Labour Market Inequality in Brazil and India: A Comparative Study

Vocational Education and Training and Inequality in Brazil and India

A Policy Review

New Delhi, 14th March, 2015
Inequality and Skills

- Skills determine position in hierarchy, differentiate the workforce
- Linked to recognition of skills – can be formal or informal
- May not always be recognized, also access to accreditations spread unevenly
- Wages explained by productivity differences, but also structured views of valuing men’s work over women’s work; white collar work over manual labour
- Usually, higher level jobs reached through upper reaches of educational system and not job specific training
- VET gradations: mode of teaching (formal, informal, traditional); value of accreditations, duration of training
- In both countries: General education, VET and those with none
Structure

• Main policies in both countries compared. How far do they aim to reduce disparities?

• What proportion does it reach in both countries? Who is included, who is excluded? The impact of these policies

• VET in the 2000s

• Inequality and VET: some questions
Main Institutions and Policies

- Since 1940s in Brazil and 50s in India; both centre and states have mandate

- India: ITI, ITC, Polytechnics; vocational education, rural employment programmes; private industries; social businesses; non-profit; informal training

- About 17 ministries, Min. of Labour, especially DG ET; HRD, education

- Brazil: three main pillars of formal VET; (1) Federal Network, (2) the S-System and (3) Shorter VT courses run by the Ministry of Labour

- Vocational education, training within private enterprises, non-profits, majority informally trained
Some comparisons

- In Brazil, all public courses are free in some programmes also pay for transport, uniform etc.; In India it is subsidized, nominal fee is charged, some also take care of sundry expenses.

- Middle school complete in India, and fundamental complete in Brazil.

- Duration of Training: 4 years in Brazil under the S-system and Federal System; Long courses in Polytechnics, but ITIs and ITCs offer courses of few months to 1-2 years. Private industries may organise long courses, apprenticeships.

- S-System: funding through wage bill (tax on salaries); 1.5 per cent; technical schools do not have permanent funding; In India: funding through different ministries and departments. Government about 50 per cent in 1960s, today about 25 per cent.

- In both, aimed at linking workforce with employment: those with ‘lower’ levels of education, secondary option, self-selecting.

- Issues of quality, relevance of courses and curriculum, duration, accreditations, industry-institution linkage, placement and employment.
Coverage and Inclusion

• Large youth populations; 2012 in B, 52 million youth, among 19-29, 3 per cent illiterate, about 16 per cent haven’t completed fundamental education

• In India, 50 per cent below age of 25; among 15-29, 13.4 illiterate, about 55 per cent below secondary education

• Coverage in B much larger. 22 % have received formal VET, 4.5 receiving in working age population. In India, 2.4 have received formal VET and 1.4 receiving; about 8 per cent received non-formal VET

• I: 1.6 5 have received formal VET in rural areas, and 4.3 in U. Only hereditary VT higher in rural. Even in Brazil, 9 % in R, and 25 % in U.

• In B, VET is higher among females than males (especially in younger cohorts); In India, females have consistently lower VET credentials; many skills not recognized

• Proportion of vocationally trained, lower among STs (1.2) ,SCs (1.6) and OBCs (2.4) than ‘others’ (3.4); lower castes also concentrated in informal VET. In B, VET lower among blacks (20 %) than whites (25 %)

• Those with complete high school in B are most likely to have VET (45 per cent). Formal VET proportion highest among those with graduation and above (54 %), followed by complete high school (31%)
Income Level of Workers by Vocational Training in Brazil (in Reais) 2012

• Average income gap between those who have received and those who have not is about 45 %
## Wages by Educational attainment and VET in India for Youth (15-29 years) (average wage per day in rupees)

<table>
<thead>
<tr>
<th></th>
<th>Illiterate</th>
<th>Completed Primary</th>
<th>Completed Middle</th>
<th>Completed Secondary</th>
<th>Completed Graduation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Casual</td>
<td>Regular</td>
<td>Casual</td>
<td>Regular</td>
<td>Casual</td>
</tr>
<tr>
<td>VET formal receiving</td>
<td>NA</td>
<td>NA</td>
<td>144</td>
<td>296</td>
<td>144</td>
</tr>
<tr>
<td>VET formal received</td>
<td>200</td>
<td>270</td>
<td>218</td>
<td>374</td>
<td>221</td>
</tr>
<tr>
<td>VET non formal received</td>
<td>129</td>
<td>147</td>
<td>157</td>
<td>202</td>
<td>162</td>
</tr>
<tr>
<td>Have not received and are not</td>
<td>126</td>
<td>123</td>
<td>139</td>
<td>282</td>
<td>142</td>
</tr>
<tr>
<td>receiving VET</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**Source: NSS 2011**

