International Labour Organization

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Policy Brief

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Financing Lifelong Learning in India

Key points

- This brief explores the adequacy of financing for lifelong learning in India, and whether current financing allows for vulnerable populations to access training, as a pathway to decent work and further education.
- India has a diversified financing structure of lifelong learning, with various public subsidies at central and state level, contributions of employers, and fee-based training programmes that are run on a commercial basis.
- Going forward, the following considerations can be taken into account to drive the financing of lifelong learning in the country: (a) raising financing levels to ensure they are commensurate with the need for upskilling at higher pace brought forward by technological changes and transition to the green economy; (b) investing in training quality and effectiveness and its expansion to ensure skills development further leads to improved employment and productivity results; and (c) ensuring access to lifelong learning for disadvantaged and marginalized groups in more equitable manner through targeted training subsidies and adequate consideration to the specific needs of those populations.

Introduction

The purpose of this policy brief is to explore the adequacy of financing for lifelong learning in India in the context of current growth policies, and to understand whether the financing approaches in place allow for vulnerable populations to access training as a pathway to decent work and further education.

For the purpose of this policy note, lifelong learning is conceptualized as a continuous process that equips people throughout their lives with relevant competencies necessary for personal and professional growth. It also plays an important role in the adaptation of societies to ever-changing market requirements.

India's approach to financing lifelong learning is distinctly collaborative, drawing strength from a complex ecosystem of stakeholders. It is powered by a strategic blend of public investment, private sector engagement, philanthropic contributions, and international partnerships. This diverse financing architecture not only expands the availability of learning opportunities but also ensures they are inclusive, sustainable, and aligned with real-world needs.

At the same time, India faces the dual challenge of scaling training solutions to ensure its workforce is future ready and implementing financing frameworks for more Indians to access competencies they want and are required by the market, in line with ILO Human Resources Development Convention, 1975 (No. 142), India ratified in 2009.

This Brief is a short summary of (a) a review of various financing mechanisms for lifelong learning, (b) interviews of 29 informants of 15 organizations in Maharashtra, Gujarat, Karnataka, and Kerala for the automotive, the IT and the tourism sectors, based on an open-ended questionnaire[1], (c) an analysis highlighting the strengths and weaknesses of financing models in terms of inclusiveness and effectiveness, (d) a review of some international good practices as point of comparisons, and (e) a validation of preliminary findings by key informants. It has to be noted that this review is not exhaustive but focuses on important financing tools identified at central level and in Maharashtra, Gujarat, Karnataka, and Kerala.

Policy Framework for Lifelong Learning

India's commitment to lifelong learning is embedded in several landmark policies and initiatives:

National Education Policy, 2020

The National Education Policy (NEP) adopted in 2020, introduced the "Multiple Entry and Exit (MEME)" system, that allows students to pursue education and skills development along permeable pathways through a Choice Based Credit System (CBCS), within a lifelong learning perspective.

National Policy for Skill Development and Entrepreneurship, 2015

The National Skill Development Policy was adopted in 2009 and revised as National Policy for Skill Development and Entrepreneurship in 2015. It provides a framework for all skilling activities across the country, aligning them to common standards under a National Skills Qualification Framework. The policy underlines public investment and inclusive access, mainly through government sponsored schemes for skills development. In 2025, the policy is in process of revision to focus more on a comprehensive framework for skill development and entrepreneurship activities, aligning them with national priorities and promoting a culture of lifelong learning and innovation[2].

National Skills Qualification Framework

The National Skill Qualification Framework (NSQF) was launched in 2013 and was rationalized and notified in 2023[3] to enhance transparency and facilitate smoother transitions between vocational and general education. Building on this, the National Credit Framework (NCrF) is an inclusive umbrella framework designed to integrate credits from school, higher, and vocational education. It connects these pathways by recognizing and crediting the skill qualifications earned under the NSQF alongside academic

