

Monetary Rewards in Skill Programmes

Meghna Sharma^a

^a *Consultant, Education Global Practise, World Bank*

Abstract

Skill development in India has been fostered by centralized efforts towards making them affordable and accessible to the vast population of youth across the country. Despite various efforts, mobilisation of youth towards these programmes has been a challenge. In 2013, the Government of India introduced the STAR scheme as a monetary reward scheme with a target to skill one lakh youth across the country. The scheme entailed a direct transfer of a financial reward to beneficiaries upon successful completion of a course. The Ministry of Skill Development and Entrepreneurship, as its flagship programme, re-launched the scheme in 2015 under the name of Pradhan Mantri Kaushal Vikas Yojana (PMKVY). This paper is an attempt to present the findings of an independent evaluation of the STAR scheme and whether the scheme was successful in achieving its intended objectives. Based on the findings, the paper also lays down a roadmap for the PMKVY and other possible monetary benefit scheme for skill development in the future.

Key words: Skill Development, STAR, PMKVY, Monetary Benefit, Direct Benefit Transfer,

1. Introduction

Skill development in India has been fostered by centralized efforts towards making them affordable and accessible to the vast population of youth across the country. Skill programmes have been running in India with more than 70 different schemes being run by the government alone through different central Ministries. As government programmes, most of the courses under these schemes are being offered either completely free of cost or at a very minimum fee. Even the largest institutional structure of the formal vocational education system in India, the ITIs (Industrial Training Institutes), has a highly subsidized fee structure. As the primary section beneficiaries under these programmes are those who have been left behind in the socio-economic parameters of welfare, having such a system addresses the question of affordability.

To propagate wider access of skill programmes, the Ministry of Skill Development and Entrepreneurship (MSDE), through its Common Norms for Skill Development for all GOI schemes, has mandatory provisions to incentivize training institutes that run their programmes in “Special Areas” that include North Eastern States, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Andaman & Nicobar Islands, Lakshadweep and districts affected by Left Wing Extremism (LWE) as identified by the M/O Home Affairs for the Integrated Action Plan.

As per the Twelfth Five Year Plan (2012–17), an ambitious target of 50 million non-farm employment opportunities were proposed to be created for which equivalent number of people would be provided skill certification. The country has witnessed major investments in up scaling of the skilling ecosystem.

While the magnitude and extent of skill programmes are large in number, the interest among students to join these programmes is still limited. One of the biggest challenges that continue to remain in the sphere of vocational training is that of mobilization. Factors like lack of awareness about opportunities of skilling programmes combined with negative social perception about vocational education makes it even more difficult to generate voluntary interest among students.

2. The STAR scheme

The Finance Minister’s budget speech of 2013 made an interesting announcement -“A large number of youth must be motivated to voluntarily join skill development programmes. I propose to ask the National Skill Development Corporation to set the curriculum and standards for training in different skills. Any institution or body may offer training courses. At the end of the training, the candidate will be required to take a test conducted by authorized certification bodies. Upon passing the test, the candidate will be given a certificate as well as a monetary reward of an average of 10,000 per candidate. Skill-trained youth will give an enormous boost to employability and productivity. On the assumption that 10,00,000 youth can be motivated, I propose to set apart 1,000 crore for this ambitious Scheme. I hope that this will be the trigger to extend skill development to all the youth of the country.”

Following this announcement, the Standard Training Assessment and Reward (STAR) scheme in India was launched with the objective to benefit 10,00,000 youth during the span of one year and the scheme was to be implemented by the National Skill Development Corporation (NSDC), a Public-Private-Partnership (PPP) initiative created by the government of India to foster private sector engagement in skill training. The aim of the scheme was to encourage standardization in the certification process and boost employability and productivity of youth by incentivizing them for skill trainings by providing monetary reward. The Sector Skill Councils, which are industry backed bodies, were an important stakeholder in the implementation of the STAR scheme. In order to standardize training as per industry standards, training was to be imparted on the basis of National Occupational Standards (NOSs) developed by the SSCs. These NOSs indicate the kind job responsibilities that individuals at the job market are expected to deliver. The SSCs, as part of their mandate, have mapped all the job roles existing in their respective sectors and the NOSs for these job roles have been identified and clubbed into what is called the Qualification Pack (QP). Thus, for every job role, there exists a QP and STAR scheme required training to be conducted for specific job roles as per the QPs. The Training Providers of the scheme could be

Government as well as private institutions implementing any Government funded scheme or NSDC partners. Candidates can enroll for any of the course with any of the affiliated Training Providers.

