

District wise skill gap study for the State of Madhya Pradesh

Contents

- **Objectives of the study**
- **Methodology**
- **State Analysis**
- **Recommendations**

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Objective of the study

Madhya Pradesh District Skill Gap Study objectives would include a review of the following at an overall state and for all districts:

- Socio-economic profile – demography, economic profile of district by industry, state of education.
- Identify developmental opportunities keeping in mind factor endowments and stakeholder perspectives.
- Identify specific developmental initiatives/projects which have an impact on employment generation.
- Articulate the aspirations of the youth.
- Identify the current and future (2012- to 2022) skills and manpower requirements by industry and estimate the gap that exists.
- Study the existing VT infrastructure booth in the private sector and the government domain.
- Suggest suitable interventions/recommendations to address the skills gap.
- Recommendations have to be specific and actionable.
- Recommendations should also include specific initiatives that NSDC can take based on the mandate of the organization.
- Create an action plan with indicative timelines

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Methodology

KPMG has adopted a structured methodology to understand the skill ecosystem in Madhya Pradesh, assess incremental manpower needs, and collate insights, to arrive at recommendations to address the manpower skill gaps in the districts of the state.

- Salient Features of the Study include:
 - Socio-economic Profile: State/Districts
 - Sectoral Focus: NSDC priority sectors along with district level potential sectors
 - Voice of Stakeholders: Capturing insights from stakeholders involved in skill training
 - Estimation of Manpower Supply: State/Districts
 - Assessment of Existing Skill Training Capacity: State/Districts
 - Computation of Incremental Employment Potential: Using a sector specific approach
 - Manpower Supply-Demand Gap: State/Districts

Methodology

Research Methodology of the Study

The study was carried out through both primary and secondary research methodology, as well as qualitative and quantitative techniques.

Primary Research: Primary research inputs were collected through research techniques such as in-depth discussions, formal interviews, and Focus Group Discussions (FGD). Interview schedules, FGD Guidelines and points for field observations were developed in accordance to the study objectives. Consultation meetings were conducted with State Government Departments, District Administration Officials, Skill Training Providers, Skill Training Beneficiaries, Industry Representatives, Migrant Labour to understand their perspectives on skill development

Activity	
Primary Interactions	720
FGDs across Madhya Pradesh	40
Students participated in FGDs	700

Secondary Research: Secondary Data were collected from number of sources including central, state and district government/administration agencies, especially the Department of Economics and Statistics, Department of Industries - and program specific information from departments with a mandate in skill training, and from studies commissioned by funding agencies, NGOs etc.,

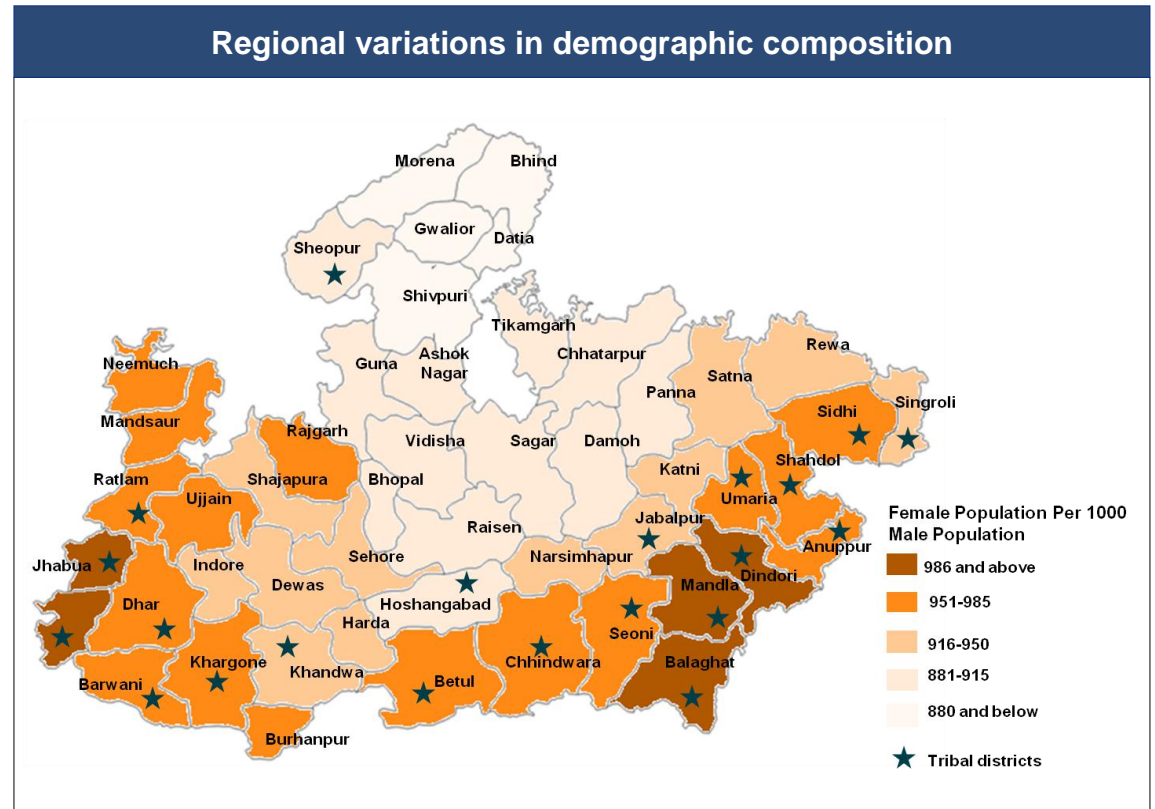
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State Analysis-Social Profile

Socio-economic indicator	Madhya Pradesh	India
Gender Ratio (2011)	930 female/1000 males	940 female/1000 males
Overall Literacy Rate(2011)	70.63%	74.02%
Male Literacy Rate (2011)	80.53%	82.14%
Female Literacy Rate (2011)	60.02	65.46%
Infant Mortality Rate(IMR), 2010	62	47
Crude Birth Rate, 2010	27.3	22.1
Crude Death rate, 2010	8.3	7.2