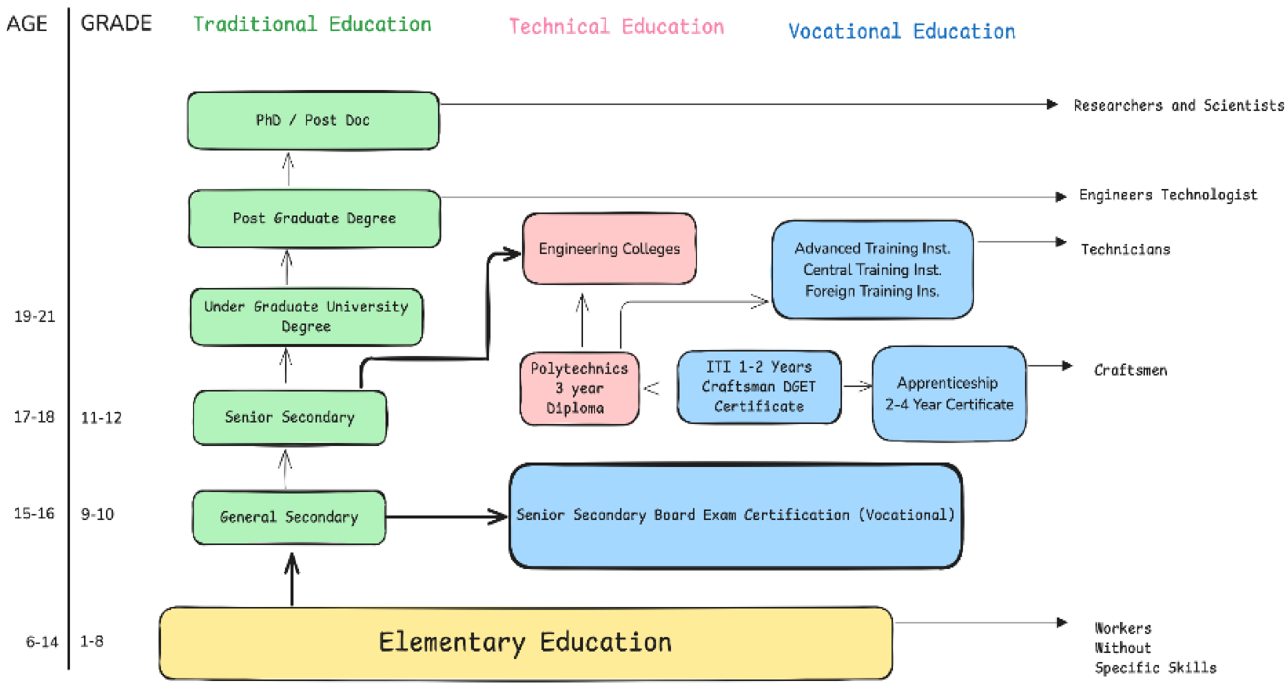

Figure 1. India's education system[1]

[1] These states and sectors have been prominent in their contributions to Indian growth and offer a good example of the diversity of financing mechanisms in place for lifelong learning.

[2] Source: https://www.mygov.in/group-issue/inviting-suggestions-draft-national-policy-skill-development-and-entrepreneurship-2025/
[3] Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2042545

credits, promoting seamless transitions and a holistic view of learning achievements across education and training.

Institutions for Lifelong Learning

Ministry of Skill Development and Entrepreneurship

The Ministry of Skill Development and Entrepreneurship (MSDE) was established in 2014 as an apex organization to harmonize training processes and outcomes, and to supervise the following agencies:

- Directorate General of Training (DGT)
- National Skill Development Corporation (NSDC)
- National Council for Vocational Education and Training (NCVET)
- National Skill Development Fund (NSDF)
- National Skill Training Institutes (NSTI)

Under the MSDE, the Directorate General of Training implements the following programmes:

- **Craftsmen Training Programme (CTS)** provides training for approximately 2.7 million craftsmen currently enrolled through a network of 14,955 Industrial Training Institutions (ITIs) - including 11,707 private accredited ones.
- **Crafts Instructor Training Scheme (CITS)** aims to train 95,000 skilled instructors for around 15,000 ITI's.
- **Apprenticeship Training under the Apprentices Act, 1961** – The latest Act revision (2019) under which all establishments of four or more employees are mandated to undertake Apprenticeship Programmes ranging between 2.5 per cent and 15 per cent of their workforces every year and 5 per cent slots reserved for freshers. The stipend for apprentices is standardized by qualification ranging from INR 5,000 to INR 9,000 per month, rising by 10 per cent in the second year and 15 per cent in the third year.
- **Advanced Vocational Training Scheme (AVTS)** has provided short-term modular courses of one to six weeks duration to over 350,000 trainees since 2007.
- **Dual System of Training (DST)** encourages ITI and industry partners to upskill their workforce in a dual manner.

