

TRAINING IN THE INFORMAL SECTOR OF INDIA – AN ASIAN DRIVER?¹
Kenneth King, Distinguished Visiting Professor, University of Hong Kong
Email: Kenneth.King@ed.ac.uk

Background on VET in India: planning to challenge a culture of informality and low skills

Before we turn specifically to India's informal economy, it may be worth briefly commenting on its overall situation within the larger spectrum of skills development or vocational education and training (VET), of which training in the informal sector is clearly a crucially important part. Equally, India's position in the overall informality of the economy is worth noting: no less than \$18 billion US is said to be the annual size of the informal (or black) economy annually, as of February 2007 (BBC World, 2007). This means that a very large part of the entire Indian economy, both formal and informal, is outside the regular tax system; hence the scope for investing in social expenditure, including education and training, is to that extent reduced.

When we mention India and skills, we might anticipate that we would be entering a bright new world of high skills for engaging with the knowledge economy. We might think that this would be very different from what is the case for much of the developing world. India is very seldom coupled with Africa or even with other developing countries on its own sub-continent when discussing its growth and high technology status; but by contrast in the last few years the number of articles and papers and research projects which have coupled India and China as 'Asian Drivers' (of development and transformation) is significant. Indeed, quite typically, there was a major workshop on 'Asian Drivers: China and India shaping the global political economy' which took place in Beijing on 12-13th January 2007 as part of the Eighth Annual Global Development Conference. Within that discourse of India as an Asian Driver, a World Bank study has been very recently launched which similarly focuses on the challenges of scale and modernity: *Dancing with the Giants: China, India and the global economy* (Winters and Shahid, 2007).² But before we imagine that India is predominantly a sub-continent of high level vocational and IT skills, we should enter a word of caution. There are analysts in India today who are saying something that sounds very similar to what Foster said about the history of education in Ghana being strewn for more than a hundred years with the wreckage of fine schemes for vocational education. A current example for India would be Ashoka Chandra:

Various commissions and committees over the last 150 years have emphasised the need for vocational education and suggested a variety of initiatives for instituting

¹ Paper delivered at the National Conference on Approaching Inclusive Growth through Skills Development, MHRD/Ministry of Labour and Employment, GTZ, and UNESCO, 12-13 February 2007, New Delhi.

² See, in a similar vein, 'The new titans' *The Economist*, September 16th 2006

a meaningful system of vocational education, but, unfortunately, the experience of implementation on the ground has been less than satisfactory. (Chandra, 2006: 1)

Chandra picks out for particular mention the fact that the famous Kothari Commission of 1964 urgently recommended that the proportion of vocationalisation at lower secondary should be 20%, higher secondary 50% and higher education 30%. This was later reinforced by the National Policy of Education (NPE) in 1986; but 40 years after Kothari and 20 years after NPE, the total enrolment in higher secondary vocational classes in regular schools (grades 11-12) was standing at less than 3%, which is as low as some of the least developed countries in Africa (World Bank, 2006: 12).

Even though the vocational preparation under the Industrial Training Institutes of the Ministry of Labour and Employment is relatively stronger, Chandra concludes that 'the undeniable fact is that the size of VET remains small' (Chandra, *ibid*: 2). The combined total of VET in all the relevant ministries in India comes to barely 3.3 million, while in China, the numbers under just one ministry, Education, totalled 20 million in 2006 in vocational schools, and 7 million in higher vocational institutes (King, 2007).

However, it may be worth reflecting on whether there are particular reasons within the culture and history of India's formal and unorganised sectors that have some bearing on these low enrolments in VET. Part of the answer is provided by a fascinating account of the 'Building of technical skills' in the *Human Development Report (HDR) in South Asia 1998* (Ul Haq and Ul Haq, 1998: ch.7). This provides a searing account of the state of skills across the countries of South Asia. The start of the chapter gives a flavour:

The vocational and technical education programmes in South Asia are often inadequate, irrelevant, and qualitatively poor. There is perhaps no other field in education that requires from South Asian policy-makers more fundamental rethinking, sweeping reforms, and extensive change. (*ibid*. 96).

