



Keynote Address by

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ADB

at the **9th International Skill Forum**
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**Dr Brajesh Pant,
Mr Mike Chong, all my friends
in the Asian Development Bank
and participants of the
9th International Skills Forum,
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At the very outset, I want to express my gratitude for a keynote seat at this high table. I come from the Information Technology industry where I co-founded Mindtree and along the way, I wrote a few business books that became best-sellers. But it wasn't until 2016 that I came into to the World of skill development, at the behest of the Hon'ble Chief Minister of Odisha who wanted me set up the Odisha Skill Development Authority.

The charter was to create employable skills for 1.1 million youth, mostly school dropouts. Soon after I took charge, I was lucky to meet Dr Brajesh Pant who called one day to invite me to address the 6th International Skills Forum. It sounded like a great honour, but I did not quite think I knew enough of the subject, nor did I have the credentials to be an invited speaker. I promised Dr Pant that the day I felt had earned it, I would show up.

Now, five years after, I have seen a reasonable lot, worked alongside a lot of great people on the ground, and learnt a few things that give me the confidence to stand before you.

Today, I would like to share some of that with all of you here. But before I do that, knowing the national diversity of the conference attendees, I need to give you sense of my State so that we can contextualize some of the things I am going to present to you.

Odisha is in the eastern coast of India. We are roughly half the size of Vietnam in terms of physical size and roughly half the population. Compared to other Indian States, we are the 8th largest in area, 11th largest by population and the 16th largest in terms of GDP at USD 75 billion.

When I was invited by the State in 2016, the target was to provide 1.1 million youth, mostly school dropouts with some form of employable skill training by the year 2019. Of these 1.1 million, 80% of the youth were to be given access to short-term employable skill training that would make them ready for jobs like Sewing Machine Operators for the garment industry, entry level workers in hospitality, retail, healthcare industry or drivers, domestic electricians and so on. 20% of the youth were to receive long-term TVET education for 2 or 3 years in an ITI or a Polytechnic. To rehaul the skill initiatives that covered all these 1.1 million youth, we largely focused on 4 things.

One, to transform the Government-run ITI institution. Two, to scale up the short-term skill development programmes both for their quality and their numbers. Third, to set up the World Skill Center and finally, to use the power of competition to make skills aspirational by participating in the World Skill Competition in Kazan in 2018. As we hunkered down to focus on these 4 objectives, over the ensuing years,

I learnt an astonishing number of things that I had never known before, even as I had vainly considered myself to be a very well-informed person, when it came to knowledge of my country and its associated development issues. Let me give you a few examples because this has direct connection to the theme I have chosen to speak on: are we here to do skill development or are here to facilitate human transformation?

Why have we been sent here? What is the North Star of our journey?

In 2016, I did not know the meaning of the terms “stunting and wasting”; that India in 2019, we would have the second highest number of stunted children in South Asia, that the number of children with wasting is highest in India.

I did not know that there could be 45 million children in the age group of 6 to 14 who may be out of school. Some of these children would eventually find their place in wage employment someday but they would not be formally skilled.

According to the Human Development Report, only 20% of workers in India, who are part of the labour force, are “skilled”. That puts us at 129th place in a list of 162 countries. Only 7% of workers are engaged by the formal sector and 93% work in the informal sector of the economy.

This means 93% would not be on a proper payroll and have no long-term benefits or employer commitment towards any form of subsequent career progression through skill development. Thanks to the bubble of the IT sector that I lived 40 years of my life in, I had no idea about the magnitude of the wage disparity in the country that is unimaginable in the developed world.

This has not been addressed for the last 75 years in any meaningful way. Even today, we create state mandate on “minimum wages” from time to time and that phrase does not feel as something strange, as something odd to us.

Why minimum wage? Why not sustainable wage?

Finally, I did not know about the gender imbalance in the workforce of the country. Less than 20% of workers in the organised sector in India happen to be women and that number is shrinking when compared to what it was five years ago. It must be seen in the context of the overall gender ratio in the country of 1.3 billion people where nearly half are women and yet, they are, unlike the developed world, not in the organised workforce.

Before you wonder why I am speaking about these issues in a Skill Forum such as this, let me assure you that these are critical to the agenda at hand. Thought leaders, policy makers, and practitioners in the skill sector must keep these at the top of their mind in every discussion they have. These define the purpose before us: we must constantly see the big picture before we engage with policy, funding, implementation, review, and impact assessment.

Without that big picture, we will end up counting the trees and missing the forest. Worse still, we can be self-congratulatory with the idea of skill development that stops short of the bigger goal of human transformation using skill as the lever in a world that is increasingly getting polarised at many different levels.

Today, I want to share my thoughts with you at two levels. First, I want to link the issues that I called out to the idea of skill development.

Second, I want to share with you what I consider to be the shift we need to make, to truly create generational impact for humanity.

Let us begin with the huge global challenge of stunting and wasting. Whether we want to keep our children in school or want to work with those who must be given skill training to make them employable, we must squarely address the issue of nutrition.

I would like to share two use cases. We provide skill training to school dropouts to be employed as industrial sewing machine operators. Mostly, they are girls.

