point of sale (PoS), facilitating credit-backed offtake of sales
 - i. There is near universal ownership of active bank accounts and KYC documents (typically required for loans), amongst the parents and the students
- ❖ This loan preparedness, and overall low incidence of loans, indicate that low-income households are not proactively seeking loans from formal financiers. **The education sector will have to market and push loans at PoS.**
 - i. Education Loans have highest incidence at Aspirational Vocational Institutes. This closely corresponds to proactive tie up with many formal financiers

- ❖ Encourage vocational institutes to offer loan facilities to students through tie-ups with financiers. Since PoS facility improves incidence of loans in this category, institutes need to proactively communicate availability of loan options to their aspiring students, through their counsellors and well-displayed marketing collateral, at the time of admissions
- ❖ Financiers to improve loan uptake through
 - i. Designing and developing customised loan products for students from low-income households
 - ii. Developing alternative credit scoring mechanisms
- ❖ Banks and Foundations to create **guarantee pools** for student loans for enrolment in the courses, for enhancing credit worthiness of the target segment

Key findings from interviews with the vocational training institutes

Interviews with Vocational Training Institutes helped us understand the constraints at the supply side of skilling programs and challenges faced particularly by

low income students in completing their training courses and subsequent placements. The key findings from the interviews are:

- ❖ Most of the well-known Aspirational Vocational Institutes, have, on average 20% of their students, from low-income households
- ❖ They believe that students from this segment, **do not typically choose a course because it is cheap, nor do they have a sector-specific or a typical course choice**
- ❖ Some institutes do not perceive any substantial difference in their ability to convert an aspirant from these backgrounds, vis-à-vis the more affluent students, while others do
- ❖ They believe the key challenges faced by students from low-income households are: **Funds, Lack of fluency in English and Poor Interview skills**
- ❖ Most of these students, they postulate, are willing to take a loan to cover their course fee

A few verbatims:

“They find it difficult to face interviews even after we train them. Each student is allowed to attend 3 interviews. However, some students from low-income background are unable to get placed in these 3 interviews. After facing 5 to 6 interviews only, they get selected”

“They find it tough to understand the classes in English. We help in training them in local languages. They find it difficult to get jobs in big companies because of lack of fluency in English and lack of confidence”

“Lack of funds is the only barrier. We refer them to financial institutions for loans”

“Affordability is the main challenge. The next challenge is lack of fluency in English, interviewing skills and lack of confidence; we train them in this”