The STAR scheme was a first of its kind in India that introduced monetary reward to incentivise skill training. Upon successful completion of course, a financial reward is to be disbursed through direct bank transfer to the beneficiaries' accounts. The scheme picked up momentum quite fast and there was a widespread interest among training providers to participate in the scheme. More than 700 Training Providers participated in the scheme that included NSDC partners, government as well as other private bodies (NSDC 2015). As per the MSDE, more than 14 lakh candidates were enrolled and trained and around 8,61,077 candidates have been certified under the scheme (as of July 2015).

3. An evaluation of the scheme

As part of the STAR scheme manual, an independent evaluation of the Scheme was to be done by the National Skill Development Agency based on agreed criteria with NSDC. This section is based on an analysis of the findings of this evaluation that was conducted by the NSDA in the months of April and May in 2014. The evaluation was based on data extracted from the Skill Development Management System (SDMS), which is the online data management system of NSDC to store data pertaining to the STAR scheme. The entire process from enrollment of candidate to issue of certificate is recorded online through the SDMS. The study used analysis of both secondary data from the SDMS (as on 22nd April, 2014) as well as primary data obtained from direct contact with beneficiaries and Training Providers of the scheme. As of 22nd April 2014, a total of 6,00,217 students were enrolled as beneficiaries in the SDMS. A sample of 300 beneficiaries was chosen for the study (using the formula $SS = z^2 * p * (1-p) / c^2$ Where: SS = sample size, Z = standard deviation value, p = probability of selection "yes", c = margin of error (5%) with 95% confidence interval). 32 Training Providers were interviewed to get their views on the scheme.

3.1 Sectors of Training

Majority of training took place in the service sector trades. Two sectors, namely, Retail and IT/ITES, took the major share of the pie in this regard with 69% of total enrolments. This is consistent with the figure that 60% of the training providers were affiliated to the Retail SSC (Retailers Association's Skill Council of India, RASCI).

The design of the scheme was targeted towards training for job roles aligning with levels 1 to 4 of National Skills Qualification Framework (NSQF), which are basically entry level jobs meant to provide job opportunities to school-leavers and school dropouts. 35% of students were being trained for the job roles like Sales Associate or Trainee Sales Associate; and 19% as Data Entry Operators. But it was surprising to see that more than half of respondents were doing either graduation, were graduates or post graduates.

3.2 Presence and spread

Training Centers were largely concentrated around urban localities in states like Andhra Pradesh, Haryana, Madhya Pradesh, National Capital Territory (NCT), Rajasthan, Punjab and Tamil Nadu, and had less presence in difficult and economically poorer states like the North Eastern states, Bihar, Chhattisgarh, Jammu & Kashmir, Jharkhand, Odisha, Uttar Pradesh and West Bengal. This is not necessarily an indicator of whether the scheme did well or not, as it was a completely voluntary scheme in those terms. But it can lead to a possible consideration for future scheme designs for larger penetration, particularly in poor and difficult areas where monetary reward can play a major role in attracting the interest of students.

3.3 Assessment and Certification

The scheme required assessors to upload result on SDMS within 2 working days after the assessment is done at prescribed training centre. But in practice, there were delays reported in result declaration as 67% of candidates had been waiting for more than 20 days to get their results declared. As per the scheme timeline, the entire process from the candidate having passed assessment and being certified to reward money being transferred to his/her account should have taken 4 working days. But in reality, 75% of students had been waiting for more than 20 days after declaration of results to receive certificate and monetary reward. This is despite the fact that 80% candidates reported having bank accounts, and 91.3% stated they had Aadhar numbers.

3.4 Operational Issues and Disbursement of Monetary Award

Training providers claimed that the process of getting an Aadhar number is often a long one, which seems to be the major cause for delay in transferring the reward money. Another cause that slows down the process of money transfer is the delay in opening the bank accounts for candidates. Interestingly, eighty percent of the candidates who were interviewed already had bank accounts. This seems to suggest that even those candidates who had bank accounts, were being asked to open new ones.

