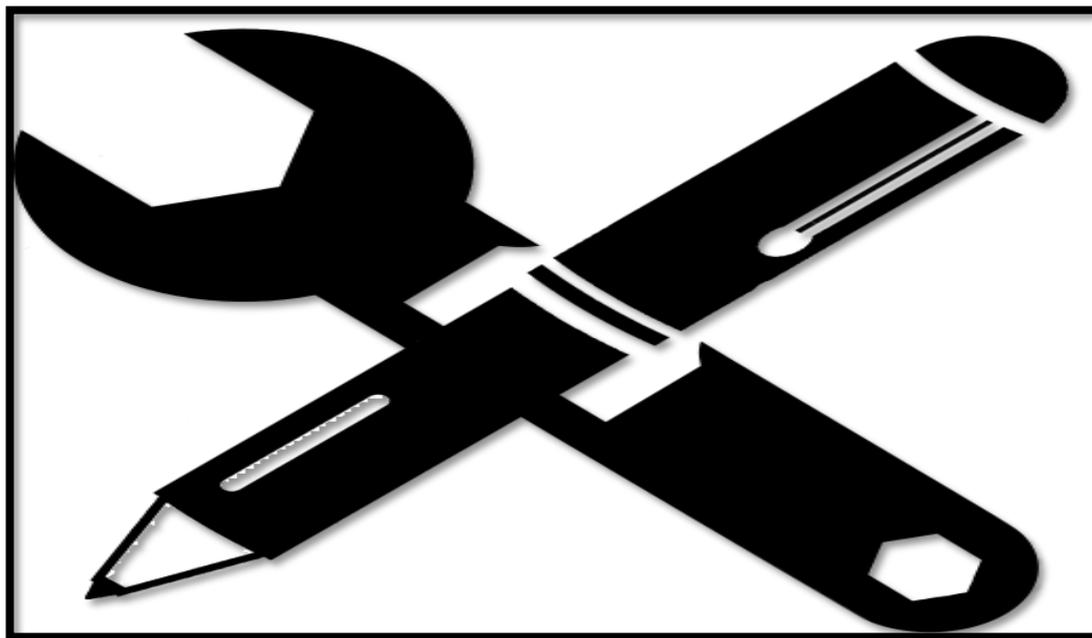


Skill Development and Entrepreneurship: Promises without Results?



Source: <https://www.newsbytesapp.com/timeline/India/4966/30130/highlights-of-union-budget-2017>

In This Issue

COVER STORY:

- Skill Development and Entrepreneurship: Promises without Results?

HEADLINE OF THE WEEK:

- India successfully test-fires nuclear capable Agni-5, can strike targets 5,000 km away

SECTION 1: GOVERNANCE AND DEVELOPMENT

- **Governance:** State-of-the-art, 24×7 public learning centre launched in Raipur; 73,000 deregistered companies deposited Rs 24,000 crore post demonetisation: Govt data
- **Agriculture:** Mumbai has maximum access to banks, loans: NABARD report
- **Health:** Health ministry notifies Mental Healthcare Act that decriminalises suicide; India Proposes Law To Give Indians Complete Control Of Their Digital Health Data
- **Culture:** Protected monuments to have citizens' advisory boards: Culture Minister

SECTION 2: INDIA AND THE WORLD

- **International Affairs:** Indian armed forces building partnerships in vital Indo-Pacific region, says PM Modi

Lead Essay

Skill Development and Entrepreneurship: Promises without Results?

Introduction

The story of entrepreneurship in India over the years has been far from satisfactory. According to economist Ejaz Ghani, contrary to what many believe, “India produces too few entrepreneurs for its stage of development,”¹ and the industry is characterised by a sluggish pace of creation of new businesses and startups as compared to the rest of the world. In a World Bank report, Ghani et al. note that self-employment is virtually non-existent in the Indian formal manufacturing sector.² It is important to recognize, Ghani elsewhere notes, that “a slow pace of entrepreneurship is associated with a slow pace of job creation.”³

Employment generation and skill development were two key issues on the agenda of the current government in 2014. In this direction, the NDA government initiated two key schemes – namely, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), to provide industry-relevant skill training to the youth; and the Pradhan Mantri Mudra Yojana (PMMY), to help non-corporate, non-farm small/micro enterprises avail for loans upto Rs. 10 lakh.