National Skill Development Corporation

The National Skill Development Corporation (NSDC), established in 2008, as a not-for-profit public limited company under section 25 of the Companies Act, 1956, operates as a unique Public Private Partnership (PPP) model under the Ministry of Skill Development & Entrepreneurship (MSDE). The collaborative structure, with 49% of the share capital held by the government and 51% by the private sector, enables NSDC to be the principal architects of India's skill ecosystem. NSDC plays a pivotal role in streamlining financing processes and attracting private investment in skills development initiatives. NSDC also oversees the following initiatives and centres:

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** offers short term skills training and Recognition of Prior Learning (RPL) for national qualifications. By 2023, it had trained 13 million youth and has since transitioned to demand-based programmes. Between 2015 and 2022, three versions of PMKVY were implemented. The current phase, PMKVY 4.0, is being implemented for the period 2022- 2026. Since February 2025, PMKVY 4.0, the Pradhan Mantri National Apprenticeship Promotion Scheme (PM-NAPS), and the Jan Shikshan Sansthan (JSS) Scheme are combined under the composite Central Sector Scheme of "Skill India Programme (SIP) [4] " that provides structured skill development, on-the-job training, and community-based learning, for both urban and rural populations, including marginalized communities. The total funding outlay for the SIP is INR 88 billion (roughly USD 1.06 billion as of May 2025) from the period 2022-23 to 2025-26.
- **The Skill India Digital Hub (SIDH)**, a one-stop digital platform, focused on skilling, reskilling, and upskilling; career development; and job exchange and apprenticeship opportunities. According to its official portal, SIDH has over 13.5 million trainees, 6,199 training partners and 58,065 industry partners registered, and the platform is available in 23 languages, as of July 2025.
- **Rozgar Mela (Job fair)** - 51,000 appointment letters were delivered for job seekers matched with enterprises at the 2024 Rozgar Mela.
- **Pradhan Mantri Kaushal Kendras (PMKK)** – 714 centres were established to run industry-driven courses across 36 states and Union Territories.
- **Capacity Building Scheme** is based on an allocation of INR 3.13 billion (roughly USD 80 million as of January 2008) made in 2008 to raise the capacity of State e-

[4] Source: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2100845

Governance Mission Teams (SeMT) to implement the National e-Governance Plan (NeGP)[5].
- **India International Skill Centres (IISCs)** that trains Indians for jobs overseas.

Other institutions/programme for LLL

- **Indian Institute of Skills (IISs) -** for individuals to enroll in skill development courses based on a loan covering the cost of tuition and course fees.
- **SANKALP**- With the loan assistance from the World Bank, the Ministry of Skill Development and Entrepreneurship launched the SANKALP programme for (i) institutional strengthening at central, state and district level; (ii) quality assurance of skill development programmes; and (iii) inclusion of marginalized population in skill development programmes. The programme had a tenure of six years from January 2018 to March 2023. Eight Disbursement Linked Indicators (DLIs) were established under the programme, and each DLI was supplemented with a verification protocol against which achievements were assessed for the release of funds[6].
- **ULLAS (Understanding of Lifelong Learning for All in Society) -** this scheme under the Ministry of Education aims to empower adults aged 15 and above from all backgrounds who missed formal schooling. It helps impart functional literacy, including reading, writing, and numeracy skills, and enriches learners with critical life skills, thereby fostering lifelong learning.

Financing models

India offers a wide variety of financing models to support lifelong learning, channeling funds towards training providers for both capital (CAPEX) and operational (OPEX) needs, as well as toward participating businesses and individual learners. They include public grants, public equity and long-term financing for training providers, tax breaks, skills impact bonds, employer funded training, corporate social responsibility, fee-based training, and loans to encourage participation, training vouchers and e-wallets.

Public Funding to Training Providers and Learners

The Government of India plays a dual role of regulator and financer of skills development. Indeed, the Government finances a multitude of programmes and schemes through various ministries and institutions at central and state levels that aim both to reflect market demand and the inclusion of vulnerable populations.