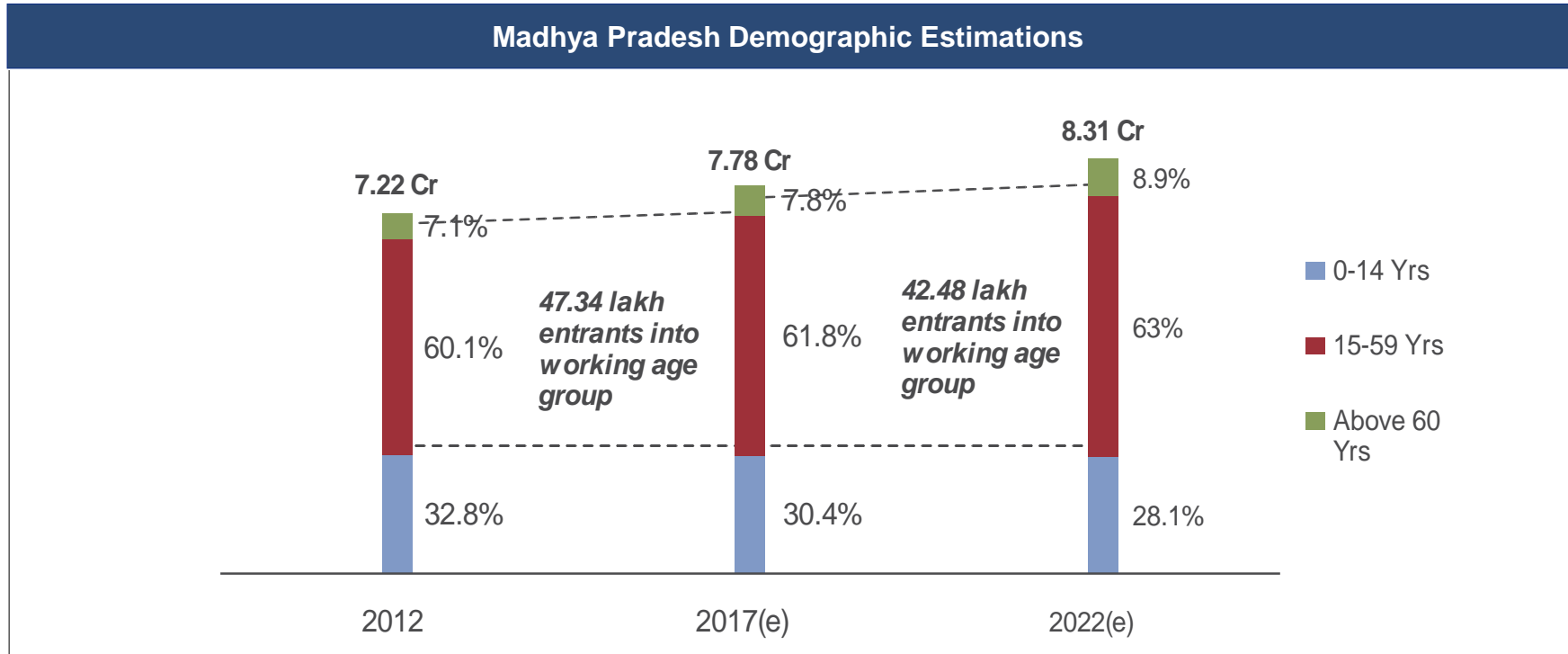
Source :Census 2011, Madhya Pradesh Human Development Report



Source :Census 2011, Census 2001

...with significant variations in social composition of demographics

State Analysis-Social Profile

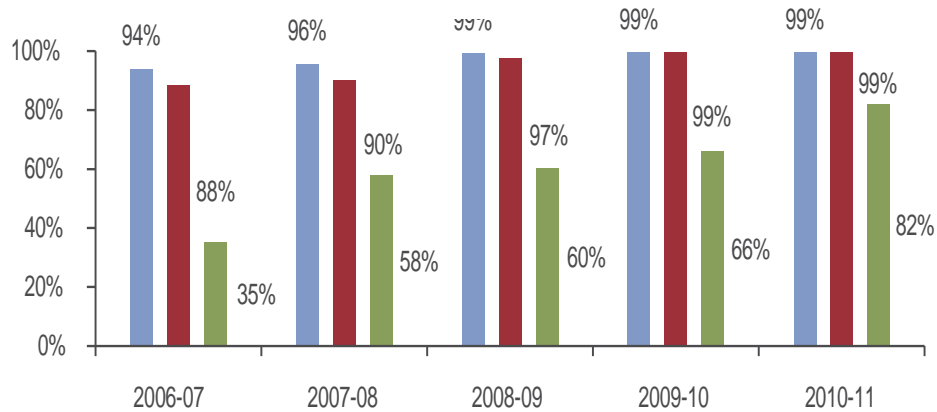


Source :MP Planning Commission, KPMG Analysis

...experiencing an addition of around 9 million to the workforce in the next decade

State Analysis-Social Profile

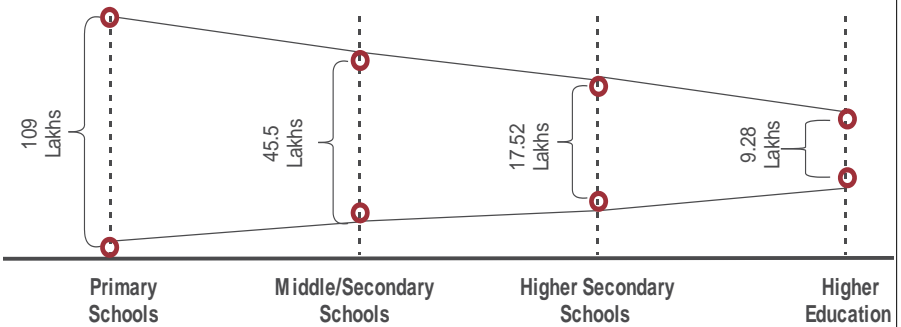
Enrolment in K12 Institutions of Madhya Pradesh