Candidates were required to pay the training and assessment fees to the Training Providers. Candidates who come from economically disadvantaged sections who are unable to pay the training fees upfront, were allowed to pay an initial fee equal to the difference between the training cost and the reward money that they are eligible for. In such cases the candidate had to authorize payment of the reward money to be directly transferred to the training provider after passing the assessment. After successful completion of course, candidates are entitled to get an average monetary reward of Rs. 10,000 per candidate (the money varies between manufacturing courses and service sector courses). It also includes an assessment fee of Rs. 1000 on an average. This amount is supposed to be directly transferred to the beneficiary bank account, as specified in the scheme guidelines. However, among those candidates who reported having received the monetary reward, the range of amount that got transferred to their account differed from what is stipulated in the scheme.

3.5 Certain Discrepancies

As per the scheme guidelines, training was to be conducted for minimum 30 days but 20% of candidates claimed to have training classes that were way less than 30 days. The training was given simultaneously with other courses that these candidates were already undergoing.

A large number of respondents who were interviewed did know that were being trained under the STAR scheme. This can have multiple implications - on the method of mobilisation, method of enrolment and authenticity of data being recorded. It can further lead us to think that the details of students were enrolled by training providers to just report numbers. Some of the students enrolled were either working or were already undergoing some training of their own accord. Their names were being added as STAR beneficiaries and a small amount was paid to them if they passed the tests. This seemed to work for the students too, as they got something extra out a course that they were already doing.

Another widespread practice was 'debit notes'. The scheme mentions that candidates are required to pay some portion of the training fees so that they have a sustained interest in the course till its completion. 54% of candidates did not pay any amount upfront. In order to transfer the reward money, it was mandatory for candidates to have a bank account. For those students, who did not have a bank account, the training providers assisted them in opening one. Candidates were being asked to sign debit notes as part of the bank account opening formalities and when the reward money was transferred to their accounts, it went to the account of the training as direct debit.

3.6 The problem of large scale franchising

On being asked the names of Training Providers, 66% of the candidates named a training provider which was different from that recorded in the SDMS. The Training providers confirmed that almost 70% of training centres are operating under franchised arrangements. Training Providers who are accredited by the SSCs and NSDC are required to pass through a process of due diligence. But, there is no such process of diligence when the same training providers sub-franchise their centers to other training providers. This raises question on the efficiency of the accreditation process.

4. Where STAR fell short

It was evident that a majority of the beneficiaries considered the reward money as a means to fund the training costs. Thus, the scheme was operating not as a monetary reward scheme for persons who get skilled and certified, but as a scheme to fund training costs. This per se is not problematic, but given the fact that there are already many schemes that fund training costs directly, this may not be the most efficient way of doing so.

What the scheme missed to achieve was the ultimate objective of skill development, which is placement. The entire focus was on certification, which has its own risk of overriding quality if left unchecked. The scheme supplied a cohort of students with quick skill certification, but it did not envisage any mechanism to monitor the quality and relevance of training and whether the students who were trained and certified were employable at all, or not.

A scheme like this had limited scope for a step-by-step monitoring mechanism. Assessment is vital for a scheme like this as the entire focus is on certification, but it was left entirely on the procedures of the Sector Skill Councils. A minimum uniform standard would make the process more accountable and

prevent discrepancies. Operational efficiency should have been ensured, as delays and lack of records might negatively affect the interest among beneficiaries.

5. Conclusion

As the first skill development scheme to introduce monetary reward to beneficiaries, the STAR scheme became a popular scheme. The component of monetary reward had a positive effect in terms of generating interest among training providers and students to join the programme. As an incentive mechanism, it strikes a two-pronged approach to tackle the issue of mobilization as well as ensure standardised system of training delivery to make skilling programmes effective and aspirational.

However, monetary reward can perhaps be an effective tool for skill programmes only when it is linked to the placement of skilled individuals and is backed by a transparent monitoring mechanism. Simply put, monetary reward should be given to beneficiaries after they are placed in a job. The entire skilling machinery in the country is being revamped such that placement of a skilled individual (wage or self) is being recognised as the ultimate outcome of skill programmes.

As mentioned earlier, the system of training under STAR is standardized as per the industry backed SSCs through NOSs and QPs. The linkage to placement becomes all the more necessary for a standardized certification scheme such as STAR, as the entire system of training delivery is on the basis of specific job roles and not generic courses. Seen in light of the above discussion any major model, which emulates the STAR programme must be driven by a outcome driven mechanism.

