Executive Summary for the State of Tamil Nadu (2012-17, 2017-22)
EXECUTIVE SUMMARY

The National Skill Development Corporation (NSDC) commissioned a District Level Skill Gap Assessment for the state of Tamil Nadu, liaising with key stakeholders such as various Departments of the Government of Tamil Nadu, industry and skill training providers in the course of the project. The study focuses on identifying the district-wise skill gap across industries and skill levels for the period 2012-2022. Extensive primary research was conducted through direct interviews, surveys and focus group discussions. Recommendations to address the skill gap have been developed in consultation with experts.

Tamil Nadu is one of the leading states in terms of demographic dividend, with approximately 66% of the population lying in the working age group. However, this dividend is expected to be exhausted over the next decade on account of a stable birth rate. The shortfall in the availability of skilled human resources is expected to reach 3.6 lakh workers at the semi-skilled level and 2.25 lakhs at the skilled level by 2022. The excess availability of unskilled human resources may be channelized towards meeting this gap through skill development interventions.

### Summary of Skill Gap in Tamil Nadu (in 000s)

<table>
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<tr>
<th>SKILL GAP (in 000s)</th>
<th>2012-2017</th>
<th>2017-2022</th>
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<tbody>
<tr>
<td>Incremental Human Resource Requirement</td>
<td>1,718</td>
<td>1,511</td>
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<tr>
<td>Incremental Human Resource Availability</td>
<td>2,179</td>
<td>258</td>
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<tr>
<td>Skill Gap</td>
<td>-461</td>
<td>1,253</td>
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Construction, retail and travel, hospitality & tourism and travel are expected to drive the incremental requirement for skilled human resources. Chennai, Kancheepuram and Thiruvallur, forming a large industrial hub on the eastern coast are expected to generate considerable skilled human resource requirements. Moderately developed districts such as Cuddalore, Dindigul, Erode, Madurai, Salem and Tiruchirappalli, which are transitioning towards higher levels of development, are also expected to have a high human resource requirement in sectors such as IT, automobile, construction, food processing, textiles and retail. The youth aspiration study suggests a strong inclination towards working in service sectors such as IT, banking, hospitality, transport and retail.

Low availability of appropriately skilled human resources is a problem faced by employers across sectors and districts. The problem is particularly acute in the case of Small Scale Industries – while larger firms can afford to conduct campus recruitments at skill training institutes or set up captive training centres, the unavailability of skilled workers is a major challenge for smaller firms. In spite of
their inclusion in the government’s apprenticeship scheme, they often face difficulties in finding suitable candidates.

Compared to other Indian states, Tamil Nadu has relatively high capacity for skilling students. However, capacity utilization at many government training institutes is sub-optimal. The existence of a large number of unregistered private training providers obscures the level of clarity regarding the existing training capacity. However, low employability of skilled and semi-skilled graduates from government as well as private institutes indicates a qualitative deficit. There is a need for registration and standardization of existing skilling initiatives, and an emphasis on quality control for new capacity to ensure employability and relevance of the training provided.

The level of skill required in an industry is strongly correlated to the level of formalization in the industry. Workers in more unorganized industries such as retail and food processing may be skilled through flexible, short-term courses.

The unorganized sector is one of the largest employers in the state economy, estimated to have over 50 lakh workers in 2012. The existing information channels lack validation and the skilling processes are often informal. The lack of formal certification prevents mobility, restricting the possibility of a transition to the organized sector. Skill training programs that offer a single specific skill deter skill acquisition in the unorganized sector, since workers are required to perform tasks requiring multiple skill sets. There is a need to focus on up-skilling those who are already employed in the unorganized sector through multi-skilling programs. Tangible benefits in the form of improved earnings or a transition to the formal sector are essential to generate interest in skill development within this sector. The trend towards employing contract labor due to the high rate of attrition is leading to a high level of informal employment within organized sectors as well. This leads to lower benefits for workers, higher uncertainty for firms and difficulties in targeting students for up-skilling.

Recruitment processes are unorganized across sectors, thereby weakening the linkages between skill development and employment – there is a need for private employment exchanges and formalized recruitment processes.