■ NER in Primary Classes ■ NER of Upper Primary Classes ■ Transition from Upper Primary to Secondary Classes

Source :Madhya Pradesh Educational Statistics 2010-11

Current State of Institutional Capacities



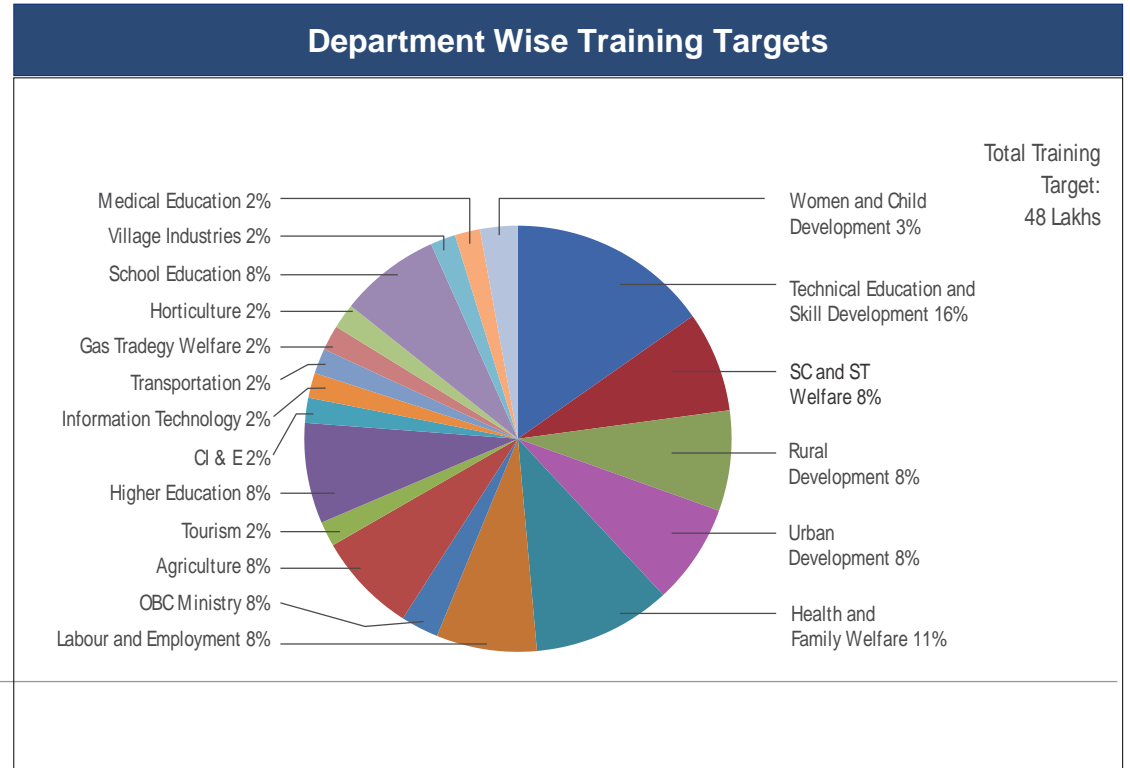
Source :Madhya Pradesh Educational Statistics 2010-11

Limited growth of higher education capacities in comparison to K 12 institutions has created significant gap in the educational system of the state

State Analysis-Social Profile

Category of Institutions	Number of Institutions	Intake
BE/Architecture	222	82,400
Management	218	18,490
MCA	94	6,348
Pharmacy	127	8,829
Medical Colleges (MBBS)	11	1070
Polytechnic(Vocational)	58	13,630
ITI/ ITC	279	38,880

Source :Madhya Pradesh Educational Statistics 2010-11



Source :Madhya Pradesh Skill Development Mission

Vocational education from current levels of low penetration is expected to play a key role to bridge the gap in educational system riding on Government thrust...

State Analysis-Social Profile

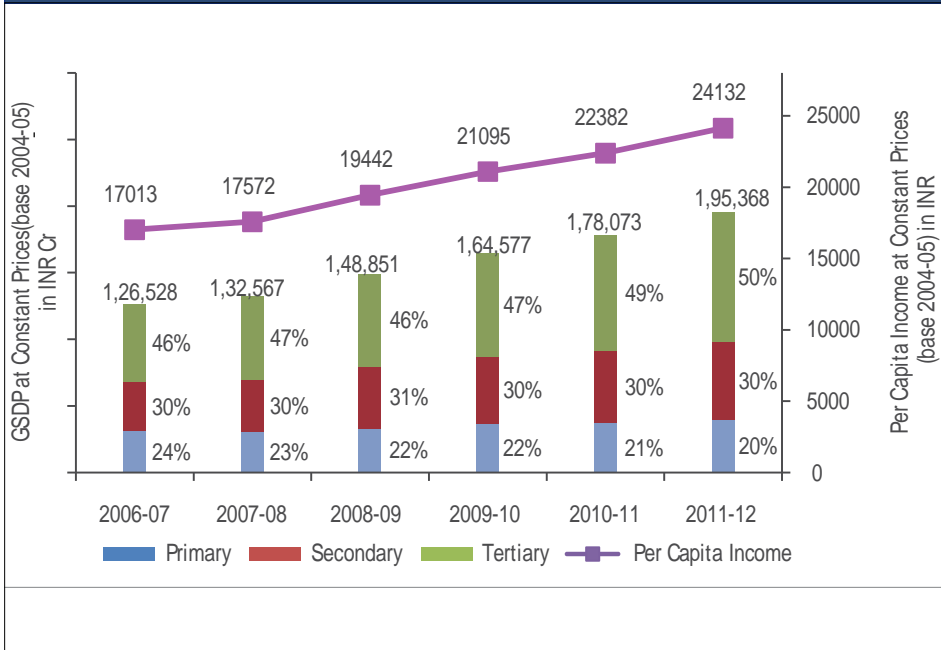
Construction Workers Welfare Cess, Dept Agriculture, Dept of Labour based training schemes have large potential in the state...

