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URBAN & MOBILITY STUDIES PROGRAMME

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NIAS Policy Brief

Urban Migration, Skilling, and Employment in the New Service Economy

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The issue

The most recent phase of India's economic development has been marked by a shift from manufacturing to services. The growth of organised services, or the 'new service economy', in the metro cities has created new employment opportunities for relatively unskilled workers with a few years of school education, attracting youth from small towns and rural areas. In response to this shift, skill training programmes are oriented to preparing young people for low-end service jobs in sectors such as hospitality, housekeeping, organised retail, security services, and transportation. The issue is: Do skill training programmes, in their current avatar, lead to stable jobs and decent work? How can they be improved to strengthen employment opportunities for youth from disadvantaged backgrounds?

The questions

- How do skill centres mobilise rural youth to join training courses and place them in urban service sector jobs?
- How do marginalised youth from rural areas respond to skill training and urban employment? Are their

expectations and aspirations met by the programmes offered?

- After completion of training, do skill centres provide sufficient support to help migrant youth adjust to urban life and employment?
- What challenges do youth (especially migrants) face as they enter the urban labour market at the lower rungs of the service sector? Do such jobs offer a viable career trajectory?
- Does service sector employment provide a basis for a stable urban life – adequate wages, access to decent housing, or social and employment security?

To address these questions, a two-year study (2017-2019) was carried out in collaboration with the Institute for Social and Economic Change. The research was conducted in Bengaluru and Raichur district of Karnataka, with a focus on skill training centres as facilitators of rural-urban migration and service sector employment. Four key sectors – organised retail, beauty & wellness, transportation, and auto repair – were selected for in-depth study.

Key findings

Short-term skill training courses cater to low-end service jobs

The 2009 National Skill Policy heralded a significant shift from traditional vocational education delivered by government institutions, to short-term skill development programmes offered by a range of private organisations with financial support from government and corporate social responsibility (CSR) funding.¹ The new model of skill development is largely target-oriented and demand-driven, leading to the multiplication of courses of varying quality. Skill training centres offer immediate job placement to meet targets specified by the funding agencies, with little scope for follow-up or evaluation of long-term impacts.

In line with this policy framework, the Bengaluru skill training centres that participated in the study were found to offer courses of three to six months duration in domains such as Beauty, Driving, Sales Management and Administrative Assistant. All programmes include 'soft skills training' such as self-presentation, self-discipline and time management, to equip trainees to function in corporate workplaces. At the end, trainees receive certificates and are placed in jobs.

Skill centres mobilise rural youth for urban employment

Skill training centres play a significant role in fostering the migration of rural youth to the city for work. Their leaders view urban migration leading to employment in the service economy as a strategy for poverty alleviation. To attract youth from poor households, these centres offer training free of cost or at a nominal fee, and residential courses for youth from outside the city. Skill centres devote considerable resources to 'mobilising' (recruiting) students from backward areas such as Raichur district of Karnataka.

Disconnect between skill training and youth aspirations

We found a disconnect between the goals and practices of skill training centres and the expectations of trainees. Students articulated aspirations for stable white-collar employment in government, banks or other public sector organisations, and to that end many had joined these courses to learn spoken English and computer skills (part of all the skill courses). While skill centres do place trainees with 10th standard education or above in non-manual jobs such as retail sales and back office customer support, such work does not meet their aspirations for permanent, well-paid employment. Instead, many respondents viewed these jobs as a temporary means of earning some money and gaining some skills while pursuing their actual goals.

In addition, trainees from rural areas frequently expressed a desire to find employment closer to their home villages in



Morning assembly at a training centre, Bengaluru

the long-term – contrary to the popular belief that rural youth desire to migrate to cities. Yet skill training centres focus on channelling semi-educated rural youth into urban service jobs, catering to the constant requirements for labour in sectors such as organised retail, rather than helping them find more stable jobs or employment opportunities closer to home.

Expectations versus realities of service sector jobs

Training centres place their students in entry-level jobs in domains such as taxi services, beauty parlours and domestic call centres, which are marked by insecurity of employment, low pay, and inadequate opportunities for career growth – largely mirroring conditions in the informal economy. For instance, Sales Management graduates were recruited as customer assistants in large departmental stores or as customer support agents in finance companies, at starting salaries of Rs. 8000-10,000 per month, often without appointment letters or statutory benefits, or were placed in low-paid internships. These graduates were not qualified for better jobs because training centres mainly offer short-term general courses rather than training in more specialised skills. For example, the Beauty courses imparted very basic training, leading to placements as 'helpers' in small beauty parlours. Such jobs offered little opportunity to acquire the additional skills needed to forge a viable career path.

Consequently, a majority of students were unhappy with their placements, mainly because the jobs did not meet their expectations in terms of salary or working conditions. Nor do these jobs offer opportunities for occupational mobility for trainees from marginalised backgrounds, given their lack of cultural capital and inadequate training.

These conditions create multiple vulnerabilities for workers, who are compelled to change jobs frequently in search of a small pay hike or less onerous working conditions – contributing to the highly unstable and footloose workforce that characterises the new urban service economy.

