

Model Appraisal Approach for Pradhanmantri Kaushal Vikas Yojana: A Perspective

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Abstract - In an economy where the dissemination of information is effortless, people are aware of the better rewarding job roles as they tend to update their skills to grab that opportunity. Consequently more and more people attempt to follow the leading trend. This leads to increase in supply of labour which in turn increases the bargaining power of the employer. With the additional increase in supply of labour, the wages or rewards in that profession tend to fall, till this labour market equilibrium 'balances out' the conflicting desires of workers and firms and determine the wage and level of employment that is observed in the labour market. The purpose of this article is to suggest a framework of methodology useful in analysing the efficacy of PMKVY scheme so that related researches may be conducted in future. The framework would be dichotomous as it would suggest that the concerned study to be on two fronts: firstly, the study shall be an attempt to find out the loopholes in the implementation of the PMKVY Scheme as such primarily the stakeholders of the PMKVY would be assessed for expected outcome/impact of the scheme and Secondly, the study framework would comprise of predominantly the analysis of historical data pertaining to our economy so as to verify the utility of the PMKVY scheme.

INTRODUCTION

In a perfectly competitive labor market where firms and workers are free to enter and leave these markets, the equilibrium of allocation of workers to firms is efficient. The implication that competitive labor markets are efficient plays an important role in the framing of public policy. However, in a real scenario there are some obstacles in the free flow of the skilled labour like the non-availability of good education or training in the area of that skill set, high cost of training, nature of a particular job role, fluctuations in the industrial productivity and perceived risk of unstable employment, etc. The list of reasons is long

and range from the personal issues and regional issues to job or industry specific issues but, the idea is that there exist certain gap in the supply side and demand side even at equilibrium. If the above contention is true then there must be some possibility of gap in the assessment of demand of labour and actual employment. The rise in the wages may be merely the effect of offsetting the rise in inflation in an economy. Given above characteristics of the equilibrium in a labour market and understanding that there is a possibility of existence of a gap in demand and supply, we can address what is perhaps the most intriguing question in competitive labour economics: how to effectively maximise the engagement of an idle workforce in an economy through public policy? Whether such gap is real or not?, and what should be a healthy target to train unskilled people for an identified job roles so as to purposefully fill up any gap in the requirement of skilled manpower and supply of workforce in that job role.

The PMKVY Scheme

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning (RPL). PMKVY probably borrows some inspiration from UPA Government's similar scheme that launched a National Skill Development Mission in 2010 consisting of institutions like Prime Minister's National Council on Skill Development, National Skill Development Coordination Board, and National Skill

Development Corporation (NSDC), a non-profit company, funded initially by the trust “National Skill Development Fund”.

National Policy on Skill Development (NPSD) approved by the previous government had set a target for skilling 50 crore persons by the year 2022. NSDC had a target of skilling/up skilling 15 crore people by the year 2022. In this context it is worthy to note that the new scheme, PMKVY is being implemented by Ministry of Skill Development and Entrepreneurship through the NSDC only.

In PMKVY Skill training would be done based on the National Skill Qualification Framework (NSQF) and industry led standards. Under the scheme, a monetary reward is given to trainees on assessment and certification by third party assessment bodies. The average monetary reward would be around Rs.8000 per trainee. Special emphasis has been given to recognition of prior learning. The scheme aims to cover around 24 lakh persons with an initial outlay of 1500 crore.

Awareness building and mobilization efforts would be focused for attention. Mobilization would be done through skill melas organized at the local level with participation of the State Governments, Municipal Bodies, Panchayati Rai Institutions and community-based organizations.

Under this Scheme, the Skill training would be done on the basis of recent skill gap studies conducted by the NSDC for the period 2013-17. The target for skilling under the scheme will be associated with Union Government’s flagship programs such as Make in India, Digital India, Swachh Bharat Abhiyan and National Solar Mission and primary focus of skill training is for the first-time entrants to the labour market and Class 10 and Class 12 dropouts.

Mechanism for Implementation of the PMKVY Scheme

The scheme would be implemented through NSDC training partners. Currently NSDC has 187 training partners that have over 2300 centres. In addition, Central / State Government affiliated training providers would also be used for training under the scheme.

Focus under the PMKVY would be on improved curricula, better pedagogy and better trained instructors. Training would include soft skills, personal grooming, behavioral change for cleanliness,

good work ethics. Sector Skill Councils and the State Governments would closely monitor skill training that will happen under PMKVY.

Skill Development Management System (SDMS) would also be put in place to verify and record details of all training centres, ascertain quality of training, locations and courses. Biometric system and video recording of the training process would be put in place wherever feasible.