Ministry under Central Govt / Schemes	Scheme Details	Training Potential 2012-17
Building and Other Construction Workers' Welfare Cess	Skill Training for Construction Activity based on the availability of Construction Cess with the State Government, of which around 50% can be deployed in manpower training initiatives	2,50,000
Ministry of Agriculture	Skill Training for agri and allied sectors based on national targets of the sector and state's employment share in the agricul' ture and allied activities	97,336
Ministry of Labour	the state is expected to receive funds based on national targets set for Modular Employability Scheme under Skill Development Initiative Scheme, proportionate to its contribution to secondary sector activities	72,000
Ministry of Communication and IT	Scheme wise national targets for software export industry including setting up of DOEACC Centres/RIELIT and upgradation of existing centres, Special Manpower Development Programme in the area of VLSI Design and related software (SMDP-II); Estimations are based on national targets and the state's aspiration to sectoral growth in IT/ITEs	44,000
Ministry of MSME	National MSME manpower development targets apportioned to state based on state's employment share in MSME segment	36,000
Ministry of HUPA	Physical training targets from an estimated allocation of INR 38.86 crores towards skill training component STEP-UP under Swarna Jayanthi Shahari Rozgar Yojana	21,118
Ministry of Textiles	Manpower training targets under Integrated Skill Development Scheme for Textiles and Apparel Sector including Jute and Handicrafts, apportioned based on state's contribution to textile sector	15,000

Source :Madhya Pradesh Skill Development Mission, KPMG Analysis

State Analysis-Economic Profile

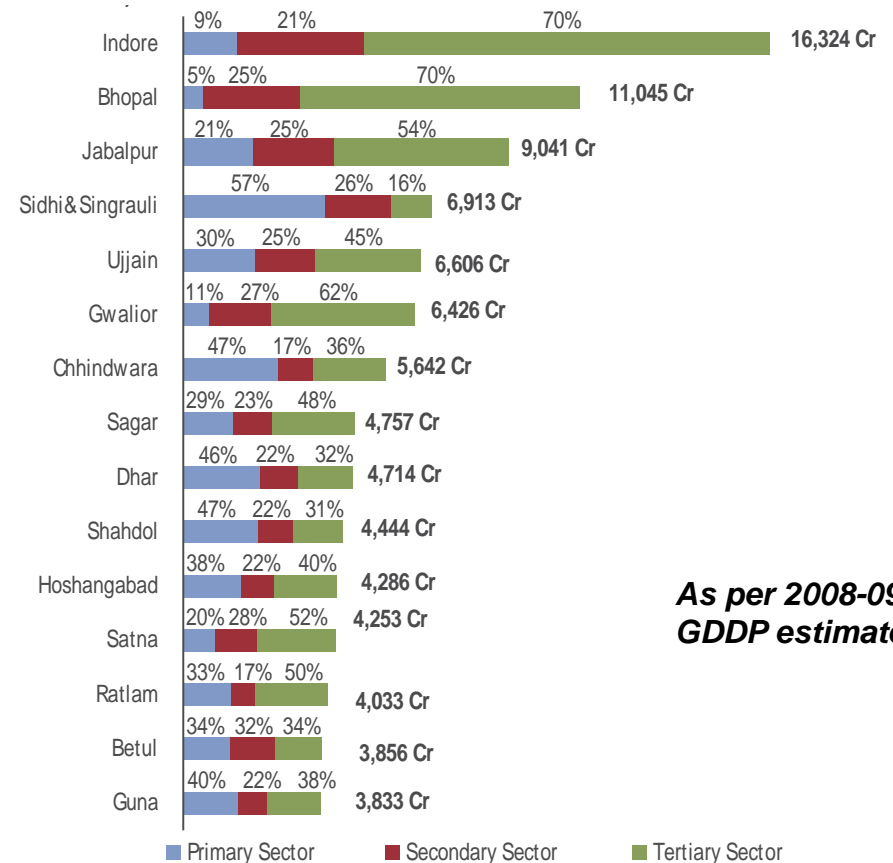
Economy of key districts in Madhya Pradesh



Source :MP State Planning Commission

State economy has grown at 9.7% CAGR during 2006-12 driven by secondary and tertiary sectors...

Economy of key districts in Madhya Pradesh



As per 2008-09 GDDP estimates

Geographically concentrated economy with key district economies accounting for more than half of GSDP