This article analyses the performance of the two schemes mentioned above. The government’s own data speaks poorly of the schemes in terms of stimulating entrepreneurship and generating employment in real terms, even though the number of beneficiaries under both schemes has seen a tremendous rise.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

The PMKVY received its approval from the Union Cabinet in March 2015. Its pilot phase began in May and it was launched full scale in July the same year. According to its website, the objective of the scheme is Skill Certification Scheme to “enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.”⁴ The scheme was launched with an outlay of Rs. 1500 crores with the aim to benefit 24 lakh persons – with training of 14 lakh fresh entrants and certification of 10 lakh persons under Recognition of Prior Learning (RPL). In its meeting on 13th July, 2016, the Union Cabinet approved the modification and continuation of the scheme to skill one crore people over the four years (2016-2020) with an outlay of Rs.12,000 crore.⁵

According to data from the Ministry of Skill Development and Entrepreneurship (MSDE), as on 1 February 2018, nearly 44.13 lakh candidates had been trained and close to 6.4 lakh were undergoing training under Short Term Training and Recognition of Prior Learning.⁶

However, merely providing training to candidates is just one part of the story. What is more important is to see how many candidates got employment opportunities post the training – and as per the available data the number is unsatisfactory.

¹ <https://www.livemint.com/Opinion/utVNdCFrHDz1yZnwwpAsXO/Promoting-entrepreneurship-in-India.html>

² <http://documents.worldbank.org/curated/en/311391468101989889/pdf/654200PUB00PUB0ing0Tomorrow0English.pdf>

³ <https://www.livemint.com/Opinion/utVNdCFrHDz1yZnwwpAsXO/Promoting-entrepreneurship-in-India.html>

⁴ <http://pmkvyofficial.org/Index.aspx>

⁵ <http://164.100.47.190/loksabhaquestions/annex/14/AU353.pdf>

⁶ <http://164.100.47.190/loksabhaquestions/annex/14/AU353.pdf>

Lead Essay

According to the Skill Ministry, out of the 29.69 lakh people that have been trained under the scheme as of 1 February 2018, only 5.39 lakh people – merely 18% have actually been placed.⁷

S.No	State/UT	Total Trained	Total Placed
1	Andaman and Nicobar Islands	194	0
2	Andhra Pradesh	167745	33390
3	Arunachal Pradesh	1017	88
4	Assam	52960	8616
5	Bihar	142483	22033
6	Chandigarh	5606	611
7	Chhattisgarh	51859	2980
8	Dadra and Nagar Haveli	258	96
9	Daman and Diu	230	111
10	Delhi	128292	14629
11	Goa	1399	476
12	Gujarat	60139	8796
13	Haryana	183748	31211
14	Himachal Pradesh	29408	3637
15	Jammu and Kashmir	45156	8968
16	Jharkhand	37739	4374
17	Karnataka	95829	17503
18	Kerala	30067	3889
19	Madhya Pradesh	258599	44836
20	Maharashtra	120551	18925
21	Manipur	2520	688
22	Meghalaya	3692	699
23	Mizoram	1030	93
24	Nagaland	2981	803
25	Odisha	91175	18163
26	Puducherry	9137	1899
27	Punjab	131298	25705
28	Rajasthan	241611	43986
29	Sikkim	1411	92
30	Tamil Nadu	220819	72186
31	Telangana	157057	43161
32	Tripura	18049	5985
33	Uttar Pradesh	461788	66849
34	Uttarakhand	31390	3693
35	West Bengal	176098	30772
	Grand Total	29,63,335	5,39,943

Source: Lok Sabha

This failure of the scheme in providing jobs was also pointed out by the Sharda Prasad Committee (2016), constituted by the government to provide recommendations for the effective development of the skilling ecosystem.⁸ In its report, the committee noted that the PMKVY failed to achieve its key objective: high rates of job placement. The committee made an important observation on the Sector Skill Councils (SSC), which are industry-governed bodies mandated to ensure that skill development efforts under the PMKVY are in

⁷ <https://164.100.158.235/question/annex/245/Au618.pdf>

⁸ <http://msde.gov.in/report-ssc.html>

Lead Essay

accordance with the actual needs of the industry. The report stated that the entire focus of the SSCs was “on implementation of the PMKVY without regard to whether it will really meet the exact skill needs of the sectoral industry or turn out skilled manpower of global standards or person.”⁹ The report further stated that while the SSCs were aimed at becoming financially strong “by way of different mechanisms of accreditation, affiliation, assessment, certification, training of assessors, training of trainers, etc.,” this came at the cost of quality and the very objectives of their creation.

