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National
Skill Development
Corporation



Executive Summary for the State of Madhya Pradesh (2012-17, 2017-22)



Executive Summary

National Skill Development Corporation (NSDC) had mandated KPMG Advisory Services Pvt Ltd to undertake a District-level Skill Gap Study of the state of Madhya Pradesh, involving various Departments of the Government of Madhya Pradesh, and Industry Bodies, as key stakeholders. The study focused on identifying district-wise incremental skilling requirements in Madhya Pradesh during the period 2012-22, for the potential growth sectors in Madhya Pradesh. A roadmap for skill development initiatives in the state is proposed through recommendations for key stakeholders. Extensive district level primary interactions including discussions with industries, vocational training providers and Government officers, were conducted. Focused group discussions were organized to understand youth aspirations towards employment. Global and Indian best practices in skill training have also been studied.

The demographic and social profile of Madhya Pradesh presents a unique human resource opportunity for economic growth through manpower skilling. Availability of working age population, measured from the 15-59 age group population, is estimated to grow from 43.4 million in 2012 to 48.7 million by 2017 to 52.9 million by 2022..

Manpower supply has regional variations along social and gender dimensions in Madhya Pradesh. Dhar, Bhopal, Indore, Gwalior, Sagar, Katni, Rewa and Satna districts are high human resource growth districts. Predominantly tribal regions like Mandla, Dhar, Jhabua, Sidhi, Khargone, Seoni, Shahdol and Chhindwara have to be given special focus, considering the aspiration towards seasonal work-related migration, stemming from socio-economic backwardness and lack of sustainable local livelihood/employment opportunities in these areas. Madhya Pradesh primarily being a rural economy, the role of women in capacity building cannot be undermined with a high proportion of rural female engaged in agri-allied activities. Considerations of industry towards employing female in manufacturing enterprises specifically in medium-small scale category have to be addressed. Further, there is a need to emphasize special focus on skilling of women in the districts of Dindori, Alirajpur, Mandla and Balaghat which have a higher proportion of female population.

Keeping the current realities of the state in view, along with possible economic growth that could be created in various sectors through favorable policies, an estimate of incremental manpower requirement during the XII plan and XIII plan periods, would be 4 million and 3.8 million respectively across primary, secondary and tertiary sectors. In XII plan period, the targets of job opportunity to be created per annum could be set at around 8, 00,000.

Incremental human resource requirements in the state, have significant geographical and sectoral variations. Construction, Mining, Textiles and Apparel, Power, Healthcare, Education and Agri-allied

industries such as Dairy, Poultry Farming and Horticulture, are priority sectors from a manpower development perspective in the state. IT/ITES, Renewable Energy, Logistics are among the emerging sectors in the state, with high potential for employment generation. Key business centers in Madhya Pradesh, including Bhopal, Indore, Jabalpur, Ujjain and Gwalior, are expected to contribute to a significantly high proportion of employment generated during 2012-22. Focus districts for manpower requirement in primary, secondary and tertiary sectors include:

| Sector | Districts |
|---------------------------------|--|
| Primary(Agriculture and Allied) | Dhar, Ujjain,Chindwara, Jabalpur, Hoshangabad, Guna and Ashok Nagar, Dewas, Indore, Shajapur, Vidisha, Sagar, Ratlam, Sehore, Mandsaur, Khargone |
| Secondary(Manufacturing) | Indore, Bhopal, Jabalpur, Ujjain,Gwalior, Dhar, Satna, Dewas, Sagar, Khandwa |
| Tertiary(Services) | Indore, Bhopal, Jabalpur, Gwalior, Ujjain,Sagar, Satna, Ratlam,Chindwara, Rewa |

Assessment of existing training infrastructure in comparison to human resource demand over XII Plan period, indicates significant capacity expansion requirement for semi-skilled category through vocational education in Madhya Pradesh with a surplus pool of un-skilled and highly skilled workforce. Vast scope of employment in un-organized sector for un-skilled workers and limitations of the study in terms of sectoral coverage attribute to the surplus manpower in this category. Excess supply in high skilled category would indicate relatively low employment opportunities in this category within the state expected to result in migration of skilled workforce from the state during the period 2012-22. Further, employability of highly skilled graduates is an issue owing to misalignment of courses with industry needs and poor quality of institutes. Issue of low employability of graduates has to be addressed through suitable up skilling considering local industrial requirements in order to ensure availability of industry ready manpower.