- Returns (wages) to formal vocational training are significant for those having completed up to higher secondary school education.
- Advantage is negligible for those possessing graduate or above degree.
- In case of non formal VET, advantages for those in casual work.
- Any kind of training better for those who are illiterate, formal VET can double wages.
- VET trainees concentrated in manufacturing and transport storage and communication; 11% of industrial workforce has VET; 33 percent has informal VET.
- Formal VET in the Finance, Business and Real Estate and Water, Gas...
VET and the Labour Market

• Formal VET offers clear advantages in both countries
• Having VET (formal) and higher wages linked: perpetuating status quo
• Both systems have been exclusionary due to educational requirements
• Less educated therefore restricted to informal training
• In Brazil, good job/internship prerequisite for getting good training – public and private. Most of the training in the formal sectors imparted to graduate young men through transnational and big enterprises.
• Those from the federal system usually move to undergraduate course rather than LM. Therefore Federal S not being used for intended purpose.
• General scarcity of jobs: higher educated take positions ideally meant for those having VET
New Initiatives: Brazil

- **PRONATEC** – Targeted Programme: free technical and vocational training
  - Brings together other programs (6 ministries are responsible); has decentralized more than before; local requirement mapping
  - Poor families, registered under CadastroUnico, and even poorer the BF beneficiaries
  - Courses are linked with Federal System Schools and S system
  - Courses for youth having different levels of education. Does not require complete fundamental: 1 year and longer, can take multiple courses
  - Has free materials, uniforms, stipends for transportation
  - Linked to unemployment insurance and social security
  - Special programmes for women, black-brown; disabled, abused
  - 14 million potential beneficiaries - 0.5 per cent capacity
  - Increase in VET among vulnerable groups already visible; high participation by blacks, women, and in NE
  - 60 per cent of those taken short-courses, had not had formal employment during 2012-14
  - Challenges: accreditations of short courses; training-job linkages, data, reinforcing low paid jobs among those less skilled.
New Initiatives: India

- 11th Five year plan; National Skill Development Mission– 2008
- Improve productivity, competitiveness and investment for VET
- Increase skill capacity from 3.3 million/year people to 15 million people by 2022
- Three institutions: (1) for internal coordination between governments (NSDCB); (2) lays down objectives, strategies (NCSD); brings together public and private sector (NSDC).
  - Sector Skills Council - public-private body to suggest new skill requirements, requisite accreditations, quality control - skilling can be synergized with industry requirements
  - Cater to unorganised sector, women
  - Accreditations, NVEQF
  - Modernisation/upgradation and setting up of ‘model’ and new ITIs and ITCs with support of private sector
- Other: Community colleges, upgradation and modernization of emplyt. Exchanges
- Ajeevika (2011): rural, training and formals sector placement, food and transport support,
- Apprenticeship Act: cost-cutting, made more flexible with recent amendment
- Innovations and collaborations: Non-profit, Social Businesses, Pvt. S.
- New Regime since 2014: More emphasis on skilling in narrative
  - Training component in NREGs? For international market?
New Initiatives

• Brazil has linked all its VET systems together to deliver the targeted PRONATEC – a government program

• In order to reach the less educated, poor and poorest of poor

• Linked to social security registry, to existing efficient targeting system, BF

• In India, move towards upgradation, expansion; more resources; greater flexibility (NVEQF), addressing rural requirements.

• A much greater degree of reliance and involvement of the private sector and non profit in delivery and financing
Questions for Debate

• Brazil has already introduced targeted programs, should India develop something similar?

• There is a greater role of the private sector in delivering VET in India, of what relevance is this to a more inclusive training environment?

• Can just improving the quality of training and proper accreditation deal with the problem of VET being a secondary option to general education? If quality of VET improves, would the well-off start moving to VET?

• How important is it to streamline or formalize informal training? Might it be more important to formalize jobs?

• Is it perhaps better to invest in good quality general education than in VET?

• How much of the employment problem is the general lack of jobs and job growth, and how much is it the result of a shortfall in the capabilities of workers?