Pradhan Mantri Mudra Yojana (PMMY)

The PMMY was launched in April 2015 with the objective of providing MUDRA loan up to Rs. 10 lakh to income generating micro enterprises engaged in manufacturing, trading and services sectors. Under the scheme, the Micro Units Development and Refinance Agency (MUDRA) Bank provides refinance facilities to Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs) and other eligible financial intermediaries which in turn provide loans to micro business entities. These loans are extended under the three categories, depending upon the size of the loan, namely –

- Shishu: Loans up to Rs. 50,000
- Kishore: Loans from Rs. 50,001 to Rs. 5 lakh
- Tarun: Loans from Rs. 5,00,001 to Rs. 10 lakh

On 29 May 2018, the Prime Minister, while criticizing the previous governments, stated that loans worth Rs. 6 lakh crore have been given to 12 crore beneficiaries under the PMMY. The details of this are given in the table below.

Financial Year	No. of Loans Sanctioned	Amount Sanctioned (in Crs.)
2015-16	34880924	137449.27
2016-17	39701047	180528.54
2017-18	48130593	253677.10
2018-19 (as of 25 May 2018)	6361293	28934.30
Total	12,90,73,857	600589.21

Source: <https://www.mudra.org.in/>

While the data might seem satisfactory at face value, it implies that as of 25 May 2018, the average sanctioned loan size under PMMY was merely Rs. 46,530 – an amount which, as former finance minister P. Chidambaram notes, is too little for someone to start a small business and generate employment.¹⁰

⁹ Page 70- <http://msde.gov.in/assets/images/ssc-reports/SSC%20Vol%20I.pdf>

¹⁰ <https://www.thestatesman.com/india/chidambaram-takes-jibe-at-centre-over-job-creation-claims-1502574771.html>

Lead Essay

Secondly, according to the 2016-17 annual report of the PMMY, the proportion of loans given under the Tarun category (above Rs. 5 lakh) was merely 1.35%. On the other hand, at 91.9%, loans under Shishu category (less than Rs. 50,000) constituted the highest proportion of the total loans.¹¹

Category	No. of Loan Accounts for 2016-17	Percentage
Shishu	3,64,97,813	91.93
Kishor	26,63,502	6.72
Tarun	5,39,732	1.35
Total	3,97,01,047	100

Source: 2016-17 Annual Report of the PMMY Scheme

Further, the figures for refinancing also need to be closely looked into. As Dinesh Unnikrishnan points out, the 2016-17 reports also tell us that refinance figures for Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and MFIs saw a decline as compared to the 2015-16 figures. In 2016-17, 11 PSBs availed refinance support of Rs 1,886.73 crore as against the Rs 2,432 crore during the previous financial year; RRBs availed Rs 181.79 crore as against the Rs 239.25 crore; while MFIs availed Rs. 820 crore as against Rs 812 crore in the previous year.¹² While the refinance figures remain low, what is worse is that, according to an analysis by Aparna Iyer, the outstanding refinance provided by the government as of March 2017 was just Rs. 6,114 crore – not more than 2% of the cumulative disbursements for the first two years.¹³ On top of this, Iyer further notes that the share of loans to micro and small enterprises was 12.63% as of 3 March, down from 13.33% at the end of fiscal year 2014-15, while according to Unnikrishnan, bank credit to micro and small companies grew by a mere 0.9 percent between March, 2017 and March, 2018. This indicates that commercial banks are still averse when it comes to providing loans to micro businesses.