NSDC plays a catalytic role in India's skilling ecosystem by de-risking private investment and enhancing the financial viability of skill development initiatives. For instance, it forges partnerships with funding agencies, sponsoring candidates for RPL, apprenticeship and skilling programmes, and facilitates the establishment of training centres aligned with National Skills Qualifications Framework (NSQF) standards. A flagship initiative under NSDC's purview is PMKVY, which delivers industry-relevant skill training across the country through short-term courses and RPL. Under PMKVY, NSDC is responsible for mobilizing candidates, accrediting training providers, and monitors programme delivery to ensure quality and impact. Additionally, NSDC extends usage rights for standardized training modules to select centres and provides technical support to international partners through government-to-government and business-to-business collaborations.

Equity for training providers

Government and private organizations invest in capital to establish training centres, such as the International Automobile Centre of Excellence (iACE), a Public Private Partnership between the Government of Gujarat and Maruti Suzuki India Ltd. These training institutes are often referred to as Kaushal Vikas Kendras (KVK) when operated in partnership with state-level skills development ministries.

NSDC supports private sector initiatives in skills development through both financial investment and capacity building assistance. It is estimated that between 2008 and February 2020, NSDC disbursed approximately INR 12.52 billion (roughly USD 147.18 million as of May 2025) under this program, leveraging an estimated INR 302 billion (roughly USD 3.5 billion as of May 2025) in private sector contributions through equity and market-linked debt since 2009[7].

[5] NeGP (National e-Governance Plan) Service Orientation- The National e-Governance Plan (NeGP) was launched by the Government of India to improve the accessibility and efficiency of government services through digital platforms. Service orientation in NeGP refers to the approach of designing e-Governance services in a way that makes them citizen-centric, efficient, and widely accessible.

[6] Source: https://sankalp.msde.gov.in/#/web/about/SANKALP

[7] It is since inception of NSDC from 2008 to Feb 2020 (Source: https://skillsip.nsdcindia.org/sites/default/files/kps-document/NSDC_Skill%20Financing_27May2020%28F%29%20%282%29.pdf)

Long Term Financing for Training Providers

Long-term debt financing for setting up training infrastructure is facilitated by NSDC, which provides structural loans to eligible training providers. While NSDC operates independently of schemes such as Mudra Loans and the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), these government-backed credit programs support micro and small enterprises more broadly and may complement skilling initiatives indirectly.

The Ministry of Skill Development and Entrepreneurship, through its various initiatives, also supports infrastructure development to training institutions, primarily via funding mechanisms facilitated by NSDC. Financial support is often extended in partnership with banks and other institutions, including concessional loans and capacity-building assistance

Tax Breaks for Training Providers and Companies

Under the Income Tax Act and Companies (Corporate Social Responsibility) Act, 2013, companies in India can fulfil their CSR obligations by contributing to the National Skill Development Fund (NSDF) or National Skill Development Corporation (NSDC). As of February 2024, NSDC had established CSR partnerships with 64 companies, mobilizing approximately INR 2.15 billion (roughly USD 25 million as of May 2025) in CSR funds[8].

Under the National Apprenticeship Promotion Scheme (NAPS) and the National Apprenticeship Training Scheme (NATS), companies employing 30 or more workers and engaging 2.5 per cent and 15 per cent of their workforces as apprentices are eligible for government support. Apprenticeships can range from 6 months and 3 years, and companies offering stipends between INR 6,000 and 15,000 per month may receive partial reimbursement from the government. These expenses may also qualify as CSR spending, provided they align with skill development objectives under Schedule VII.

As of mid-2025, over 931,000 apprentices have benefited from NAPS and NATS. The Government of India has disbursed approximately INR 3.95 billion (roughly USD 46 million, as of May 2025) through Director Benefit Transfer (DBT) mechanism to support stipends[9].

Companies can also benefit from Goods & Services Tax (GST) exemptions for skill development programmes when these are conducted through recognized entities such as NSDC or other accredited bodies. However, private recruitment agencies are subject to a standard GST rate of 18% and do not qualify for the reduced 5 per cent GST rate under the "merit services" category.

Students also benefit from income tax deductions on education loans for higher studies under Section 80E of the Income Tax Act. However, skill development loans are not covered under Section 80C, which primarily includes tuition fees for children’s education and certain investments.