About the Michael & Susan Dell Foundation

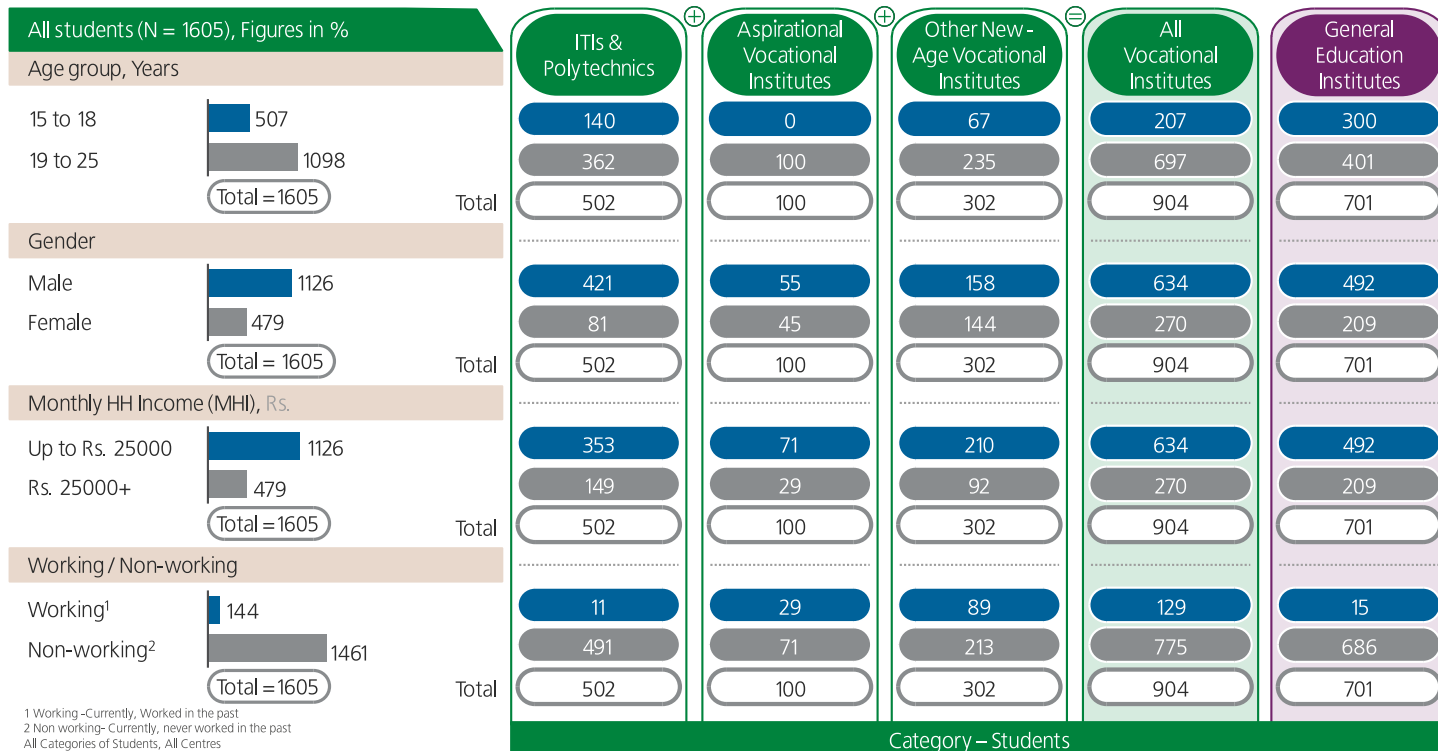
The mission of the Foundation is transforming the lives of children living in urban poverty. In India, the Foundation has committed over Rs 1,500 crores towards its core programmatic areas of education, livelihoods and financial inclusion for urban low-income households. Our intent is to achieve measurable and positive impact on the lives of children and their families, while at the same time catalysing systemic and ecosystem change. The Foundation deploys a range of tools from traditional philanthropic grants to mission driven impact investments.

Vocational training has long been a focus area in India. In this area of work, Foundation has supported stand-alone quality training institutions as well as played an ecosystem role with national-level skilling bodies.