Way Forward

While both the schemes were launched with much fanfare, government data itself tell us that the government has fallen short of achieving the basic objectives of these schemes. The focus largely seems to be solely on increasing the number of beneficiaries, which, to the credit of the government, has significantly gone up. But the data on the number of beneficiaries shows only half of the picture. The other half – real employment created – has not been sufficiently addressed by the government.

Hence, in the final analysis, what is needed is a focus on real employment generation from both schemes. Merely getting trained in a particular skill and getting a loan cannot be treated as a proxy for actual employment and successful business ventures respectively. For PMKVY, the Sharda Committee has recommended that SSCs work along with Directorate General of Employment (DGE) to facilitate counselling, guidance and placement to skilled persons. Further, it has been recommended that SSCs be mandated to create a sectoral Labour Market Information System, create a database of employers in the sector, develop a web portal to

¹¹ https://www.mudra.org.in/Default/DownloadFile/Annual_Report_Of_Mudra_2016-17.pdf

¹² <https://www.firstpost.com/business/mudra-loan-fact-check-four-questions-on-prime-minister-narendra-modis-pet-start-up-funding-scheme-4487869.html>

¹³

Lead Essay

collect data on their skills needs on real time basis, aggregate and share it with all concerned so that the training institutions could align their efforts according to the employers' needs.

As far as the PMMY is concerned, the government should carry out an impact assessment program focusing on the employment being generated via micro businesses which availed MUDRA loans. Further, in the face of banks already being wary of lending to micro businesses, the rate of refinancing the banks needs to go up as compared to the current outstanding refinance portfolio of the MUDRA bank.

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Headline

India successfully test-fires nuclear capable Agni-5, can strike targets 5,000 km away

(The Indian Express, June 3, 2018)

The indigenously developed Long Range Ballistic Missile, Agni-5 has been successfully test fired after six trials. It has a strike range of 5000kms and is the most advanced with new technologies in terms of navigation and guidance, warhead and engine. Experts at DRDO have stated that navigation systems, very high accuracy Ring Laser Gyro based Inertial Navigation System (RINS) and the most modern and accurate Micro Navigation System (MINS) ensured that the missile reached the target point. Presently, the Indian defence system consists of Agni-1 with 700 km range, Agni-2 with 2,000 km range, Agni-3 and Agni-4 with 2,500 km to more than 3,500 km range.

Read more: <http://indianexpress.com/article/india/india-successfully-test-fires-nuclear-capable-agni-5-can-strike-targets-5000-km-away-5202198/>

Date Accessed: 04.06.2018

Governance and Development

GOVERNANCE

State-of-the-art, 24×7 public learning centre launched in Raipur

(Dipankar Ghose, *The Indian Express*, June 3, 2018)

A first of its kind community centre for public learning called the Nalanda Parisar has been set up in Raipur which can accommodate 1,700 people with 50,000 books. It is located in close proximity to educational institutions such as NIT, AIIMS, Science College and the Ayurvedic College. The centre is based upon the concept of community learning and aims to create a conducive educational atmosphere throughout the day. Most of the books have been donated by the public and collected through a campaign called Pustakdan Mahadanabhiyan.

Read more: <http://indianexpress.com/article/india/state-of-the-art-24x7-public-learning-centre-launched-in-raipur-raman-singh-5201879/>

Date Accessed: 04.06.1028

73,000 deregistered companies deposited Rs 24,000 crore post demonetisation: Govt data

(PTI, *Times of India*, June 4, 2018)

According to the data presented by the Ministry of Corporate Affairs, 2.26 lakh companies' names have been struck from the register under the Companies Act out of which 1.68 lakh of them showed that post demonetization cash was deposited in these accounts and around 73,000 companies deposited Rs 24,000 crore. The document also said that 68 companies are under investigation as many of these companies are suspected to have been used for illegal fund flows.