Vocational education has a key role to play in the educational system of Madhya Pradesh, which has a relatively low capacity in higher education. While significant drop out rates are witnessed after school education across the state resulting in low enrollments in higher education, districts of Jhabua, Alirajpur, Barwani, Sheopur have considerably high dropouts even at school level. Intervention of vocational education to bridge the gaps in the educational system (even within the schooling stage itself) and provide

seamless options for students to pursue vocational education, has to consider these variations along with employment opportunities while structuring specific programs.

The state has a significant scheme training opportunities with Building and Other Construction Workers' Welfare Cess, Ministry of Agriculture, Ministry of Labour, Ministry of Communication and IT, Ministry of MSME, Ministry of HUPA, Ministry of Textiles, and several other government ministries and departments, having large training mandates. However, monitoring mechanisms for ensuring effectiveness of such programs is a lacuna in the current system.

Madhya Pradesh is primarily an agrarian economy with a high dependency on the agriculture related activities in rural areas. Though the current levels of work participation rates in rural regions are high, seasonal nature of agricultural work would mean underemployment for a significant section of agricultural labour force in the state. There is a need to create supplementary employment opportunities in Agri-Allied and Household Manufacturing sectors to the rural population through adequate training.

Youth aspiration study indicates a clear mismatch between student aspiration and job opportunities available in the state. Sectors such as retail, construction, agri-allied activities, textile and transportation and logistics need to work on building a positive image, and providing the right working environment/perks, to attract talent. Sectors such as construction, transportation and logistics offer employment opportunities outside the state as well, for trained manpower. In sectors such as IT/ITES, Healthcare etc, while youth are willing to work, there isn't adequate opportunity within the state and hence, there is white collar migration, mostly towards the southern states, for employment.

Increasing entrepreneurial activity in the state of Madhya Pradesh has to be matched with appropriately skilled managerial and technical workforce. However, interactions with industry in the state, have revealed that challenges are often related to quality of the workforce, rather than quantity. Most of the industry personnel opined that quality issues in the state are two-fold - technical knowledge and soft skills/behavioural aspects - with prospective employees lacking in either, or both of them. Manufacturing industries are facing serious issues to employ appropriate manpower, as most skilled graduates prefer to work in services sector than in manufacturing.

Key Recommendations for the Government include Setting up Anchor Institutes for Manpower Development in focus industries, Offering Short term Training Programs Courses through Public Private Partnership, Incorporating Skill Training in mainstream K12 Education, Offering Demand-Driven Skill Training Programs and validating program effectiveness through tracer studies and exploiting technology for trainer development activities, as well as to reach out to remote areas.

It is also recommended that the District Employment Exchanges be transformed into Skill Management Centers offering seamless information sharing between employment providers and employment seekers. NSDC can support training initiatives in the priority sectors of Construction, Mining, Textiles and Apparel, Power, Healthcare, Education and Agri-allied such as Dairy, Poultry Farming and Horticulture. Besides these, NSDC could play an active role in bringing national/global level training providers to Madhya Pradesh by setting up a joint forum of NSDC Investee Training Companies, NSDC partner Training companies and representatives of Government of Madhya Pradesh.

Private training providers can provide skill training in conjunction, using government endowment training schemes for sectors of Construction, Retail, Transportation and Logistics, Food Processing and Healthcare. Training programs for displaced marginal farmers need to be aligned to livelihood activities aimed at supplementing farm income through training in mixed farming activities of dairy, poultry, horticulture, fisheries, sericulture etc.

Cluster based skill training initiatives in PPP mode can be established near industry clusters, to ensure proximity to market for absorption of trained talent. There is also an opportunity to set up finishing schools for tertiary sectors with a high salary potential, where students will be willing to pay and learn – eg: IT&ITES and Banking and Financial Services – Skills in both technical and non-technical category.

District wise skill gap details and recommendations are provided in the full report. We suggest that the recommendations of the study should be treated in toto by all the stakeholders to realize the intended objective of a robust skill development ecosystem in Madhya Pradesh. It is also recommended that an empowered implementation committee should be tasked for implementation of these recommendations, and to achieve desired goals.

For more details please contact:



National Skill Development Corporation

Block A, Clarion Collection, (Qutab Hotel)

Shaheed Jeet Singh Marg

New Delhi - 110 016

Tel: +91 11 4745 1600-10

Fax: +91 11 4656 0417

Email: skillgapstudies@nsdcindia.org

Industry Partner



www.nsdcindia.org