Skills Impact Bond for Training Providers

A 14.4 million Skill Impact Bond (SIB) was launched by NSDC in collaboration with a consortium of partners to train and place 50,000 young Indians in jobs over four years. This initiative aims for 60 per cent female participation, making it a landmark effort in promoting gender equity and skilling. The SIB operates by linking funding to tangible outcomes, i.e. placement and retention. A third-party evaluator independently verifies the employment outcomes to ensure transparency and accountability. The risk investors (NSDC and the Michael & Susan Dell Foundation (MSDF) provide upfront capital. Upon successful achievement of these predefined outcomes, outcome funders (The Children’s Investment Fund Foundation (CIFF), JSW Foundation, HSBC India, and Dubai Cares) reimburse the initial investment.

As of mid-2025, more than 34,000 youth from 18 states and union territories have enrolled in the program. Independent evaluation shows that 70 per cent of enrolled women and 81 per cent of enrolled men secured jobs after training. Job retention has also shown good outcomes, with 56 per cent of women and 62 per cent of men remaining employed for at least 3 months. This model aligns incentives across stakeholders and demonstrates a

[8] Source: https://nsdcindia.org/industry-partnership-csr

[9] Source: Navigating India’s skill landscape bridging India’s skill gap, empowering India’s workforce. (2014, September 11). Government of India - Press Information Bureau. https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=152129&ModuleId=3#:~:text=National%20Apprenticeship%20Promotion%20Scheme%20(NAPS)&text=Since%20its%20inception%2C%20a%20total,participate%20actively%20in%20the%20program.

scalable approach to achieving measurable social impact in India's skilling ecosystem.

Fee Based training and Related Loans for Trainees

Trainees often self-finance their skills development training, anticipating a return on investment through improved employment outcomes. These costs can be supported through e-vouchers and training loans. 100,000 students each year are able to take a credit of INR 1 million, at 3 per cent interest per annum. Training loans are provided by banks, Non-Banking Financial Company (NBFCs) and Micro-Finance Institutions (MFIs). For all students enrolled in an Industrial Training Institute (ITI), a Polytechnic, or a school or college affiliated with a recognized university, and whose parents agree to act as guarantors, training Loans can amount between INR 5,000 (roughly USD 59.17) and INR 1,50,000 (roughly USD 1,775.27) and are to be repaid between 3 to 7 years. The interest rate is based on the Marginal Cost of Funds Based Lending Rate (MCLR) plus an add-on of 1.5 per cent by the banks that offer training loans.

Under the Model Loan Scheme of MSDE, 25,000 students each year can take collateral-free loans of up to INR 0.75 million, to pursue advanced NSQF aligned skill development programs – with a credit guarantee that covers up to 75 per cent of the loan amount. For those who are ineligible, financial support for loans up to INR 1 million for higher education in domestic institutions are provided, with e-vouchers offering annual interest subsidy on education loan of 3 per cent for 100,000 students each year.

These loans are popular for formal education paths, especially for courses of PGDM, MBA, Engineering and medical education that are comparatively expensive. Most of the time education institutions are collaborating with the select bank and facilitate the smooth sanctioning of the bank loan. Sometime institutes act as a primary guarantee for these educational loans. The government has issued set disbursement mechanisms for these loans.

Stipends and remuneration for interns

Prime Minister's Internship Scheme (PMIS) was launched in 2024, wherein the candidates can gain employment opportunities through a 12-month internship with an allowance of INR 5,000 per month, along with one-time assistance of INR 6,000. Companies can cover the training costs of the interns and can contribute 10 per cent of the internship expenses from CSR funds.

Under the Ministry of Minority Affairs (MOMA), Seekho aur Kamao Yajna since 2013-2014 provided INR 10.35 billion (roughly USD 121.58 million as of May 2025) of stipends to trainees (up to INR 8,000-10,000 per month) to empower marginalized groups, especially those benefiting from reservations.

Vouchers and e-wallets for Learners

The Vikalp Skill Voucher programme, piloted by NSDC in collaboration with the Centre for Civil Society (CCS), BARTI, and the Michael & Susan Dell Foundation in Mumbai and Pune in 2013, is an early example of skill voucher initiatives in India designed to empower youth to choose training program aligned with their interests. The vouchers covered up to 90 per cent of the training cost at accredited institutes. While the pilot demonstrated improved employment outcomes and cost efficiency, mechanisms for large-scale replication and upscaling are still under exploration.

Employer-financed trainings

Employers often contribute to the cost of upskilling their workforce, anticipating returns through enhanced productivity, innovation and access to larger markets. This includes the opportunity cost of allowing employees to be trained during working hours, a principle promoted by ILO Paid Educational Leave Convention, 1974 (No. 140).