Read More: https://timesofindia.indiatimes.com/business/india-business/73000-deregistered-cos-deposited-rs-24000-crore-post-demonetisation-govt-data/articleshow/64437555.cms?utm_source=twitter.com&utm_medium=social&utm_campaign=TOIDesktop

Date Accessed: 04.06.2018

AGRICULTURE

Mumbai has maximum access to banks, loans: NABARD report

(Shubangi Kapre, *The Indian Express*, June 4, 2018)

According to the annual report (2018-19) of the National Bank for Agriculture and Rural Development (NABARD), during the period between April 2016 and March 2017, 3,970 branches were opened by various banks out of which 3,900 were in Mumbai that has around 1.37 crore farmers of these, 78.6 per cent are small and medium farmers with land holding size less than two hectares. The data has worried the state government since the farm credit for 2018-19 that has been fixed at Rs 62,763.37 crore takes into consideration 232.73 lakh hectares under cultivation. A secretary in the ministry of cooperation and marketing said, "The biggest challenge for the administration is to make the banks accessible to needy farmers across 355 talukas in 35 districts, excluding Mumbai".

Read More: <http://indianexpress.com/article/cities/mumbai/mumbai-has-maximum-access-to-banks-loans-nabard-report-5202803/>

Date Accessed: 04.06.2018

HEALTH

Health ministry notifies Mental Healthcare Act that decriminalises suicide

(*Scroll.in*, June 2, 2018)

The Health Ministry recently notified the Mental Healthcare Act 2017 that aims to provide healthcare, treatment and rehabilitation for patients and ensure they are "provided in the least restrictive environment possible and in a manner that does not intrude on their rights and dignity". Some of the new provisions include banning of electric shock therapy for children with mental illnesses and in the case of adults with mental illnesses, the law will only allow the controversial therapy to be used after the administration of anaesthesia and muscle relaxants. The Bill also separates attempt to suicide from the Indian Penal Code which means IPC provisions will not be invoked in case of an attempt to suicide, decriminalizing suicide.

Read More: <https://scroll.in/pulse/881186/health-ministry-notifies-mental-healthcare-act-that-decriminalises-suicide>

Date Accessed: 04.06.2018

Governance and Development

India Proposes Law To Give Indians Complete Control Of Their Digital Health Data

(Madhur Singh, IndiaSpend, 31 May 2018)

The Health Ministry has proposed a law titled Digital Information Security in Healthcare Act for regulation of digital health data that would place the control of a patient's data absolutely in the hands of the patient, including the right to refuse to provide data. The law would allow anonymised health data, to be used for specified public health purposes like rapid response to public health emergencies. Since the Act prohibits commercialisation of data, it implies that insurance companies, employers, human resource consultants and pharmaceutical companies would not be allowed to access or use health data. Although the law has received appreciation for addressing the concerns over data privacy and protection, many have criticised that an over arching data protection law has not been introduced yet.

Read more: <http://www.indiaspend.com/cover-story/india-proposes-law-to-give-indians-complete-control-of-their-digital-data-58073>

Date Accessed: 04.06.2018

CULTURE

Protected monuments to have citizens' advisory boards: Culture Minister

(The Economic Times, June 3, 2018)

According to the Union Culture Minister Mahesh Sharma, Important Archaeological Survey of India-protected monuments will now have citizens' advisory boards, to help involve people in maintenance of heritage and give useful suggestions keeping in mind the aftereffects of environmental pollution and expansion of industrial development at the same time. Further the Minister highlights that the suggestions given by business leaders, hoteliers, politicians, NGO representatives, and conservationists will be compiled in a report and an action plan with three-month, six-month deadlines drawn up.

Read more at:

[//economictimes.indiatimes.com/articleshow/64438639.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpst](http://economictimes.indiatimes.com/articleshow/64438639.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpst)

Date Accessed: 04.06.2018

India and the World

INTERNATIONAL AFFAIRS

Indian armed forces building partnerships in vital Indo-Pacific region, says PM Modi

(The Indian Express, June 3, 2018)

Prime Minister Narendra Modi has stated that the armed forces especially the Navy are being expanded in the Indo-Pacific region to build strategic ties, assist in humanitarian issues and establishment of peace and security. The PM stressed on the importance of a free, open, inclusive region that can work together to integrate all nations in the region. In the aftermath of China's violation of the South China sea judgment, India's stand on equal access as a right under international law was also highlighted.

Read more: <http://indianexpress.com/article/india/indian-armed-forces-building-partnerships-in-vital-indo-pacific-region-says-pm-narendra-modi-5202300/>

Date Accessed: 04.06.2018