Outline

• Long-Run Challenge
  – Demographic opportunity

• Medium-Run Challenge
  – Low employment-output elasticity
  – Uneven and volatile economic growth since 2008 and its impact on job creation
  – Educational Attainment
  – Aspirations
  – Returns to investment in education and skill or perceptions
  – Skill Gap

• New Skills at Work India (NSAWI)
  – Program Description
  – Objectives
  – Proposed Themes
LONG RUN
Long-run Challenge: Young Population

Source: Census
Long-Run Challenge: Demographic Opportunity

Low employment output elasticity
MEDIUM RUN
Decline in output elasticity of employment

Job Creation Post 2011
MEDIUM RUN
But what about post 2011, a time of business uncertainty.

IIP and NCAER Business Confidence Index, January 2011 to January 2015

Source: Bhide and Bhandari (2015) from NCAER BES Surveys
Labour Markets show few signs of movement

Percentage of Respondents: Changes in Labour Employed over the Last Three Months, January 2007 to January 2016

- No change in skilled labour employed over the last three months
- Increase in skilled labour employed over the last three months
- No change in unskilled labour employed over the last three months
- Increase in unskilled labour employed over the last three months

Source: NCAER BES Surveys
And hiring has been weak

Percentage of Respondents: Expected Changes in Labour Employed over the Next Six Months, January 2007 to January 2016

No expected change in skilled labour employed over the next six months

Expected increase in skilled labour employed over the next six months

No expected change in unskilled labour employed over the next six months

Expected increase in unskilled labour employed over the next six months

Source: NCAER BES Surveys
Educational Attainment
MEDIUM RUN
76% literate and...

Distribution of Literate Population as per Education Level, 2011

- Literate but below matric/secondary
- Matric/secondary but below graduate
- Technical diploma or certificate not equal to degree
- Graduate and above other than technical degree
- Technical degree or diploma equal to degree or post-graduate degree

Source: Census 2011
86.7% main workers, 77.4% marginal workers literate and...

Distribution of Literate Main Workers as per Education Level, 2011

- Literate but below matric/secondary
- Matric/secondary but below graduate
- Technical diploma or certificate not equal to degree
- Graduate and above other than technical degree
- Technical degree or diploma equal to degree or post-graduate degree

Source: Census 2011
Aspirations

MEDIUM RUN
## Education Aspirations of Chief Wage Earners

<table>
<thead>
<tr>
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<th>All-India</th>
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<tbody>
<tr>
<td></td>
<td>Distribution of CWE</td>
</tr>
<tr>
<td>illiterate</td>
<td>26.8</td>
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<tr>
<td>literate but without formal schooling</td>
<td>3.6</td>
</tr>
<tr>
<td>up to 4th standard</td>
<td>8.3</td>
</tr>
<tr>
<td>primary (completed 5th–7th)</td>
<td>15.5</td>
</tr>
<tr>
<td>middle (completed 8th–9th)</td>
<td>16.2</td>
</tr>
<tr>
<td>matric (completed 10th–11th)</td>
<td>14.3</td>
</tr>
<tr>
<td>higher secondary (12th)</td>
<td>6.8</td>
</tr>
<tr>
<td>technical / diploma / vocational</td>
<td>1.2</td>
</tr>
<tr>
<td>graduate</td>
<td>5.1</td>
</tr>
<tr>
<td>post-graduate</td>
<td>1.7</td>
</tr>
<tr>
<td>professional &amp; higher research degrees</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
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</table>

*Source: NCAER-NSHIE 2010-11*
Aspiration for a Graduate degree dominates

Aspired Education level of Chief Wage Earners without a graduate/technical degree: All India, %

- illiterate
- literate but without formal schooling
- up to 4th standard
- primary
- middle
- matric
- higher secondary

Red: technical / diploma/ vocational
Yellow: graduate/professional and above
61% of CWEs are working in occupations of their choice

Aspiration for Grade 4 Job with Regular Salary: Skilled vs. Unskilled (all-India), %

Source: NCAER-NSHIE 2010-11
Returns to investment in education and skill or perceptions

• Bhandari and Bordoloi (2006)
  – Greater levels of education increase both the likelihood of being employed as well as the income earned from work.
  – Returns from elementary (primary and middle) education are quite low.
  – Women, lower social groups, rural residents, non-English speakers have both significantly lower incomes and a lower likelihood of being employed.

• Azam, Chin and Prakash (2010) using IHDS 2004-05 show that males who can speak fluent English earn a wage rate of Rs. 42 per hour as compared to a wage of Rs. 10 per hour for a non-English speaking male. The respective wage rates for females are Rs. 33 and Rs. 6 per hour.

• The Case of Delhi
## Returns to investment in education and skill or perceptions

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<tr>
<th>Delhi</th>
<th>Distribution of CWE</th>
<th>Satisfied</th>
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<tbody>
<tr>
<td>illiterate</td>
<td>7</td>
<td>66.3</td>
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<tr>
<td>literate but without formal schooling</td>
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<td>64</td>
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<tr>
<td>up to 4th standard</td>
<td>2.1</td>
<td>80.2</td>
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<td>primary (completed 5th–7th)</td>
<td>8.1</td>
<td>77.7</td>
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<td>middle (completed 8th–9th)</td>
<td>13.2</td>
<td>80.5</td>
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<td>higher secondary (12th)</td>
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<td>technical / diploma/ vocational</td>
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<td>Total</td>
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<td>88.6</td>
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</tbody>
</table>

*Source: NCAER-NSHIE 2010-11*
Skill Gap

- 24 Priority Sectors identified
- Employment Base in 2013: 461.1 million
- Projected employment by 2022: 581.89 million
- Incremental HR requirement: 120.79 million
- Recognition of Prior Learning, reskilling, upskilling and skilling of the existing workforce especially below 45 years of age: 298.25 million
- Skilling for new entrants 2015-22: 104.62 million
- Total skilling requirement: 402.87 million

Source: National Policy for Skill Development and Entrepreneurship 2015
Program Description

• 2 years and 3 phases
• Phase 1: A Review
  – Literature
  – Secondary Data Analysis including Census, NSSO, IHDS and NSHIE, MHRD, DISE etc.
  – Sampling strategy
• Phase 2: Baseline survey of skills in Delhi of education, employment and employability
  – Why Delhi?
    • Mix of Manufacturing and Services in the NCR Region
• Phase 3: Baseline survey of skills of Urban India
Program Objectives

• Baseline of skills based on a large nationally representative survey
  – Employers Survey
  – Employees

• Need to measure cognitive skills, socio-emotional skills, and job-relevant

• Potentially benchmark India against other countries

• Identify job-relevant skills and policies and institutions to enhance job mobility and job matching
• Demand side (Jobs)
  – Informal sector
  – Occupation
    • Wage
    • Productivity
    • Skill shortage & vacancies
    • Services & manufacturing sector
  – Labour laws & regulation
  – Job creation
    • Entrepreneurship & innovation
    • Jobs creation in 24 priority sectors
NSAWI
Proposed Program Themes

- Supply side (Education and Employability)
  - Migration and commuting
  - Education & skills
    - Cognitive
    - Non-cognitive
    - Vocational
    - Socio-emotional
  - Social perception & Inclusiveness
    - Gender discrimination
    - Socially & geographically disadvantaged, and marginalized groups
  - Capacity building and training
    - Role of public and private sector
    - Sources of funding
NSAWI
Proposed Program Themes

• Market Mechanism
  – Macro Factors
  – Signalling and screening
  – Apprenticeship
  – Guidance and counselling
  – Life-long learning
  – Role of Public and Private

• And?
Thank You!