6. Post STAR – PMKVY

The STAR scheme was re-launched in July 2015, by the Ministry of Skill Development and Entrepreneurship as its flagship programme called the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). PMKVY is yet an ambitious programme to skill 24 lakh youth in one year. The main working strategy of the scheme, just like STAR, is that it entails a financial reward and a government certification on successful completion of training and assessment. The manner in which this scheme has been launched is laudable and shows the commitment of the government towards skilling the youth. The scheme has some promising features like a) training in market relevant trades as per National Occupational Standards, b) training by the industry backed Sector Skill Councils; c) third party assessment; and d) Direct fund transfer to beneficiary's bank accounts in a transparent manner.

In order to participate in PMKVY, the Training Provider has to get affiliated with the Sector Skill Council for the sector in which it intends to impart training. Partners of NSDC get automatically affiliated to become Training Providers under PMKVY. There is a new component on Recognition of Prior Learning (RPL) under PMKVY, which was not present in the earlier STAR scheme. Under this RPL component, candidates who have prior work experience without any formal training are also eligible to get assessed and certified and avail the monetary benefit.

7. Way ahead/Recommendations

As the Twelfth Plan document states, there should be a focus on demand aligned skill development in the country, and aim to step up growth in employment in manufacturing, so that under-employed labour force can speedily move from low-paid farm jobs to better paid, more productive manufacturing and services sector jobs. As the flagship programme of the Ministry of Skill Development and Entrepreneurship, PMKVY can act major driver for employment driven training. The scheme should be aligned with the objective of an outcomes based skilling programme where the outcome is placement of an individual. The scheme already entails industry designed trainings as per NOSs and QPs. But an assessment of job requirements against each of these QPs should be conducted and prioritized accordingly, so that the students trained against these QPs get gainful employment.

A uniform and inclusive set of guidelines should be put in place for all stakeholders, so that any discrepancy in the operation of the scheme can be identified and corrected. The SSCs have a wide range of responsibilities in the scheme that include finalising the job Roles (QPs), affiliate training providers and approve every training center, register Assessment Agencies, allocate targets, approve assessment and certify successful candidates, and provide monitoring report to NSDC at regular intervals. This clearly requires an analysis of the capacity of the SSCs themselves in terms of manpower, resources and presence and coverage across the country. Training Providers should be given adequate support to deliver training as per standards accepted under the national level quality assurance framework. There should be standardized assessment norms too, so that independent assessors and assessment bodies have the necessary guidance and competence to conduct fair and responsible assessment of candidates. There should be some basic guidelines on the course fee charged by Training Providers. It has been seen that Training Providers are likely to artificially hike the course fee in these kind of schemes as a part of the training fee will anyway get covered under the Scheme. Some kind of basic cap on training fee should be stipulated which should be adjusted according to sector of trade and location of training center.

According to the guidelines of the scheme, for unique identification of candidates, their Aadhar numbers would be used and it is mandatory for candidates to have Aadhar numbers to avail monetary benefits. The scheme should take into account the case for those who do not have Aadhar numbers, in order to make the scheme more inclusive. Having Aadhar as mandatory requirement is not consistent with the order of the Supreme Court of India, which states that Aadhaar number cannot be made mandatory for availing benefits under government schemes.

A user-friendly feedback mechanism should be put in place so that malpractices and other unrequired activities can be reported for corrective action. There should also be transparency of data, which should be accessible to employers as well so that a linkage with the market can be established.

Notes:

1. The study by NSDA is the only evaluation of the STAR scheme that is available in the public domain. The author had conducted this study as part of the NSDA. The study had limitations in terms of sample

size and the questionnaire that was used to record information, as the SDMS data was made available for a limited time period only for the purpose of this study. The SDMS data is not available for the general public at large, which makes any kind of independent evaluation difficult.(An implication of this is the need for integrating data of all skill development schemes with the national level Labour Market Information System as envisaged by the National Skill Development Mission so that monitoring the performance of such schemes in future is made possible.)

2. The Common Norms for Skill Development Programmes was notified by the Government of India on 15th July 2015 and it is applicable to all centrally funded skill development schemes. The norms have been proposed to standardize different parameters of skill development programs that include cost and duration of programs, funding to training providers, third party certification and assessment, NSQF alignment etc.

3. National Skills Qualifications Framework (NSQF) is a quality assurance framework, notified by the Government of India on 27th December 2013. It organizes qualifications into ten levels on the basis of competencies of professional knowledge, professional skills, core skills and level of responsibility.

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