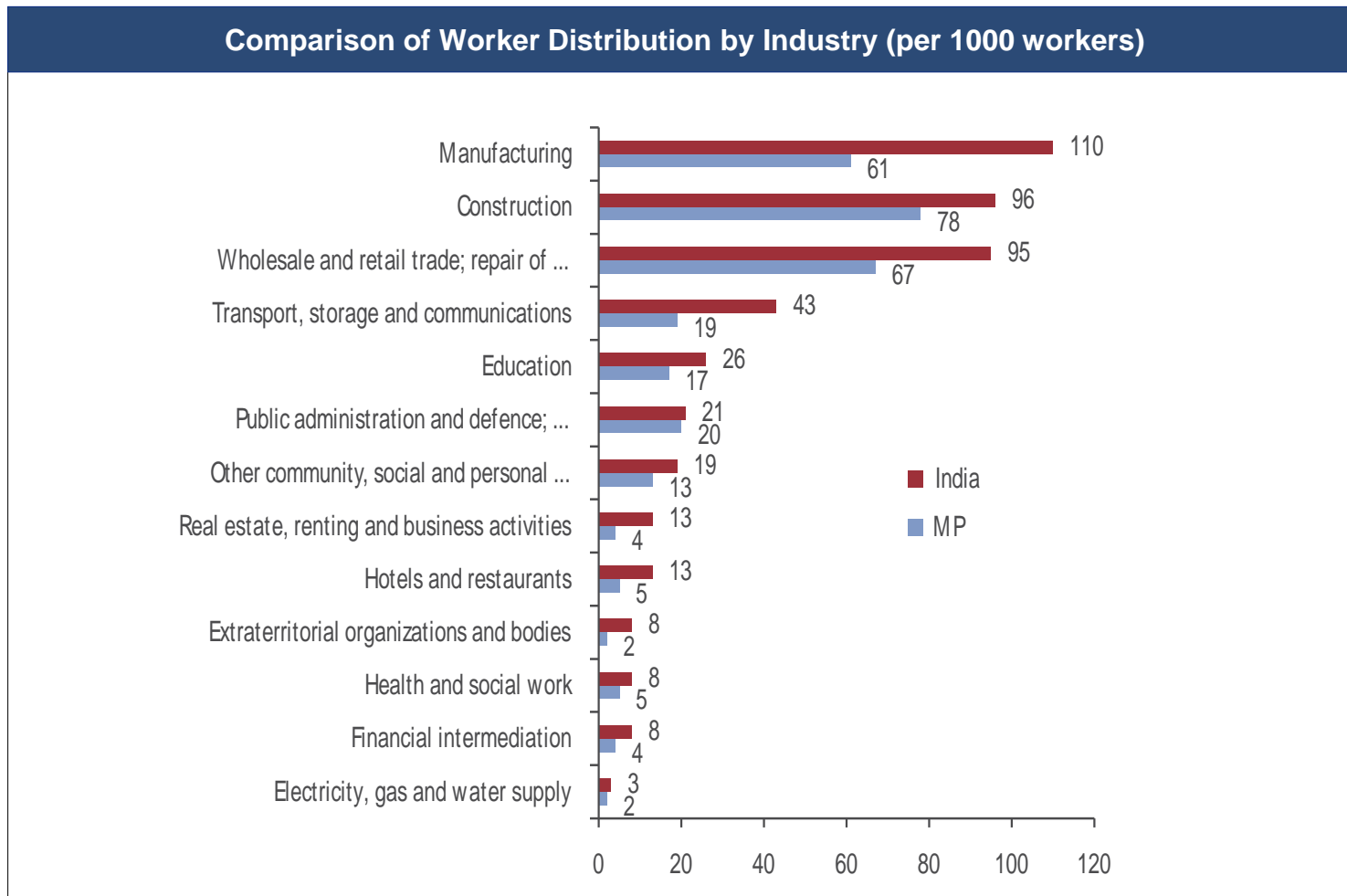
State Analysis-Economic Profile

Sector	Activities	Districts
Primary(Agriculture and Allied)	<p>Agricultural Crops: Rice, wheat, maize, mustard, sugarcane, soyabean, jowar and bajra.</p> <p>Agri-Allied Crops: Horticulture and Sericulture</p> <p>Agri-Allied Activities: Diary, Poultry, Piggery, Goatery and Fisheries</p>	Dhar, Ujjain,Chindwara, Jabalpur, Hoshangabad, Guna and Ashok Nagar, Dewas, Indore, Shajapur, Vidisha, Sagar, Ratlam, Sehore, Mandsaur, Khargone
Secondary(Manufacturing)	Agro-products, Chemical and Chemical Products consumer goods, drugs and pharmaceuticals, mines and minerals, manufacturing and textiles sectors	Indore, Bhopal, Jabalpur, Ujjain,Gwalior, Dhar, Satna, Dewas, Sagar, Khandwa
Tertiary(Services)	Trade, Retail, Hospitality and Tourism, Financial Services, Healthcare, Transportation and Logistics, Education	Indore, Bhopal, Jabalpur, Gwalior, Ujjain,Sagar, Satna, Ratlam,Chindwara, Rewa

Source : KPMG Analysis

Further, regional prominence of specific economic activities is witnessed...

State Analysis-Economic Profile



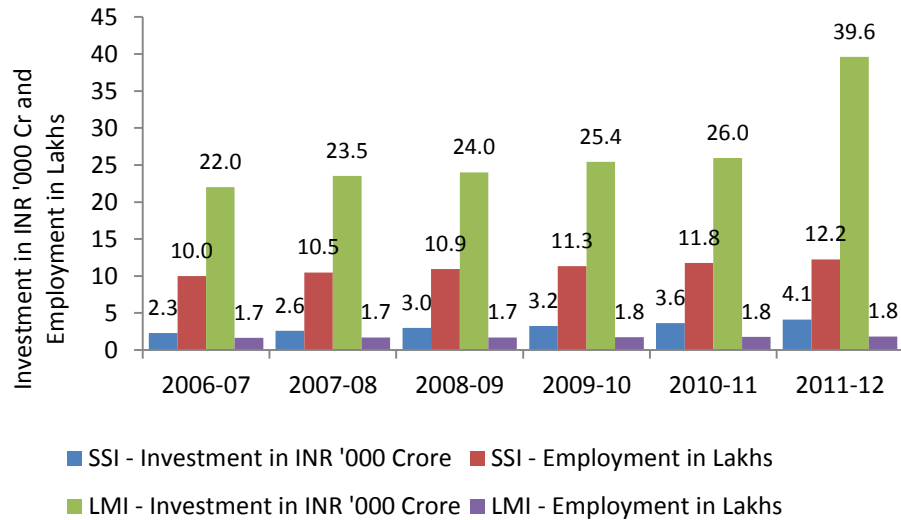
Source : NSSO 66th Employment Survey, KPMG Analysis

Madhya Pradesh, an agrarian workforce economy has lower penetration of manufacturing and services sectors compared to national average...