We do give them the entry-level skills, but we do not prepare them for the sheer physical hardship that employment would soon push their way. These girls go to work in an assembly-line for eight hours a day where, leaving aside the regulated breaks they are given, they must remain physically and mentally agile all the time.

Yet, they are mostly anaemic. Growing up, they have not had good nutrition, even despite midday meal programmes in many countries for early schoolers, they are not in the required physical condition in which they can work long hours in an industrial environment.

Recently, I visited an upcoming, super-scale, high-tech manufacturing, and assembly plant in India where they intend to employ 60,000 TVET trained workers by 2030.

The fantastic news is that the organisation intends to reserve 85% of this number for young women. But the number 1 issue in the mind of the head of the Unit is how do they keep these young women in the level of physical fitness that would enable them to work 8-hour shifts, mostly standing.

We need to serve nutrition to children in skill centres just as we feed athletes. Whereas an athlete needs the nutritional build-up for peak performance spanning a few years, the skill-trained youth would need to keep converting her current and future skills over an entire lifetime, to remain sustainably employed.

And speaking about nutrition, the girl child is already at a disadvantage through early-life discrimination and when she arrives at a TVET institution, she is in the menstrual start of her life. She is nutritionally deficient and now must deal with physical challenges that the onset of female adulthood imposes on her. The nutrition agenda must be the cocoon in which skill development must be nested. Every country recruits young people to the defence and security forces and spends billions in feeding them so they can be fighting fit.

We need to do exactly that for our skill trainees with special emphasis on the girls. If girls eat well, one day, the nation will eat well. When a kid reports at an ITI or a Polytechnic in the morning, that kid must get a glass of milk, two eggs, a banana before heading to the workshop and if it is a girl, the iron supplements that she badly needs.

Without the nutrition, these children will have poor attention span, lack of comprehension capability as well as poorer judgment. These abilities have been traditionally associated by us as things needed for staying in school and going to college. Brain food is for the smart kid. I would argue, we need brain food even more for skill trainees. You do not want an attention-deficient welder, electrician, or CNC machine operator. Nor a judgment-impaired paramedic. Future skills would require astonishingly higher neo-cortical engagement between humans and machines.

Let me now speak about three stand-alone pieces of data that I shared right in the beginning while bemoaning my ignorance at the start of my own journey in skill development. We are a country of 1.3 billion people. Data indicates that 45 million of our children are out of school. We all know what the chances of returning, of a child dropping out of school. This means, these 45 million children must receive some form of skilling so that they do not become a demographic liability. The skill infrastructure of the country must be continuously calibrated with two dashboard metric - the number of children that must be given employable skills and the number of jobs that are going to be out there in the future.

The creation of such a skill infrastructure is a daunting task, not because we are resource constrained, but because, the laying of a physical, digital, and intellectual infrastructure are all planning and implementation intensive.

The lag between the need and the ability to fulfil that need can make our efforts sub-optimal, if not futile.

The law of infrastructure creation is very simple: you must build a bridge before you can cross it. The question is what is the bridge that we must build? To begin with, we do not know for sure because we do not have the data in one place.

I can, without much effort, tell you how much money India will spend on defence this year; how much on agriculture and railways and building of roads and public health but if you ask what is the budgetary spend on skill development, I wouldn't be able to tell you that. For me to drive home what this can lead to, I must give you an example.

There are two short-term, employment-linked, flagship programmes of India. One is under the Ministry of Skill Development and Entrepreneurship that has recently launched a slew of skill training programmes under what is called the PMKVY 3.0 at an outlay of US 132 million. This is mostly a non-residential, 45-day programme. Somewhat similar but residential in nature, is the Ministry of Agriculture's DDU-GKY programme with an outlay of almost US 750 million. The two numbers together, do not add up to a billion dollars. Is that less, is that more?

We will know only if we can draw a baseline with credible numbers, not just by allocation but by past spend. But that baseline is just the beginning.

The real task would be benchmark; we need to know what other aspirational nations are doing in similar fields. Now let us imagine for a moment that we are Rip Van Winkle. We have just woken up. And behold, the 45 million children out of school are all skill trained. That we have the infrastructure that has made them so. But there is one glitch: 93% of the workforce is still in the informal sector. What does that do to a skilled workforce we just created?

For starters, it means wages so low that there is little or no motivation to take up employment, to migrate to where work may be and most importantly, stay with the job for more than a year. Migration must be acknowledged as real. Most jobs are in the cities. But the 93% informal economy means abysmally poor wages when a youth comes to a city. In the past few years, everyone exhorts us that we need to constantly upskill and reskill ourselves to be futureproof. But we miss a cardinal point. Only a formal workplace would invest the time, energy, and money to invest in the upskilling and the reskilling.

The informal economy does not have the resources and the incentive to be obsessed with workforce development. It simply is an impractical idea to a roadside repair shop, a small trader, or even a medium-scale manufacturing unit. Sustainable skill development happens only where payrolls exist.

All of us need to deeply ask ourselves a fundamental question: what structural changes must be in place to push 93% jobs into the formal economy in the next two decades and in the interim, how do we create interventions that bring some of the job benefits of a formal economy to the informal economy?