The HDR is aware of evidence about the higher rates of productivity associated with skills training, and also about the high rates of employment in such countries as South Korea of vocational graduates. But what is surprising about South Asia is that there are very low placement rates for the much smaller number of technical school and technical institute graduates. Only 30% in Bangladesh and even less in Nepal get employed, while in India over 100,000 technical graduates were unemployed or under-employed when the HDR report was written. It is also refreshing to see the HDR reject as 'totally unjustified' the conclusions of Psacharopoulos' studies which purported to show the lower rate of return to technical as compared with general education. After demonstrating the flaws in the studies, the HDR comments that 'Irrelevant studies are no basis for sensible policies' (*Ibid*. 97). It also berates the World Bank for reducing its support for VET from 30% of its total educational aid in the 1970s to 5% in the 1990s.

The paradox therefore is that in a global situation where there are, arguably, strong returns to technical education, and good productivity gains, why are the systems of vocational and technical education in South Asia characterised by such low enrolment,

high drop-outs, poor quality of teachers, inequitable access for women and rural populations, limited private sector involvement, and very inadequate budgetary allocations?

The HDR's critique of the crisis is more persuasive than its analysis of the cause of such dramatic neglect. Admittedly, there is a motivational problem on the part of the students and their parents, but so there is in many other parts of the world, where there are nevertheless excellent facilities for skills development. The Report does raise the key point that many employers have a preference for on-the-job training as opposed to institution-based training, but the point is not elaborated.

In point of fact, this issue of traditional employer preferences goes to the heart of the problem. Across South Asia, there is a very widespread preference for training workers on the job. Typically, workers, in medium, small and micro-enterprises, are taken on as unskilled, casual labourers, and over many years, the more promising and hard-working are sifted out, and attached to older, skilled workers. In the early years, the trainees are paid little and sometimes even nothing. Frequently, they get none of the social benefits accorded to permanent workers. Because India's labour laws give great protection to permanent workers, employers go to great lengths to avoid staff gaining such status. Many workers are literally 'permanent casuals'; they may even sign contracts which agree to their being sacked before the deadline that would entitle them to be permanent is reached, and they are then rehired.³

The certificate and diploma holders from the Industrial Training Institutes in India and their counterparts in other South Asian countries do not fit at all into this pattern of learning slowly on the job. Where they do get hired, it will tend to be in more modern, export-oriented firms; and certainly with growing foreign direct investment in India, there will be also foreign firms that will appreciate those graduates that are well-trained in appropriate technical skills. But the great bulk of small and medium-sized firms are operating in a culture of training on the job that is diametrically opposed to these institution-based, vocational training approaches.

Indeed, it could be argued that the enormous informal, or unorganised sector in India arranges its training in a way that is very similar to what we have just described for the so-called 'modern' or formal sector of the economy. Yet by contrast with Africa, there has been relatively little analytical work done on training in the informal sector. In fact one of the first books to be written exclusively on this topic was published in January 2007 (Chandra and Khanijo, 2007). But it pays more attention to different initiatives that have sought to innovate in training for the informal sector than analysing the indigenous training system itself.⁴

³ See Jan Breman's work (1996) on *Footloose labour* for confirmation of these patterns in Gujerat State.

⁴ There are for example illustrations of particular projects relating to the informal sector such as the Community Polytechnics Scheme, participatory intervention model, and several others (Chandra and Khanijo 2007).

The Government of India appears to be aware of the seriousness of the skills crisis in India, and in the 11th Plan Approach Paper has promised that ‘vocational training shall be accorded top priority’ and that ‘priority (will be) at par with secondary education in allocating public sector financial and physical resources’ (Chandra, 2006: 43). In an extraordinary pledge, the Approach Paper argues that ‘The number of skills for which training is provided must be increased hundred fold, from 40 at present to closer to 4000 as provided in China’ (GOI 2006: 48). Equally, the ambition is to raise the overall numbers from a mere 2-3 million to 15 million new entrants to the labour force (ibid. 49).

Like the current plans of several Sub-Saharan governments radically to expand their VET provision, mentioned earlier, there is lot of planning underway, including the introduction of a National Vocational Qualification system and a National Vocational Authority, with an elaborate institutional arrangement at central, state and district levels (Chandra, 2006: 44). There is even a ‘Task Force on Skill Formation in the Unorganised Sector’ with ambitious terms of reference, proposed under the National Commission for Enterprises in the Unorganised Sector (GOI, 2004). One of these items is ‘A National Skill Development Initiative for the Unorganised Sector’.⁵

But all these plans, at the end of 2006, were still all on paper. The precise scope and coverage are still being worked out. As Chandra remarks: ‘Current thinking is gravitating towards an ambitious plan to do some justice to the huge dimensions of the VET task and variety of target groups, covering both the formal and informal economy’ (Chandra, 2006: 44). It is a very tall order, and not least because there seem to be longstanding mechanisms at the very heart of the formal sector of the economy that are hostile to the recognition of institutional qualifications for the labour force. It is these mechanisms which are at the centre of this paper, and to which we now turn.