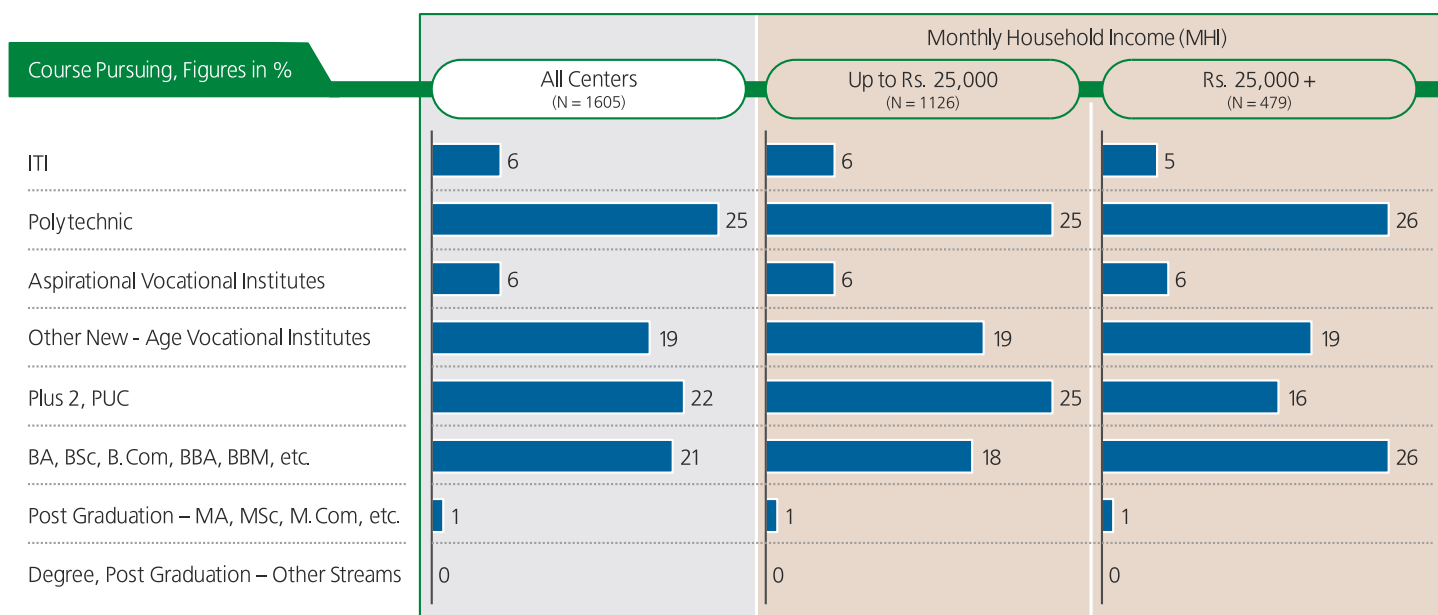


Annexure

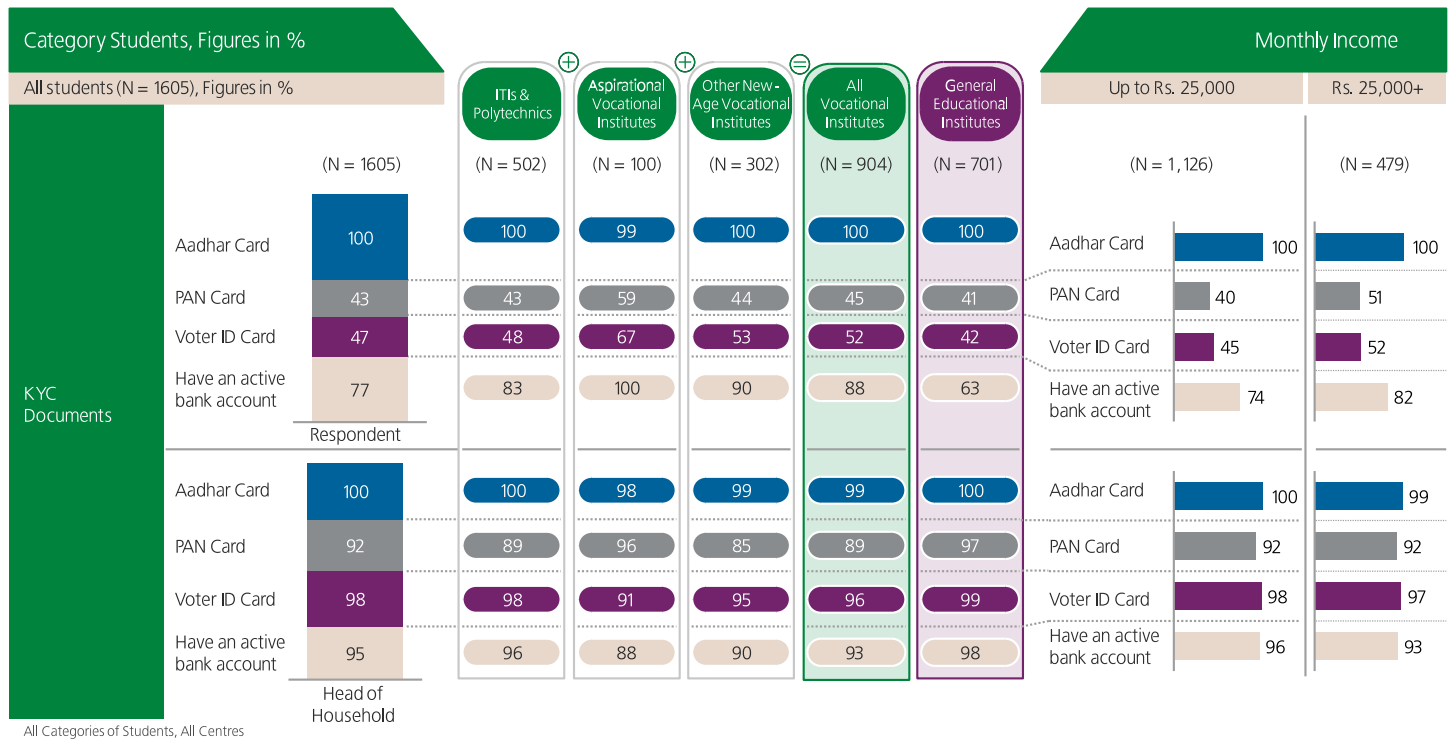
SAMPLE COMPOSITION #1