Let me now come to the last piece of my personal ignorance at the start of my journey. It is about wages. After going through 2 years of post-high school TVET training, how much is the salary a young skill-entrant may get?

In Singapore, I am told, it is 34,000 Singapore dollars a year. In India, if the individual is lucky, it would be 10,000 rupees a month, which translates to 2400 Singapore dollars - a full 93 percent less.

There are two caveats we must acknowledge before we go further. One, the ITE graduate from Singapore is better skilled because she was trained on better machines by better trainers when compared to her Indian counterpart. Two, there is something called Purchasing Power Parity. Sure. But the real question is this: what good is 10,000 rupees even in a country like India, for someone who needs a start in life?

Can a young person, fresh out of an ITI, move to a job to a city where he or she can rent a room with electricity and a toilet with running water with a wage of 10,000 rupees? The answer is a big "No".

For most skill trained workers who need to migrate to an Indian city in search of work, life will be in the ghetto, which is a dangerous place for anyone, and even more so for young women. 75 years into independence, a skill trained youth, if lucky, would start life with the mandated "minimum wages".

At 34,000 Singapore dollars, a youth can rent a safe, comfortable place, commute to work in safety and comfort, save money for the future, think of higher education, and even plan a family down the line. In India, the same person will not be able to do all that.

Singapore is Singapore because the Prime Minister and the Plumber have the same quality of electricity at home and drink water from the same supply.

For us to cross the chasm, we need to replace the minimum wage mindset with sustainable wages, fair wages. The wage disparity in India is so big, it devours every other imperative like a big blue whale eating planktons and simply moving on. Our wage structure, periodically revised with Government mandate, but vastly unregulated, has moved most people from poverty to respectable poverty. We need to make a tectonic shift from that for any efforts at skill development to have a substantive and not a symbolic impact on human development. I have noticed the structure of the 9th International Skill Forum with great interest. It is one of the best curated forums I have ever seen.

I have no doubt we will come back with tremendous new ideas, call for action. I submit that these be examined through three lenses as we build a blueprint for the future. These are, the need for maximalism, the importance of greater input orientation and finally, the imperative of a system approach while looking at large-scale transformation.

For starters, we need to move from a minimalistic mindset to a maximalist mindset. We think large screen when it comes to most developmental issues, But, when it comes to skill development for the kid standing outside the training centre, we are happy with incrementalism.

This is true of everything, from infrastructure creation to sustainable wages. It doesn't trouble us; we do not find a flaw in our thinking because those children are not our children; no policy maker nor administrator was ever a skill-trainee.

This call for maximalism is no rhetoric. We are doing no one a favour by making a sharp departure from the past. All we must do is to pick up one kid in a skill training centre and go back 5 generations and build the socio-economic picture board of how the families travelled time until this kid was born and suddenly the truth will dawn upon us: this kid and the five generations before, have never known social inclusion, they were never economically mainstream. They were the fringe people. Successive generations lost the proverbial lottery of the womb and now we have this boy or girl in our hands.

But given the right skills and led on to the outcome of sustainable wages with a good employer, we can cut the chain with the past that spans many hundred years of living in the shadow of things.

The second point I would like to place before you is the need for shifting from an entirely outcome-oriented mindset to an input driven approach in creating skill interventions. We are obsessed with numbers, and we should be so. But obsession with the wrong set of numbers would land us at the temple of a false God. A classic case in point is the massive short-term skill development programmes run by a set of mostly rag-tag training outfits that are paid their full dues only when they can produce proof of employment for 70 percent of the trainees.

What that means is that the agency must show three successive months of payroll stubs for every trainee for getting paid. And did we not just admit that 93% of our jobs are in the informal economy where payrolls do not even exist? And it is not just that. We obsess over certification even as we do not have enough and truly qualified, truly capable assessors.

When it comes to raising our own children, we obsess over measuring inputs, we fret about the quality of nutrition, the vaccination, the right clothing for the right season, the holidays, the pocket money, the after-school private coaching class, the paid sports activity – it is inputs, inputs, inputs all the way.

But turn to skill development, we fret over output metrics that are generationally irrelevant and developmentally inconsequential.

The third point I would like to make is that, in engaging with the idea of skill development, we must go all the way. You cannot give me so-called skills. You have to future-skill me. You cannot give future-skills but leave me at the door of a largely informal economy. You cannot skill me and not show me sustainable, fair wages. You cannot simply skill me but say that safe and comfortable worker housing is not your priority. I am fine where I live in poverty, there at least I see known faces. Don't skill me, uproot me, then send me a thousand miles away to an unfriendly city and say, don't ever look back, I won't

be there for you. Our job is to set the bird free not just to increase the size of the cage.

We policy makers, regulators, skill institutions have a unique chance to fix the generational human inequity. We must ask ourselves why we have been sent here? To build bricks or build a temple?

The former is the narrative of Skill development, and the latter is the story of human transformation. Thank you, Ladies and Gentlemen, for the honour of addressing this august gathering. Each one of you is making a difference and I salute you because without you, the World would be a more difficult place for the people I work with and work for.



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