The character and scale of the informal, unorganised sector

Employment by government or in establishments employing more than 10 workers constitutes ‘organised’ employment. By contrast, official estimates suggest that the informal sector constitutes as much as 93% of total employment. Two-thirds of this very large total come from the primary sector. But as much as 80% of the secondary sector is informal and 69% of the tertiary sector. The formal sector is responsible for just 11% of total employment in India, and most of this is in the public sector (World Bank, 2006b: 28).⁶

The issue of training is intimately connected to the quality of the jobs in the two sectors; hence it is important to assess something of this quality. For one thing, it is estimated that the wage earnings of regular and casual workers can differ by as much as 2.5 times, depending on the sector. It is also suggested that levels of formal education are paid much more attention in the small formal, and predominantly public sector of the economy. This implies that education or skill are much more likely to be recognised in the public sector (World Bank, 2006b: 31).

⁵ For further discussion on these multiple initiatives and plans around skills, see King 2006b.

⁶ The figures vary; see the estimate of as low as 8% in the UNESCO/GTZ concept paper.

But it is not education or skill levels which are the main determinants of the difference in the quality of jobs in the two sectors; indeed we would argue that despite the evidence of a skill premium operating between the formal and informal sectors, there are strong preferences for on the job learning that are common to both sectors. Rather, informality is also the result of firms seeking ‘to avoid the transaction costs of complying with regulations concerning registration, licensing, tax administration and tax policies, and laws that reduce flexibility’ that would place them in the formal economy (World Bank, 2006b: 43). Some evidence for this is the sheer scale of out-sourcing or sub-contracting that goes on, and is particularly evident in firms that are just beneath the threshold size of 10 employees, suggesting that outsourcing is a mechanism for firms not expanding beyond the size at which they need to become registered as formal. There are also a number of fiscal subsidy programmes which are available only for enterprises below a certain size, and which thus discourage firm growth.

But it would appear to be the case that there are a series of constraints on firm expansion which result in a kind of polarisation between large-scale companies and the mass of very small informal firms. There is therefore a similar discussion about the ‘missing middle’ of intermediate-sized firms in India as has taken place in other very much less developed economies. Compared to East Asian economies such as South Korea, Hong Kong and Malaysia where the percentage distribution of employment of firms in the smallest size of 5-9 was 3%, 11% and 4% respectively, India had no less than 42% of its employment within this smallest category (World Bank, 2006b: 54). What analysts have described as a dualism within India’s economy is reinforced by the productivity differential between the largest and smallest size group. Unlike Japan where the differential was 3:1, India’s was estimated at not less than 8:1. This, too, will need to be borne in mind when we turn shortly to examine the role of education and training in the informal economy.

But it would appear that one of the key elements reinforcing this dualism is a complex web of labour regulations in India which arguably encourages the very informality that this conference is seeking to address, at least on the training dimension. This is not the place to review in detail the evidence for the impact of this labour law but a case has been made that one effect of these regulations, such as the Industrial Disputes Act of 1948, has actually been substantially to reduce job creation in the formal private sector.⁷ Astonishingly, it has been estimated ‘that the current regulations reduce formal sector manufacturing by more than 40%’ (World Bank, 2006b: 88). It is particularly the laws associated with dispute resolution, and those restricting the retrenchment and lay-off of workers that have had the unintended consequences of reproducing the very dualism we have just referred to. Their objective of protecting some 15 million jobs in the formal private sector is claimed to have left unprotected the employment condition of the remaining 350 million workers in the informal sector (Ibid. 87).

Clearly if one of the purposes of this Conference is to understand better how training and skills development can play a more positive role in the informal economy, it is crucial also to understand those forces that powerfully encourage informality, dualism and inequality. In other words, if our purpose is to examine the role of education and training

⁷ See chapter 5 ‘Labour regulations in India: helping or hurting workers’ in World Bank, 2006b).

in what might be called the formalisation of this aspect of the informal sector, we shall need to be clear about the forces operating in the opposite direction. Reform of the traditional training system that operates across the informal sector, and extends deep into the formal sector of the economy, is unlikely without an understanding of those wider employment conditions which reinforce its present character.

Approaches to reform of livelihoods and training in the unorganised sector

Before examining the specific challenge of training in the informal sector, it is important to recognise that there have been a series of high level policy initiatives that have focused directly on the unorganised sector over the last almost 3 years.