SAMPLE COMPOSITION #2 – MONTHLY HOUSEHOLD INCOME



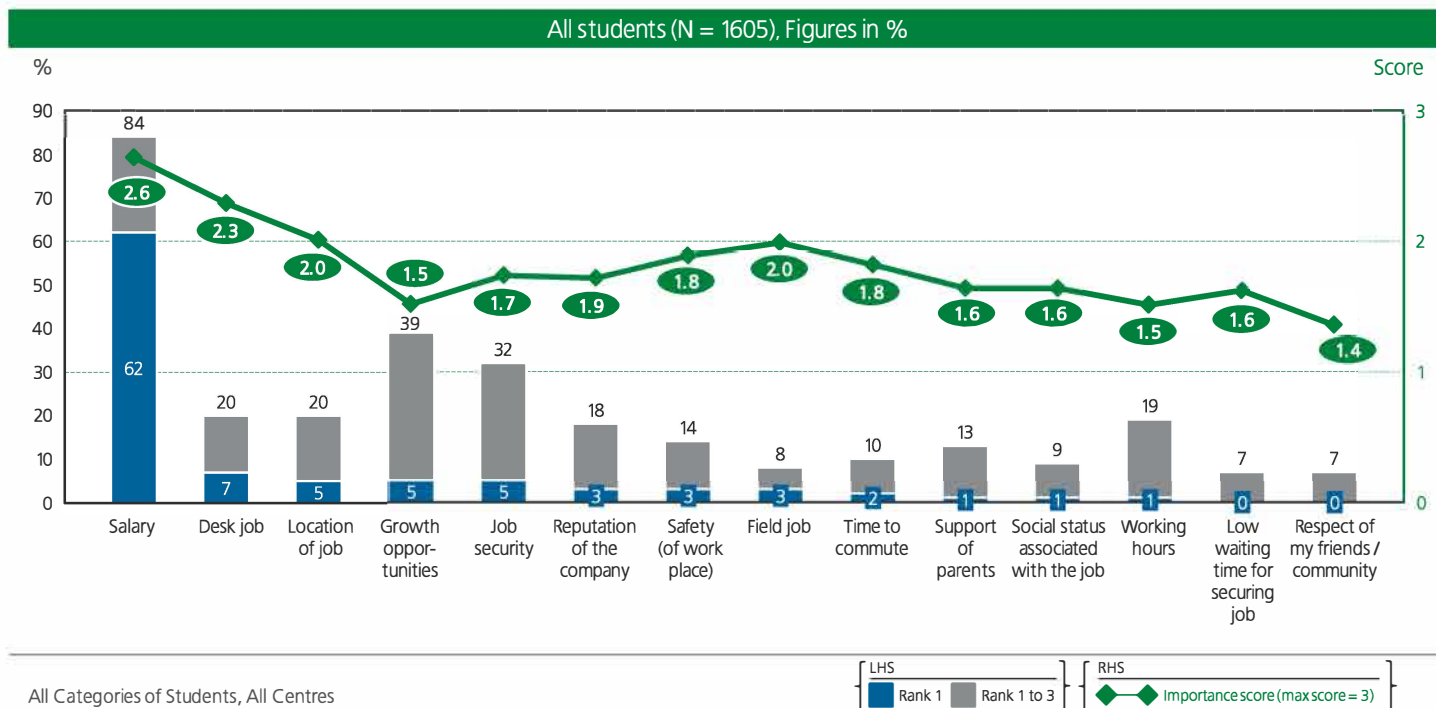
OWNERSHIP OF KYC DOCUMENTS & BANK ACCOUNTS