Youth aspirations are strongly influenced by expected income and family aspirations. Female respondents show a strong preference for higher flexibility in work conditions and their aspirations are strongly shaped by their socioeconomic context. Male responses reflected the prioritization of jobs on the basis of income and prestige. The highest interest in vocational education was among respondents who had already undergone some skill training and unemployed respondents. There is a need for more information regarding the expected employment opportunities and work conditions associated with vocational education through orientation programs and industry exposure through internships, apprenticeships, guest lectures from industry experts, alumni interactions and industry visits.

There is a perception of low dignity of labor associated with blue collar jobs – this is a cultural phenomenon, which leads to a strong preference for white collar jobs, particularly in the services sector. The creation of a better work environment at the shop floor level may help raise the desirability of such jobs. At the lower skill levels, the lack of wage escalation to reflect the increase in
skill levels or experience acts as a disincentive to skill development and is also one of the causes for high attrition. Clear industry norms on career progression for workers at lower skill levels are also likely to raise the dignity associated with such jobs.

One of the major problems currently faced by the skill development sector is the absence of a unified platform for training providers. This constrains the possibility of coordination among various stakeholders. The absence of accreditation systems makes it difficult for genuine training providers to distinguish themselves from other players. The absence of benchmarking and competency mapping of skills leads to a mismatch between the worker qualifications on paper and in practice. Standardized testing mechanisms across institutes must be established to signal student quality based on the ability to perform specified tasks. Ranking of skill training institutes by independent third parties must be undertaken in order to create awareness, encourage private skill training providers to register themselves and raise quality standards by increasing competition in the market.

The lack of quality trainers impedes effective training delivery. Greater industry exposure of trainers and innovative training methods focusing on practical application are required to bridge the divide between classroom teaching and workplace expectations.

Women Industrial Training Institutes (ITIs) have higher dropouts, lower enrolment rates and lower placements compared to other ITIs. Primary research indicates low willingness to migrate for work or education among women. A significant proportion of the workforce in sectors such as gems & jewellery, textiles and leather is female. Self Help Group (SHG) models have been successful in imparting skill training to women, particularly in relatively backward districts such as Dharmapuri and Thanjavur. There is a need to facilitate transition of female workers from home enterprises to factories through awareness campaigns and targeted skilling initiatives.

Greater coordination among government departments on skill development will improve the efficacy of interventions in this area. With the Tamil Nadu Skill Development Mission acting as the nodal agency for all skill development initiatives in the state, improved targeting and consolidation of efforts is likely over the next few years. Strengthening basic education is necessary, since a number of students are unable to grasp the vocational training imparted to them due to their limited understanding of basic concepts.
## Summary of Recommendations