The *Common Minimum Programme*, which became the mandate of the new government in May 2004, identified equality of opportunity particularly in education and employment, as central to its mission. Continued growth of the economy would go hand in hand with employment and a 'safe and viable livelihood' for each family. Another priority that was picked out for special emphasis was 'the welfare and well-being of farmers, farm labour and workers, **particularly those in the unorganised sector**' (UPA 2004: 2, emphasis added). From these commitments flowed the 2005 *National Rural Employment Guarantee Act* that guarantees 100 days of employment in public works to each rural household, as well as the National Commission for Enterprises in the Unorganised Sector (NCEUS), to examine the challenges faced by the great majority of the economically active labour force (more than 90%) who are in the unorganised, informal sector.

For the purposes of our own paper, it is critical to note that the Commission, in its first major publication, *Social Security for Unorganised Workers* (GOI, 2006a), made it clear that its target workers could be found both in agriculture and in non-farm activity; both in the formal and in the informal sectors. The summary definition was 'All unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services and operated on a proprietary or a partnership basis and employing less than 10 persons' (GOI, 2006a: 7). But the Report's discussion on definitions is welcome because it means that the focus of the unorganised sector is not restricted to the non-farm sector: 'The Commission, therefore, believes that in the case of agriculture, each operational holding in crop, animal husbandry and fishing, etc. needs to be considered as an enterprise for the purposes of applying the definition' (ibid). Also crucial is their recognition that the unorganised sector can be found inside the so-called formal sector, in the case of the casual and unprotected workers, not due any sick/annual leave or other social security benefits.⁸

⁸ The Commission estimated that almost 26 million of the 56 million workers in the organised/formal sector of the economy were actually in the informal sector in these respects (GOI, 2006a: 8).

The inclusiveness of the definition of the unorganised workers may well have implications for how we think about work status in India.⁹ Instead of the usual full-time, part-time, seasonal and unemployed, the language of the NCEUS may be worth considering, with its categories of casual worker, unpaid family worker, self-employed etc., but all analysed in terms of whether they qualify or not for any social benefits. The NCEUS's inclusion of agricultural enterprises in the unorganised sector, along with millions of workers in the formal sector ought also to be given serious attention by those concerned with training. Within the 90% of the Indian workforce that are in the unorganised/informal sector, it is crucial to recall that the training challenge extends to agricultural workers, as well as to large swathes of workers who are notionally in the formal sector.

The National Commission, which is under the umbrella of the Ministry of Small Scale Industries, is naturally also concerned with the large questions of improved productivity and competitiveness of the unorganised sector in a global environment as well as its social protection.¹⁰ In this regard, it is worth noting that it does include 'the formulation of suitable arrangements for skill development' amongst the many challenges in the sector (GOI, 2004). Indeed, it proceeded to set up a 'Task Force on Skill Formation in the Unorganised Sector' within the first year of its operation (GOI, 2005).

The Terms of Reference of the Task Force are ambitious but they include the importance of identifying the characteristics and specificities of skill formation, the adequacy of the existing training infrastructure for use by the unorganised sector, the demand and supply of skills, best practice in NGO and Government programmes for this sector, and even the design of 'a National Skill Development Initiative for the Unorganised Sector' (GOI, 2005: 1-2). The Task Force does not, in fact, expect to become involved in a major independent initiative in infrastructure development, such as building skill centres. Rather, it sees its own niche as making use of the existing buildings of the Industrial Training Institutes, the private training centres, especially the NGOs, and even the primary schools, in order to mount their own short-term evening courses. These are likely to be intensive short courses of 1 to 3 months, certified in an appropriate manner.

The model has not yet been finalised, but there is discussion about a 10,000 Rs package: 3000 Rs being allocated to the trainers (e.g. the NGO or the instructors in the Training Institute); 1000 Rs to the youth for their out of pocket expenses; and some 6000 Rs as an incentive to the possible employer or, in the case of self-employment, help with start-up funding. This model was going to be tried out with linked NGOs in some 10 small towns, but so far nothing has been put in place.

As to their target audience, this is seen as primarily urban and semi-urban youth (perhaps more male than female) between 15-20 who have dropped out of school, at grade 8, or

⁹ The Research Consortium on Educational Outcomes and Poverty (RECOUP) is carrying out a very brief Household Census in two locations in the Districts of Alwar and Dewas, and is also administering a much larger Household Survey in some 8 Districts, including these two.