All persons undergoing training would be required to give feedback at the time of assessment and this would become the key element of the evaluation framework to assess the effectiveness of the PMKVY scheme.

A robust grievance redressal system would be put in place to address grievances relating to implementation of the scheme. An online citizen portal would also be put in place to disseminate information about the scheme

Some implementation Issues to look for in PMKVY

Some of the issues have been lurking around the successful implementation of this scheme

- There is need to check if the process of Center Approval by Quality Council of India is as transparent a process as it ought to be.
- Whether the dissemination of information about the progress of the scheme is clear cut and well received by all the stakeholders with the necessary comparative charts across all geographical areas and job roles
- Whether the State wise and Job role wise target allocation rationale is well disclosed and equally well perceived by all the stakeholders.
- If the Pilot and Affidavit Phase is long stretched.
- PMKVY will be a placement linked scheme does the ground fact corroborates with the aim.
- Whether the rules and policy paper on implementation have been consistently evolving or are more or less constant.
- Whether the Aadhaar based biometric system is effectively being used
- Is there a confusion or conflict over the targets and scope of PMKK is pradhanmantri kaushalendra and PMKVY - Pradhan Mantri Kaushal Vikas Yojna Centers

Apart from the above issues the researcher can also evaluate the implementation of the PMKVY scheme on the parameters so discovered during the actual

course of the study with intent to suggest the better ways of implementing the Scheme.

Methodology Suggested for analysing the efficacy of PMKVY scheme

The efficacy PMKVY scheme can be directly estimated from the increase in the marginal productivity in the concerned sector. However the changes in the marginal productivity can only be effectively estimated after the completion of the scheme therefore some alternative methods needs to be designed to predict the efficacy and direction of impact of the ongoing PMKVY scheme. To prove that the efficacy of PMKVY scheme one needs to check if following conditions are statistically significant: (Assuming the PMKVY is not targeting entirely a new skill set or not building up competencies in relatively miniscule or non-existent sectors which have promising demand in domestic market or export potential)

1. Expectation of employee: There is a statistically significant gap between the expected wages and actual wages received across the different sectors/ job roles.

The above analysis can be done by application of paired t test on the data collected by the researches through surveys conducted particularly on the pass out of the PMKVY scheme that have been placed. If there the difference is significant and if the mean of the expected wages is lesser than actual wages and expected wages follows a normal distribution with narrow standard deviation (leptokurtic) then it may be reasonably concluded that the Scheme is affecting a hard push (undesired) instead of pull. Test of normality can be affected by a use of Kolmogorov-Smirnov and the Shapiro-Wilk tests. Both these tests are sensitive to sample size therefore if the sample size is less than even a small deviation can be falsely shown as significant (Alyssa Bilinski, 2018).

Similarly, a z score of the mean of wages obtained by the pass out trainees while pitching against the actual wage distribution prevailing in the market in concerned job roles can also show the efficacy of the PMKVY training partner. If there are consistent negative z scores across various job roles considering their respective actual wage distribution then a question may be raised over the effectiveness of the PMKVY scheme.

2. High Supply Elasticity: To check if the Elasticity of labour supply in many skillset areas, focused by the PMKVY scheme is already high. If the wage elasticity of the supply of the labour is already high then there is no point in pushing in more skilled labour.

Or

If the gap in supply and demand is consistently widening but the rise in the adjusted wages is not substantial.

Analysis of the historical data would be helpful in arriving at any conclusion.

3. Consistent gap in demand and supply: Prove that some gap consistently exists and will remain between supply and demand of the labour and that the market is already in the equilibrium. The argument in the favour of PMKVY scheme is that there is a difficulty felt among various industry types about the availability of skilled labour who would increase the productivity of the firm and decrease the marginal cost of productivity as a result the firm shall continue to hire more labours till their marginal productivity matches the marginal cost of hiring. In such a scenario the wages will not fall even when more number of labors is absorbed. Whereas the case could be that market could be already in equilibrium with efficiency wherein supplying more number of labour would disturb the equilibrium already achieved in a long run and would have undesired impact on wages commanded by that profession. Again analysis of the historical data would be helpful in arriving at any conclusion. Alternatively the researcher task is to prove that the PMKVY trained worker is more efficient that the average worker in the selected job type.

4. High Mobility: People are highly mobile across skills areas. People are also mobile geographically to look for better compensation.

Or

There is no dearth of skilled labours in the market. One has to prove that whatever rise in the wages has been observed in the past the same is equivalent to or less than the devaluation of money out of inflation.