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<thead>
<tr>
<th>Stakeholder</th>
<th>Recommendation</th>
<th>Functions</th>
<th>Implementation</th>
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</table>
| State Government | Establishment of District Skill Development Councils | 1. Data Collection  
2. Information Dissemination  
3. Skills Registry and Placements  
4. Identification of Skill Gaps | 1. DSDCs established with TNSDM as the nodal agency  
2. Use of existing infrastructure by revamping employment exchanges  
3. Supervising the implementation of skill development initiatives at the district level |
| | Ranking of Skill Training Providers | 1. Creating an incentive for institutes to register themselves  
2. Encouraging greater competition  
3. Information dissemination | 1. Choosing parameters for ranking institutes  
2. Rankings by an independent third party  
3. Publication of rankings in major newspapers  
4. Regular update |
| | Equivalence between Formal and Vocational Education | 1. Allowing mobility across educational institutions  
2. Clarity on skill attainment associated with courses  
2. Benchmarking using Occupational Standards  
3. Equivalence |
| | ATIs on PPP Mode | 1. Collaboration between industry and government  
2. Improved placements through industry linkages  
3. Relevance of curriculum | 1. Focus on industrialized districts for sectors such as auto, electronics and textiles  
2. Value for Money analysis  
3. Standardized course content through SSC inputs  
4. Higher industry interaction |
| | Teachers’ Training on PPP Mode | 1. Ensuring availability of trainers  
2. Improving quality of training delivery  
3. Development of standardized tests and certifications for trainers | 1. Focus on developing districts  
2. Industry training as part of the curriculum  
3. Inclusion of soft skills and the use of technology to facilitate learning  
4. Refresher courses for those already employed as trainers |
| | Unorganized Sector Interventions | 1. Providing a means for transitioning from informal to formal employment  
2. Awareness of skill development | 1. Review of basic concepts as part of course  
2. Minimize opportunity cost  
3. Formal recognition of informally acquired skills  
4. Multi-skilling  
5. Skill vouchers |
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<td><strong>Industry</strong></td>
<td>Institutionalization of Career Progression for Lower Skill Levels</td>
<td>1. Improvement in working conditions for blue collar workers 2. Creation of incentive for employees to acquire skills 3. Correspondence between wages and skills</td>
<td>1. Development of industry norms for compensation commensurate to skill levels 2. Wage revision to reflect experience and skill acquisition 3. Communication of work standards to employees</td>
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<td></td>
<td>Involvement in Skill Development</td>
<td>1. Ensuring marketability of skills imparted 2. Relevance of training to industry 3. Stronger training-industry linkages</td>
<td>1. Participation in campus recruitments 2. Internships, apprenticeships, guest lectures and industrial visits 3. Feedback on curriculum and training, especially for the service sectors</td>
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<td>On the Job Training</td>
<td>1. Optimizing infrastructure creation 2. Improving productivity 3. Standardization of output</td>
<td>1. Induction programs and short-term training modules for new hires 2. Partnerships with skill training providers for up-skilling 3. Earn while you learn schemes</td>
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<td>Improvement in Work Conditions</td>
<td>1. Improving dignity of labor 2. Reducing attrition 3. Facilitating assimilation of skills</td>
<td>1. Part compensation in kind to reduce attrition 2. Employee feedback systems 3. Bonuses for completing one year in employment 4. Safety equipment and suitable gear for hazardous jobs</td>
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<td><strong>Training Providers</strong></td>
<td>Orientation Programs</td>
<td>1. Clarity on course content and expected employment 2. Rationalization of job expectations 3. Industry orientation</td>
<td>1. Interactions with alumni and faculty 2. Aptitude tests for service sector jobs 3. Designated point of contact for students to obtain clarifications regarding employment and career</td>
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<td>Student Mobilization</td>
<td>1. Improved awareness of skill development initiatives 2. Increased student mobilization</td>
<td>1. Talks and interactive sessions at schools and work places 2. Focus on up-skilling 3. Targeted campaigns for women in socially backward districts</td>
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<td>Certification of Informally Skilled People</td>
<td>1. Formalization of informally acquired skills 2. Information dissemination through word of mouth</td>
<td>1. Tests for certification of skills 2. Targeted advertising campaigns, particularly for the unorganized sector</td>
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<td>NSDC</td>
<td>Establishment of Training Providers' Association</td>
<td>1. Aggregation of information on private skill training providers 2. Provision of a common platform for training providers to facilitate dialogue 3. Better targeting and resolution of qualitative issues</td>
<td>1. Media advertising to encourage training providers to join the association 2. Constitution of a board of representatives chosen by the members 3. Conferences and workshops to encourage dialogue and discussion</td>
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<td>Funding Initiatives</td>
<td></td>
<td>1. Bridging existing qualitative and quantitative skill gaps</td>
<td>1. Training for service sectors such as tourism, hospitality and retail at the workplace interspersed with theory classes 2. Standardized curriculum for manufacturing trades through SSC involvement 3. Initiatives for skilling women through community skilling models in backward districts 4. Entrepreneurship development for economically backward districts 5. Use of existing infrastructure where capacity utilization is low 6. Training the trainers and developing standardized evaluation through SSCs</td>
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<td>Sector Skill Councils</td>
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<td>1. Standardization and quality control for different industries 2. Bridging information gaps among students, training providers and industry.</td>
<td>1. Inclusion of unorganized sector representatives in SSC boards 2. Development of sector skill development plans for growing sectors such as logistics, maritime and food processing 3. Labor Market Information Systems 4. Accreditation 5. Testing 6. Advanced Training Institutes</td>
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<td>Collaboration with State Government</td>
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<td>1. Avoiding duplication of effort. 2. Cross pollination through exchange of ideas</td>
<td>1. Conferences, seminars and workshops to facilitate greater dialogue. 2. Exchange of information on successful business models and planned capacity additions. 3. Coordination of skilling efforts.</td>
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About Athena

Athena Infonomics is a public policy and management consulting firm which blends research insights with experiential knowledge to address developmental, growth and strategy issues of our clientele. Our capability to generate ‘actionable knowledge’ is the primary driver of our business. Pursuit of new ideas, solutions and strategies through continuous research is central to our consulting operations.

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