

1. Rethinking India's Skilling Outcomes – Economy

Over the last decade, India has built one of the largest skilling ecosystems in the world, yet skilling has not become a first-choice pathway for most young Indians

Context and Empirical Evidence

The India Skills Report 2025 highlights a structural paradox in India's labour market- despite large-scale public investment in skilling, only around 2% of graduates pursue additional certified skilling after completing formal degrees. Between 2015 and 2025, the flagship programme Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has trained and certified approximately 1.40 crore candidates, signalling strong policy intent and fiscal commitment. However, Periodic Labour Force Survey (PLFS) data indicate that wage premiums from vocational training are modest, inconsistent, and weakly sustained, with limited evidence of upward occupational mobility or improved quality of life. In contrast, advanced industrial economies demonstrate the credibility dividend of skills

1. Vocational participation exceeds 70% in Germany and Japan
2. Crosses 90% in South Korea
3. These systems benefit from deep employer trust, statutory recognition, and education-industry integration (OECD benchmarks).

Skilling Remains Unaspirational in India

Degree-Centric Legitimacy – Academic degrees continue to serve as signals of long-term mobility, social status, and economic credibility. They are embedded in recruitment rules, promotion ladders, and public sector eligibility norms. Skilling certifications, by contrast

1. Do not offer stackable qualifications
2. Lack career progression pathways
3. Remain disconnected from mainstream credential hierarchies

As a result, skilling is perceived as a fallback option, not a first-choice aspiration.

Limited Employer Reliance on Public Certifications – Most employers do not treat government-issued skilling certificates as credible hiring benchmarks. Hiring decisions rely more on

1. Internal training pipelines
2. Informal referrals
3. Private or global certification platforms

This weak employer signalling sharply reduces the labour-market value of public skilling credentials.

Uneven Impact of Apprenticeships – The National Apprenticeship Promotion Scheme (NAPS) has expanded apprenticeship numbers and industry participation. However

1. Benefits are concentrated among large firms
2. MSMEs, which employ the bulk of India's workforce, face compliance burdens, weak incentives, and limited mentoring capacity

This creates a dual-track system where apprenticeships exist in scale but not uniformly in quality or access.

Persistent Demand-Supply Mismatch – Skilling is still treated as something industry consumes, not something it co-designs. Training standards often lag behind

1. Technological change
2. Sectoral restructuring
3. Evolving job roles

This results in certified workers who are formally "skilled" but operationally misaligned with market needs.

Structural Challenges in the Skilling Ecosystem

Sector Skill Councils (SSCs)- Mandate–Outcome Gap – Sector Skill Councils are industry-led bodies under the National Skill Development Corporation (NSDC). Their mandate includes

1. Defining occupational standards
2. Ensuring industry relevance
3. Improving employability outcomes

In practice

1. SSCs face weak accountability mechanisms
2. Certification volume is prioritised over employment outcomes

Unlike private certifications (e.g., AWS, Google Cloud, Microsoft), SSC credibility is not tied to reputational or economic consequences.

Fragmented Responsibility and Accountability Deficit – Unlike higher education institutions, where

1. Rankings
2. Accreditation
3. Alumni outcomes impose reputational discipline,

The skilling ecosystem diffuses responsibility across

1. Ministries
2. Implementing agencies
3. Training partners

This diffusion has eroded trust, as no single actor bears the cost of poor outcomes.

Weak Industry Role in Curriculum and Assessment – Industry participation in

1. Curriculum design
 2. Certification standards
 3. Assessment frameworks
- remains voluntary and shallow.

Firms face

1. No binding obligations
2. Limited fiscal or regulatory incentives

Without deeper industry ownership, skilling programmes struggle to remain relevant, credible, and scalable.

Way Forward- Strategic Reorientation of Skilling

Workplace-Embedded Skilling as a High-Impact Lever – Expanding and deepening apprenticeships under NAPS can

1. Improve job readiness
2. Reduce school-to-work transition friction
3. Shift learning from classrooms to real production environments

Workplace-based skilling aligns incentives for

1. Employers (productivity)
2. Workers (employability)
3. State (reduced mismatch)

Integrating Skills with Formal Education – Embedding vocational modules within

1. Degrees
2. Diplomas
3. Polytechnics

enhances

1. Credential legitimacy
2. Aspirational value
3. Labour-market signalling

This integration reduces the artificial divide between “academic” and “vocational” tracks.

Industry as Co-Owner, Not End-User – Treating industry as a co-designer and co-owner of skilling systems ensures–

1. Curriculum relevance
2. Hiring alignment
3. Continuous feedback loops

Models from Germany and Japan show that shared ownership improves both scale and quality.

Outcome-Based Accountability for SSCs – SSCs must be evaluated not on

1. Number of certificates issued but on
2. Placement rates
3. Wage outcomes
4. Employment retention

Linking funding and accreditation to employability outcomes can restore economic meaning to certifications.

Conclusion– Aligning Skilling with India’s Education Trajectory

India’s Gross Enrolment Ratio (GER) in higher education currently stands at 28%. The National Education Policy 2020 targets a 50% GER by 2035, implying massive expansion of formal education. For skilling to scale credibly and inclusively, it cannot operate as a parallel, second-tier system. Industry-linked, education-embedded skilling is essential to–

1. Convert demographic advantage into productive employment
2. Raise labour productivity
3. Sustain long-term economic growth

Source– <https://www.thehindu.com/education/heres-why-worlds-largest-skilling-system-has-delivered-marginal-increase-in-skilled-workforce/article70456051.ece#-~-text=How%20can%20skilling%20drive%20sustained,pushing%20skilling%20into%20the%20workplace>