¹⁰ Although the Commission is under the Ministry of Small Scale Industries, the responsibility for implementing the Social Security Report will lie with the Ministry of Labour and Employment.

earlier, and who are at a loose end; but it must also cover their counterparts in more rural areas. The Task Force is certainly aware that finding profitable occupations for these young people will be important. The Task Force had hoped by the end of 2006 to have had a draft plan available for testing out in two districts each for a series of states, but as of February 2007, this appears not yet to be ready for implementation.

One of the issues for policy is the scope of the Task Force's concern with skill formation. The World Bank's paper on Skill Development restricted itself to skill training under the Ministry of Human Resource Development (MHRD) and Ministry of Labour and Employment (MoLE), but there are no less than 15 other ministries providing skills training, especially in Health, Agriculture, Family Welfare etc. And it would appear that the Task Force is considering this wider spectrum as it reviews its mandate. The Task Force is conscious that there are many approaches to skill acquisition in the unorganised sector but the key method has been 'learning on the job'. This is true both of the traditional skills of, for example, the carving communities as it is of the casual and daily-paid workers, and helpers who make up such a key component of the 'training' system. From the status of low or unpaid workers, (as we mentioned earlier) individuals with promise are picked out for more responsibility, and continue to build their skills on the job.

Historically, employers in India (both formal and informal) have paid scant attention to in-service training, perhaps partly because the Indian policy of industrial protection and the large internal market meant that firms were not exposed to international competition. Be that as it may, the World Bank suggests that in India no more than 7% of employees get access to any kind of formal in-service training in a given year.¹¹ The World Bank and the Task Force are both aware that, in respect of formal in-service training, India compares very poorly with other countries in South Asia (apart from Pakistan which is even lower), and the gap is very much larger when India is compared to Malaysia and China.

The challenge for the Task Force, faced with these traditions of informal learning on the job, is to fashion an initiative that, like the Social Security proposals, may cut across the 360 million workers in the unorganised sector. More will surely be known about this shortly, but it appears that it will need to be more than a training intervention on its own; like the approach to Small Scale Industries in the 1960s and 1970s where credit, technology, and location were all considered, so this challenge of raising the productivity of the unorganised sector is likely to be multi-dimensional and not only to be a training intervention.

In research and policy terms, the crucial importance of 'learning on the job' needs to be acknowledged as currently the main pathway for skill acquisition both in the formal and unorganised sectors of the economy. Thus, interventions in skills development for the informal sector can scarcely avoid direct confrontation with this mainstream modality. It

¹¹ This is higher for formal sector firms (17%), and for managers and professionals in such firms, and lower for micro-enterprises in the unorganised sector.

is therefore to current initiatives in training for the informal sector that we now turn, with the benefit of these wider contextual factors in mind.

Current initiatives in training for the informal, unorganised sector

One of difficulties about the analysis of training in the informal sector is that there is not a single system of informal apprenticeship operating which can be built upon, improved or formalised. We have earlier characterised the main training mechanism as being 'learning on the job', but, while accurate, this does not sufficiently differentiate between training in established traditions of craft apprenticeship and on the job training in manufacturing, construction, services and agriculture. What needs to be continually borne in mind, in assessing the scope for improving training on the job, is that employers' attitudes towards this training dimension will not be unaffected by their attitudes towards contract labour, outsourcing, and the labour regulations which have had such a major impact on working conditions in the labour market. Some of the proposals for strengthening training provision in the informal sector appear to pay insufficient attention to why the current system does under-perform.

Thus one of India's most experienced analysts of training policies, Ashoka Chandra, has argued that it should be possible to '*draw upon traditional arrangements for skill building and strengthen them instead of dismissing them as inadequate*' (Chandra, 2006: 27, emphasis in the original). However, the suggestions for developing and 'incentivising' the system all assume that the trainers and employers can be persuaded to invest much more substantially in training their apprentices to a higher level of skills, and to provide training allowances; whereas it could be argued that it is precisely the very low cost of the current on-the-job-training system that is so attractive to employers. This is acknowledged by Chandra. In a series of challenges that face any attempt to use training as a mechanism for raising productivity in the informal sector, he notes that current training approaches can be highly exploitative: 'In informal apprenticeship arrangements, the trainee may not be paid for years and treated as unpaid worker.' (Chandra, 2007: 9). Nevertheless, a whole series of very relevant and appropriate initiatives and approaches for strengthening training for the informal economy are then listed. The last of these measures notes that there is a need for 'effective advocacy for training' and that there needs to be a 'comprehensive strategy'. But, in a final comment, Chandra admits that there is a long way to go: 'This aspect [a comprehensive strategy] cannot be overemphasized, given that despite lip service for a long time, training for the informal economy remains a distant dream' (Chandra, 2007: 16).