State Analysis-Economic Profile

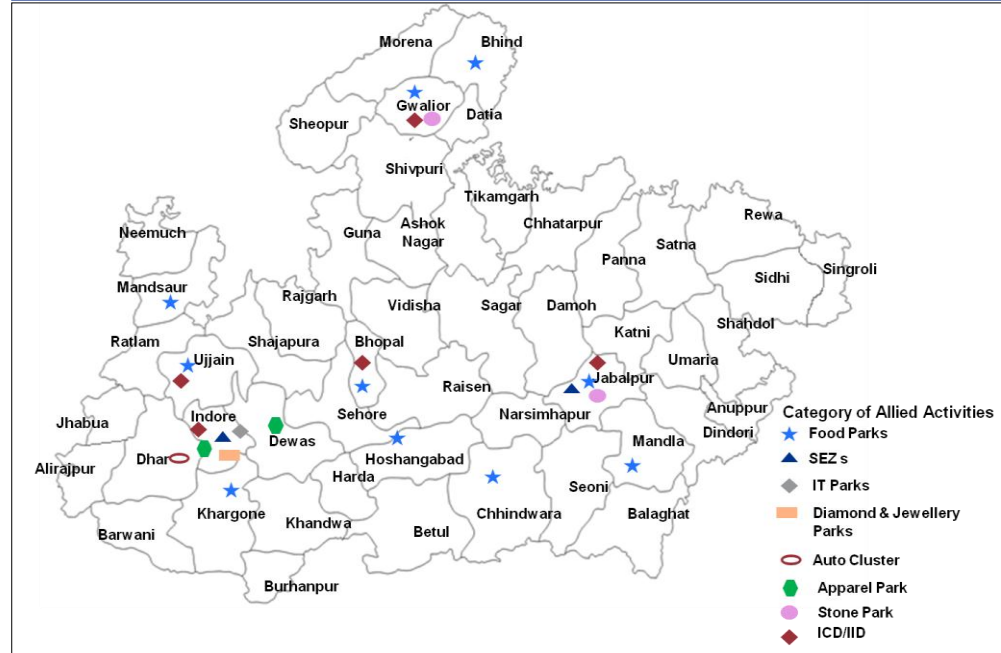
State is poised to witness significant industrial growth over the next decade...

Investment and Employment Trends



Source :MP Industries & Commerce Department

Industrial Infrastructure in Madhya Pradesh



Source :MP Industries & Commerce Department

...supported by conducive Government policies and improving industrial infrastructure

State Analysis-Economic Profile

Witnessing emergence of new employment generating sectors including allied services like security services and house keeping...

Sector	Policy Thrust	Growth Regions
IT-ITES	Employment and Land Rate Concessions , Exemption of stamp duty , Exemption on tax and acts , Power Related Incentives , Special incentive to invest in E-governance projects	Indore, Bhopal, Gwalior, Jabalpur
Renewable Energy	Special package for mega projects , Industrial investment promotion assistance , 5 year electricity duty exemption on captive power generation , 25% capital subsidy	Gwalior, Indore, Bhopal, Jabalpur and Rewa for solid waste based power. Rajgarh, Neemuch, Mandsaur for solar power. Narmada Basin area for geo thermal energy. Ratlam, Dewas for wind energy
Wellness Tourism	Tourism is a thrust sector for the State Government	All major tourist destinations in Madhya Pradesh have potential for the growth of Rejuvenation, Yoga & Meditation, Diseases Management , ayurvedic treatment and spa industries.
Logistics	Madhya Pradesh Warehousing & Logistics Corporation (MPWLC) is appointed as the nodal agency for the development of logistics sector. Growth thrust on Road ways through encouragement of BOT contracts etc.,	Multi Modal Logistics Hub –Pitampur, Composite Logistics Hubs -Bia, Ujjain, Jabalpur Construction of Modern Warehouses -Balaghat, Katni, Shahdol, Shivpuri, Morena . Operating & Maintaining CPC –Indore Composite Logistics Hub –Hoshangabad

Source : KPMG Analysis

...expected to result in realignment of workforce distribution over the next decade

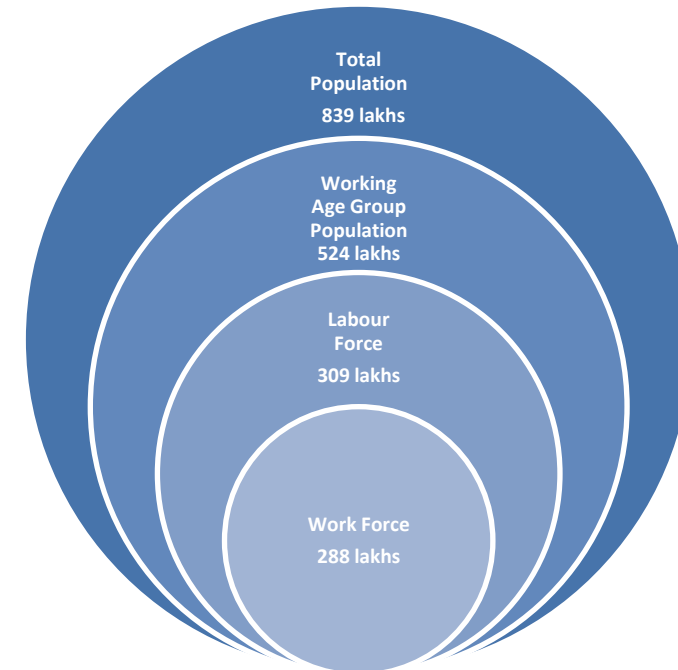
State Analysis- Labour Force Estimations

Madhya Pradesh Workforce Estimations (in lakhs)

Year	Population	Working Age Population	Labour Force	Work force	Incremental Supply 2012-17	Incremental Supply 2017-22
2012	722	434	256	239		
2017	788	481	283	265	47	
2022	839	524	309	288		43