The analysis of mobility can be done through

A). Analysis of employee turnovers:

Checking the data of the current attrition in specific job roles and classifying the outgoing

people based on various jobs/skills types they are reemployed into and then comparing these newly formed groups with the group seeking reemployment back into the original job roles from where they left. Now several analysis can be done on this data obtained across different job roles /skill types which the PMPKY scheme is targeting.

Firstly, the descriptive analysis can be done around the frequencies in each set of data.

Secondly, a logistic regression equation can be modeled using all the data sets between the attrition type(into same or different skill type) as dependent variable and wages, demand and supply etc and then can be checked for significant beta values to suggest whether the low wages encourage turnovers into different job roles.

Thirdly, a paired t test can be conducted between data sets having higher than 50 percent mobility to different job roles and the group having more than 50 percent retention back to same job roles so as to corroborate the point in regression equation.

Lastly, Application of correlation on the changes in each data set over a period of time would suggest if migration from that sector/Job roles is increasing over time. The impact of supply levels on adjusted wage rates can also be checked additionally.

If the facts in point 2 and 3 are proved, then people are experiencing low wages which may be due to low demand of their produce or oversupply of the labour in that job roles. Therefore, there is no logic for PMKVY to target those skill areas. Please note that the vice-versa does not prove the contrary.

B). Training requirement as hindrance to mobility:

To check if the new incumbent in the firm in the job roles as targeted by PMKVY scheme is required by the employer to have good amount of essential job-related training prior to joining the job or not. Out of the three possibilities listed below, the researcher's task would be check for prevalence of

- a) No induction but direct work at job site,
- b) Formal training by the employer before induction or

c) Formal skill development/training/education in a separate institute

In this case, the subject will have 3 choices, so the test proportion is $1/3 = .333$. One would expect 33.3% chance to pick any given option. But randomness is lumpy; any choice near 33.3% is hard to differentiate from random selection, so you need the selection to be sufficiently different than 33.3%. If the frequency of option 'c' is significantly less than 33.3% then it can be reasonably concluded that PMKVY has low utility because there is no need to train the people for that job. To know if the choice of option 'c' is statistically significant and low, the approach would be the binomial test with confidence intervals. And if the P value is less than .05, one can conclude option 'c' is statistically significant and low.

C). Geographic mobility:

Check if the people are mobile geographically. This can be done while looking at the frequencies of the native places of the employees in firms across the job roles under focus of PMKVY scheme. The first step would be to identify the major hubs for a targeted job role and then analyse the various leading firms within those hubs/cities that are employing people in that job roles for their native places. For example, to check for job roles related to Information technology, probably Bangaluru and Hyderabad would be better place to look for. A comparison of PMKVY targeted roles and Non-targeted Job roles can be done on the composition of employees from different areas to come to and conclusion. If PMKVY is ineffective then the job roles that are targeted in PMKVY scheme should have high percentage of people from different areas say different states. Non-parameteric tests like Chi-square test for goodness of fit can be preferably employed to researcher's convenience.

5. Supply shocks and wages: Wages are largely moved by supply shocks and not by the demand shocks. A careful analysis of the historical data by correlation between wages with supply as well as demand of labour will yield if the changes in wage rates in the targeted job roles were more aligned with changes in the supply or otherwise. In case, for any PMKVY targeted employment type, the

wages are more responsive to the supply side than demand then probably PMKVY is on right tract, vice versa. Caution is required as there is always a probability of correlation between demand and supply. The impact of inflation and prescribed minimum wages should also be taken care of.

6. Inelastic Demand: To establish that the demand elasticity of skilled labour has been inconsistent with the rise in the contribution of that sector in the overall GDP growth. The narrowing of the demand elasticity will indicate no significant rise in the demand of the labour even when the industry is expected to grow in future. The development in the science and technology leads to better efficiency and mechanised production as a result the demand of the low skilled labours does not rise corresponding to the rise in the production. The above analysis can be done by using correlation analysis or mere looking into secondary data.
7. Cost benefit analysis: the efficiency of any such training program can be estimated from the ratio of benefit achieved to the cost incurred. The benefit of the PMKVY scheme can be indicated through the product of number of passed outs with jobs in hand and the wages commanded by them whereas the cost can be assumed as expenditure made in training all the participants of that training program for the said period. The further study can be based on the empirical corroboration of the aimed objectives through various uses of Macro and Micro economic data. The researcher has to heavily rely on the various reports of the government of India like statistical survey reports and the established and reliable sources of such economic data. The further study should also aims to probe the implementation issues of the scheme. The researchers would also be required to conduct some survey that may be based on open ended, structured interview schedule as well as closed ended questionnaires.

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