The World Bank has also given systematic attention to the role of vocational training in India, including the key role of training for the very large informal economy. What is surprising, however, is that despite its very detailed analysis of *India's employment challenge* (World Bank, 2006b), there is little attempt, in that volume, to connect the causes of the employment challenge to the particular challenge of training effectively in the informal sector. It merely acknowledges that non-government providers have proved to be more effective than the government, and that, rather than the government intervening in provision for the informal sector, an enabling environment for these non-public providers should be created. There is little acknowledgement of the fact that the

very labour regulations which have encouraged the dualism and informality we analysed earlier would also discourage the private sector from investing in training for the informal sector.

When we examine the World Bank's analysis of 'Training for the Informal Sector' in a separate volume on *Skills development in India: The vocational education and training system* (World Bank, 2006a), we might expect there to be a fuller treatment of this enormous challenge. In this separate chapter on informal sector training, it is admitted that the 'current programmes at the central and state level are quite inadequate to meet the training needs of the large workforce in the informal sector':

Many workers in the unorganised economy have never been to school let alone to vocational training institutions. The formal training system, because of its entry requirements and geographical mapping, is not designed to offer skills to low-educated people and particularly not to those in the rural non-farm sector. But neither are there other providers to fill the gap. Most workers continue to learn trades on the job through informal apprenticeships at their place of work from other low-skilled craft people. (World Bank, 2006a: 48)

In confirmation of this point, it is admitted that the government's main provision for vocational training, through the industrial training institutes, has almost no connection with the informal economy, or of training for self-employment. Such detailed evidence as is available – and it is scarce – suggests that industrial training institute graduates in self-employment make up between 12% and 8% of those running small businesses (ILO, 2001; ILO, 2003).

When it comes to traditional apprenticeships, which the Bank correctly claims to be the predominant form of training for the informal sector in India, it is admitted that there is simply no decent data for India available (World Bank, 2006a: 49)). This is itself perhaps an important marker for a recommendation for the present conference. In the absence of this crucial data, the Bank actually derives many its insights about the advantages and limitations of the informal sector in India from the work that Adams and Johanson did very effectively for the informal sector in sub-Saharan Africa.¹²

Of course, it is the Planning Commission rather than the World Bank or other development partners that needs to indicate the direction for policy change in this crucial area. So it was important that the Planning Commission, in the elaboration of its approach to the 11th Five Year Plan, should have set up a Working Group on Skills Development and Vocational Training for the next Five Year Plan, 2007 – 2012. Its report carried just a single paragraph on the 'Need to focus on the skills for the informal sector'. This is remarkable for the absence of any particular insight on this huge training modality, and particularly on the easy assumption that job creation rests with the informal sector:

¹² Several of the key illustrations of the advantages, limitations, training needs and good practice relevant for the informal sector in India are derived from Adams and Johanson (2004) [World Bank 2006a p.45, 50, 51, 52 and 53].

The largest share of new jobs is supposed to come from the unorganised sector that employs up to 93 per cent of the national workforce and produces 60 per cent of GDP. Since small and micro enterprises are supposed to play a central role in the national employment creation strategy, they should be assisted in development of skills. The formal skill training system, because of its educational entry requirements and long duration of courses, is basically not designed to offer skills to the low-educated people. (GOI, 2006c: 27-8)

Surprisingly, given the banality of this commentary on skills for the informal sector, is the fact that the same report contains a recommendation for the 'Setting up of an apex institute for skill building in informal sector'. This suggests that an Apex Institute for Skill Building is needed, especially for testing and certifying in the area of construction, brassware, glasswork, fishing, khadi etc with a capacity and output of 250,000 (GOI, 2006c: 33). There is no discussion of the rather strange bed-fellows that are suggested for training for training in this Apex Institute.

Recommendations and Conclusions

New work and initiatives on training for the informal sector need to be undertaken with an understanding of the pervasive existing on the job, casual labour training system, and its linkages to a whole set of wider labour regulations. Arguably initiatives within the domain of training alone will not be effective.

New research initiatives are needed in both rural and urban areas on these informal training systems themselves, and their interaction both with the wider enabling/disabling environment, and with the formal training system.

Accounts of NGO initiatives in the informal sector will be a valuable addition to this work.

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