Source : Census 2001, NSSO 66th Round of Employment Survey, KPMG Analysis

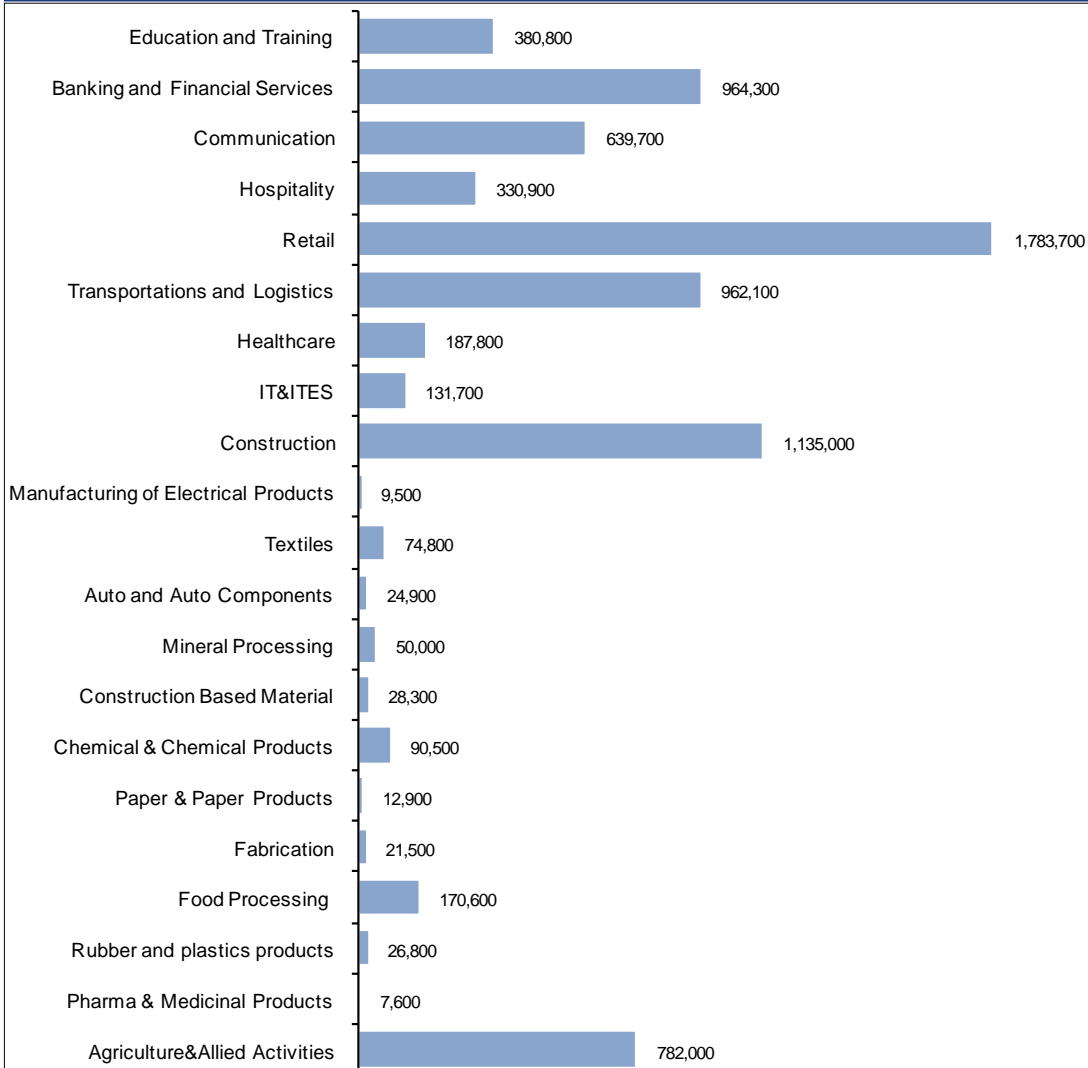
Human Resource Supply-2022



Madhya Pradesh workforce would reach 28.8 million by 2022 from current estimates of 23.9 million...

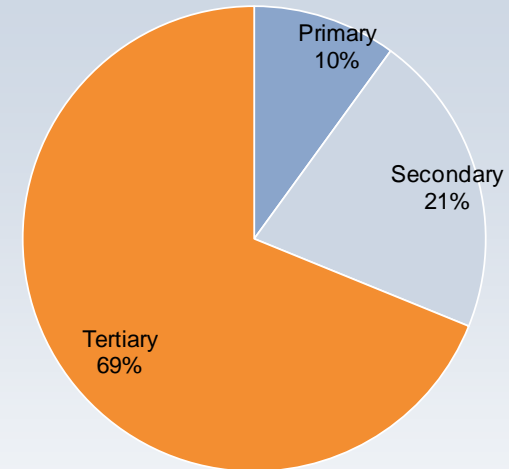
State Analysis-Incremental Manpower Requirement

Incremental Manpower Requirement 2012-22



Sector wise Break-Up

100% = 78,16,000



Predominantly tertiary sector driven job market with Construction being major employment generating area within secondary...

Source: KPMG Analysis

State Analysis- Incremental Manpower Requirement

Sector	2012-17				2017-22			
	Skilled Category	Semi-Skilled Category	Unskilled Category	Total	Skilled Category	Semi-Skilled Category	Unskilled Category	Total
Agriculture & Allied Activities	NA	NA	422771	422771	NA	NA	359915	359915
Pharma & Medicinal Products	204	2680	1187	4071	177	2326	1032	3535
Rubber and plastics products	717	6578	7036	14331	622	5707	6108	12437
Food Processing	4568	19227	67564	91359	3966	16695	58653	79314
Fabrication	575	5367	5550	11492	499	4660	4816	9975
Paper & Paper Products	345	3105	3451	6901	300	2695	2996	5991
Chemical & Allied Products	2420	17382	28601	48403	2101	15087	24828	42016
Construction Based Material	756	5425	8930	15111	657	4731	7753	13141
Mineral Processing	1337	11866	13542	26745	1161	10300	11757	23218
Auto and Auto Components	666	8292	4355	13313	578	7202	3780	11560
Textiles	2002	8917	29123	40042	1738	7744	25285	34767
Electrical Products	253	3037	1763	5053	220	2635	1548	4403
Construction	30022	75654	494755	600431	26728	67354	440473	534555
IT&ITES	3294	62588	NA	65882	3291	62520	NA	65811
Healthcare	3806	72317	NA	76123	5588	106169	NA	111757
Transportations and Logistics	22444	53716	372729	448889	25660	61414	426128	513202
Retail	48804	123446	803838	976088	40381	102138	665099	807618
Hospitality	9054	45556	126461	181071	7491	37692	104633	149816
Communication	14558	81917	194681	291156	17429	87804	243340	348573
Banking and Financial Services	23536	48883	398309	470728	24679	51256	417650	493585
Education and Training	9135	165790	7782	182707	9907	178896	9343	198146

- High proportion of semi skilled and un-skilled job market
- Un-skilled employment to emerge from predominantly un-organized industries
- Sectoral skill requirements have considerable regional variations depending on the penetration of mechanization etc.,
- Employment from Agri-Allied activities would be mainly due to complete/partial displacement of workforce from cultivation activities.