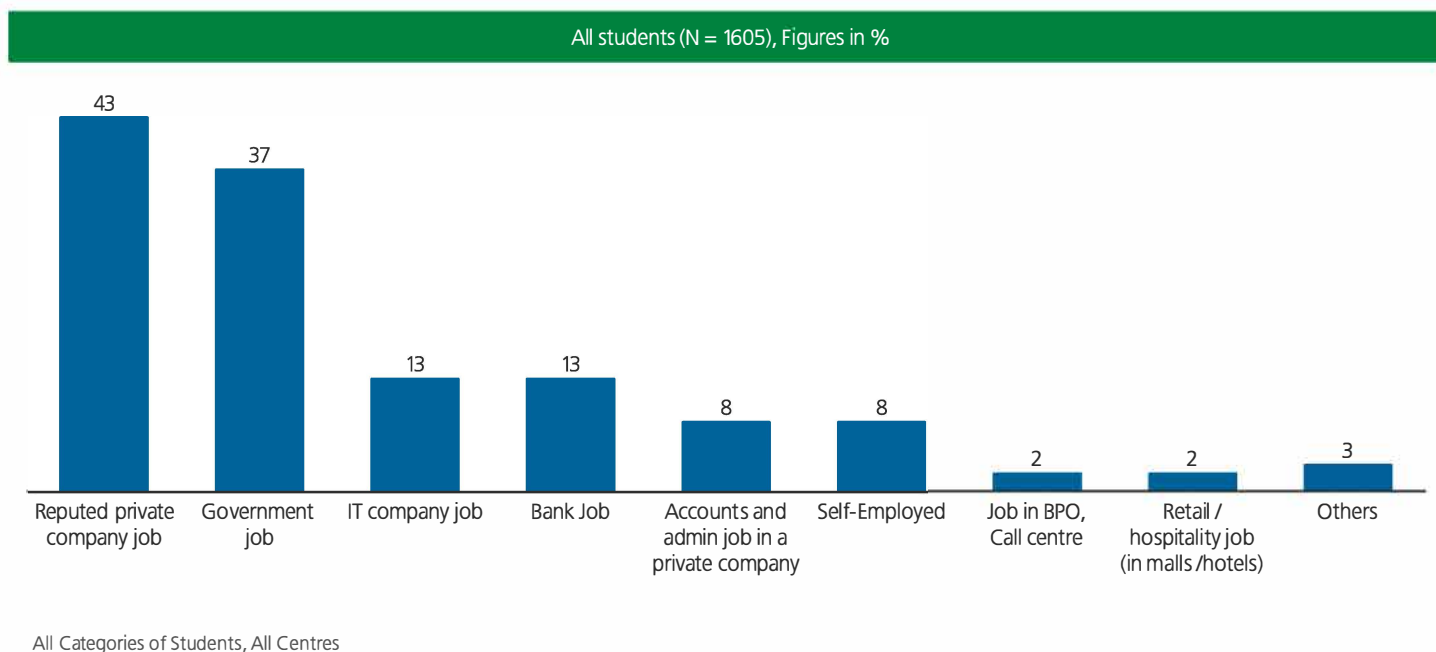
TYPE OF INSTITUTE & DURATION OF COURSE



DRIVERS OF STUDENTS' CHOICE FOR JOBS

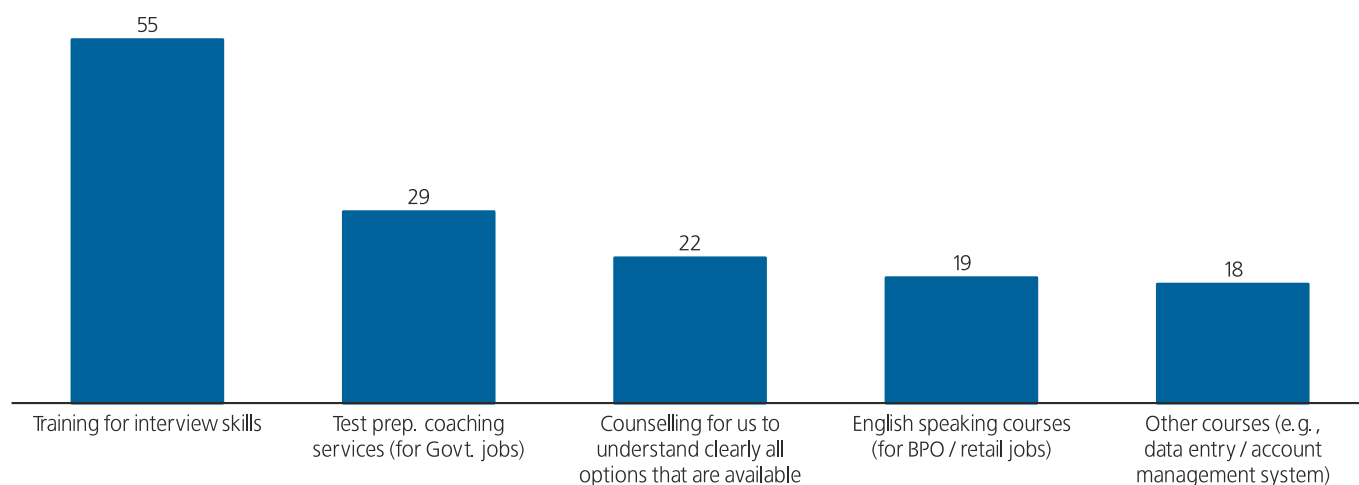


TYPES OF JOBS PREFERRED - AGGREGATE



PREPARATORY SUPPORT SOUGHT TO COMPETE FOR A JOB

All students (N = 1605), Figures in %

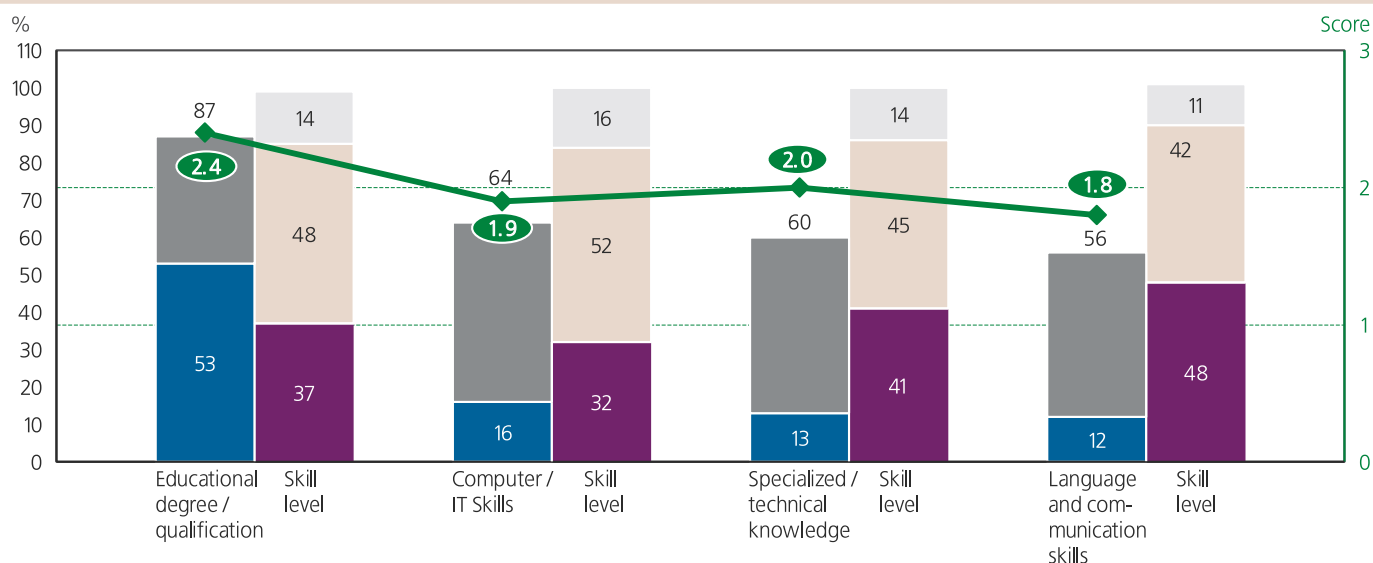


All Categories of Students, All Centres

FACTORS CONSIDERED IMPORTANT TO COMPETE FOR A JOB / SELF-ASSESSMENT OF PERCEIVED SKILL LEVEL - AGGREGATE

All students (N = 1605), Figures in %

Factor / Pre-requisite



All Categories of Students, All Centres

LHS: Rank 1, Rank 1 to 3, Not at all skilled, Not enough skilled, Adequately skilled. RHS: Importance score (max score = 3)