Overall, the study found that training courses do little to prepare students to cope with the realities of the urban job

¹ The research project, entitled *India's Changing Cityscapes: Work, Migration and Livelihoods*, was funded by the Indian Council of Social Science Research (ICSSR). The full report can be accessed at: <http://www.nias.res.in/publication/indias-changing-cityscapes-work-migration-and-livelihoods-niasscumr012020>

market, which is labour surplus and marked by unregulated working conditions. Skill training, in its current avatar, seems to be more about pushing needy young people into whatever jobs are available rather than equipping them to improve their own lives through urban formal sector employment.

Adjusting to urban life and workplaces

In this situation, it is not surprising that more than three-fourths of trainees were found to have quit their jobs within three months after placement. Low job satisfaction was compounded by the difficulty that new workers faced in sustaining themselves in Bengaluru on the salaries offered. A major issue was the high cost of rental accommodation, which meant that they were unable to save money to send home – defeating the purpose of migrating to the city for work.

In addition, those who were new to the city often experienced feelings of alienation and isolation, but received little support or mentoring from the centres. While skill centres do have post-placement follow-up systems in place, hand-holding mechanisms are insufficient to facilitate the transition of vulnerable trainees into the urban workforce.

Consequently, just one-third of the trainees who were traceable post-placement had returned to their home towns within a few months, where they opted for easily available informal work such as construction labour, or joined coaching classes to prepare for government service entrance exams. Others simply returned to agricultural work. These findings suggest that skill training, as currently structured, may not lead to stable urban jobs for rural youth – undermining one of its key objectives.

Suggested interventions

Based on findings of the study, the following interventions are proposed:

1) Post-placement support for new workers

Skill training centres should provide new workers with a sustained period of post-placement support (for at least six months), to help them find their feet in the city and in the unfamiliar world of formal employment. They should create and maintain more robust follow-up and mentoring systems to help trainees with issues such as locating affordable housing, coping with difficult work situations, and finding new employment should they lose or quit their jobs.

Training centres should devise mechanisms to help young migrant workers overcome the social, psychological and financial problems of transitioning into the urban workforce. Structured post-training counselling through regular phone calls and visits would help them to absorb the initial ‘shocks’ of migration.

2) Skill training programmes – revision of content and duration

Short-term basic courses should focus on sectors that provide some scope for career growth. For example, Beauty & Wellness has a clear occupational structure which allows beauticians to move up the career ladder through work experience and specialised training. Back-office customer and administrative support jobs also provide opportunities for career progression, given the right training inputs. In contrast, organised retail and hospitality have flatter organisational structures which offer limited scope for vertical movement, even with additional training.

Courses of longer duration (of six months to two years), offering more in-depth and rigorous training, should be made available to trainees with some work experience who desire to improve their skills. Advanced and specialised courses in domains such as Beauty & Wellness would equip trainees for better-paid jobs and longer-term careers. Similarly, in transportation services, students with several years of experience as taxi or private drivers could be supported to undertake courses in commercial and heavy vehicle driving, which offer better job prospects. Such specialised training will generate higher value for trainees in the job market.

Graduates could select an area of specialisation and seek more specialised or top-up training with the help of their original training centres, which could serve as the nodal agencies for coordinating access to such courses. These centres should develop mechanisms for tracking their graduates over longer periods of time and offer support for additional training to interested students, for instance, by helping to identify appropriate courses and sources of financial support (such as bank loans).

Government skill training policies and programmes should include provisions for direct funding to students wishing to undergo specialised training through professional institutes, or to help established private sector institutions to offer scholarships to enable poor students to enrol in their more comprehensive courses (such as beautician, accounting or management courses), directly or through bank loans. Donor agencies could also be approached to fund retraining efforts for youth



Mobilisation team in action, Raichur district

already in the workforce, to enable them to leave work for an extended period of time.

Corporate organisations with their own training centres should be allowed to utilise CSR funds to train and place needy students.

The state and central skill development policies should be revised to allow for more flexibility in the structure and duration of training programmes and to provide funding to help qualified and needy workers undertake more advanced courses.

Separate courses in Spoken English (at more advanced levels) and Computer Training should be provided as top-up modules or as part of the basic and advanced courses mentioned above, as these are beneficial skills for most job profiles.

3) *Internships*

Expansion of internship opportunities would provide work experience as well as the social capital needed for young employees to compete in the job market.

Internships in established beauty parlours would be particularly important for young women starting their careers, by allowing them to acquire more advanced skills and acclimatising them to the workplace.

4) *Low-cost housing for migrant service workers*

The availability of low-cost housing near the place of work is key to facilitating stable employment for new workers, given the high cost of rental accommodation in the city. Skill centres could use their knowledge and experience to help governmental and funding agencies

develop programmes to create or locate affordable housing for young, migrant workers.

To fund such low-cost housing, a range of sources could be tapped, such as CSR funds, private philanthropy, corporates that employ large numbers of migrants, and government programmes such as the new Affordable Rental Housing Complexes (ARHC) scheme.

5) *Support for young women workers*

Special supportive mechanisms are needed to help women trainees find secure employment and safe housing. For instance, skill centres could combine guaranteed job placement with temporary provision of accommodation (in hostels or PGs) and financial support for rent, during the first few months after job placement.

Skill centres should provide special mentoring on how to negotiate gender issues in the workplace. They may run motivational sessions for women trainees, featuring role models, to encourage them to stay in employment rather than succumb to family pressures to get married.

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