Source : KPMG Analysis

State Analysis- Incremental Manpower Requirement

Sector wise focus districts for organized employment opportunities...

Sector	Focus Districts
IT-ITES	Indore, Bhopal, Gwalior, Jabalpur
Logistics	Dhar, Ujjain, Jabalpur Balaghat, Katni, Shahdol, Shivpuri, Morena, Indore, Hoshangabad
Hospitality& Tourism	Indore, Bhopal, Gwalior, Ujjain, Sagar
Retail	Indore, Bhopal, Gwalior, Jabalpur
Healthcare	Indore, Bhopal, Satna, Ratlam, Rewa
Financial Services	Indore, Bhopal, Gwalior, Jabalpur, Sagar, Ratlam, Chhindwara, Rewa
Auto Sector	Dhar
Engineering Products	Bhopal, Indore
Mineral & Mineral Processing	Balaghat, Singrauli, Panna, Katni, Satna and Sagar
Cement Industry	Satna, Damoh, Panna and Rewa
Agro and Food Processing	Bhopal, Sagar, Gwalior, Jabalpur
Textile Industry	Dewas, Dhar, Ujjain, Bhopal, Indore
Logistics	Indore, Dhar (Pitampur), Hoshangabad, Ujjain, Jabalpur, Balaghat, Katni, Shahdol, Shivpuri, Morena
Renewable Energy	Gwalior, Indore, Bhopal, Jabalpur and Rewa(solid waste based power) Rajgarh, Neemuch, Mandsaur (solar power), Ratlam, Dewas(wind energy)

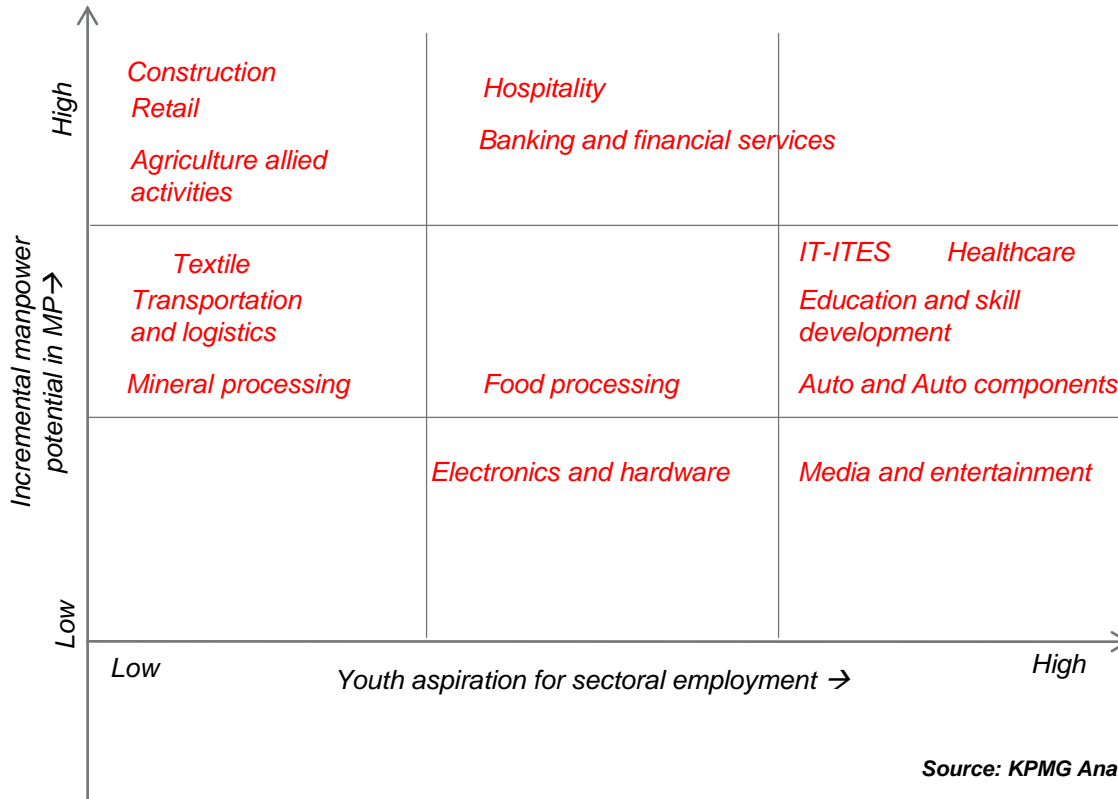
Source : KPMG Analysis

State Analysis- Supply Demand Gap(2012-17)

Skill Category	Incremental Demand	Incremental Supply	Source of Supply	Training Gap 2012-17
Skilled	1.78 lakhs	5.85 lakhs	From higher education institutes	-4.07 lakhs
Semi Skilled	8.21 lakhs	5.97 lakhs	From Vocational Training Institutes and Various Govt Training Schemes	2.24 lakhs
Un-Skilled	29.92 lakhs	31.03 lakhs	School drop-outs without any access to formal skill training	-1.11 lakhs

- **Significant capacity expansion requirement for semi-skilled category through vocational education in Madhya Pradesh**
- **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**

State Overview- Skill Development Attractiveness



... stakeholders need to work on building a positive image of skill development

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Recommendations-Stakeholders

Government

- 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
- Exploiting technology for trainer development activities, as well as to reach out to remote areas
- Transformation of District Employment Exchanges into Skill Management Centers

NSDC/SSCs

- 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
- Setting up a joint forum of NSDC Investee Training Companies, NSDC partner Training companies and representatives of Government of Madhya Pradesh. Aimed at bringing national/global level training providers to Madhya Pradesh

Industry

- Promote cluster based skill training initiatives in PPP mode in industrial clusters
- Short term Training Programs Courses through Public Private Partnership (PPP)
- Setting up of sector skill councils(SSCs)

Training Providers

- Focus on Government endowment training schemes for sectors of Construction, Retail, Transportation and Logistics, Food Processing and Healthcare
- 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

A task committee should be set up by Government to implement the skill development initiatives including all the stakeholders

Thank You



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