For instance, Tata Motors offers paid education leaves and sponsors higher education programs for its permanent workers. In the IT sector, companies often provide free access to online courses and fully fund training programmes, though such benefits are typically contingent upon the type of employment (permanent versus contractual) and tenure within the company. The contribution of employers to training programmes is also facilitated through Sector Skills Councils (SSCs), which are industry-led bodies under NSDC.

Charitable organization or corporate social responsibility

Charitable organizations in India often sponsor skill development training for under-represented groups, including women, persons with disabilities, and economically disadvantaged youth.

According to the Ministry of Corporate Affairs CSR database, between FY 2014 and FY 2022, a total of INR. 52.73 billion (roughly USD 695.73 million as of March 2022) was invested towards vocational skilling projects. This was part of a broader CSR expenditure of INR 486.84 billion (roughly USD 6421.19 million as of March 2022) on education and skill development initiatives.

Development partners provide financial and technical support to ministries and skills development organizations (e.g. National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), Sector Skill Councils (SSCs), and State Skill Development Missions. While monetary contributions are relatively modest, these partners play a crucial role in mainstreaming international good practices, enhancing policy design, and improving implementation of skills development related policies.

Private sector partners also contribute to skills development by donating equipment, machinery, and laboratories to Industrial Training Institutes (ITIs). For example, ThyssenKrupp, through its CSR initiative, donated a virtual reality (VR) training lab to Aundh ITI in Pune, enhancing hands-on training for students.

Case Studies

The following case studies relate to Public Private Partnerships, with various funding structures, types of support and recognition schemes.

JIM & JEC

The Ministry of Economy, Trade and Industry (METI), Japan and the Ministry of Skill Development and Entrepreneurship (MSDE), India agreed in 2016 to train 30,000 floor shop supervisors and engineers to Japanese standards over a 10-year period. This initiative is being implemented through the Japan-India Institute for Manufacturing (JIM) and Japanese Endowed Courses (JEC) schemes.

As of now, over 40 JIMs and 12 JECs have been established across India in collaboration with major Japanese manufacturing companies. These include: Maruti Suzuki (Mehsana and Gandhinagar in Gujarat, and Gurgaon in Haryana), Toyota, Daikin Air-conditioning India, India Yamaha Motor, Bellsonica Auto Component India, Koyo Bearings (in Bawal, Haryana), Shiroki Automotive and Mitsuba India (in Gurgaon, Haryana).

Noteworthy features of the initiative include minimal financial burden on learners, the use of CSR funds by participating companies, the involvement of retired Japanese technical specialists as instructors, and the integration of Japanese manufacturing philosophies such as *Kaizen* and *5S* into the training curriculum.

ASAP

Since 2014, the Additional Skill Acquisition Program (ASAP) Kerala, initially funded by the Asian Development Bank (ADB), has supported the establishment of 16 Community Skill Parks (CSP) and over 120 training centres. These are public-private initiatives, offering complementary industry-aligned, work-based training programmes for undergraduates, mapped to India's NSQF and NCVT standards.

ASAP Kerala has dual recognition from National Council for Vocational Education and Training (NCVET) as both an Awarding Body (AB) and an Assessment Agency (AA)[10] , the first in the state to do so. This enables ASAP to issue nationally recognized certifications and contribute to the National Credit Framework (NCrF), facilitating learners' access to further education and training pathways.

In addition to the ADB's initial support, ASAP Kerala receives ongoing funding from the Government of Kerala, including through the Kerala Knowledge-Economy Mission (KKEM), as well as from CSR contributions and individual donations.

ASAP Kerala has also partnered with major banks such as State Bank of India (SBI) and Canara Bank to offer skill loans to students ranging from INR 5,000 to INR 150,000 (approx. (USD 58 – USD 1,748). These loans come with a six-month grace period after graduation and can be accessed via the Vidya Lakshmi portal.

One notable offering is the Enrolled Agents (EA) Program, delivered in partnership with Logic School of Management, which prepares students aged 18-35 for the U.S. Internal Revenue Service (IRS) certification exams. The three-month course is provided both online (INR 75,000/ roughly USD 874) and offline (INR 85,000/ roughly USD 991) formats. The IRS exam fee is approximately USD 808. Students can finance the course through loan or government scholarship.

KITTS

The Kerala Institute of Tourism and Travel Studies (KITTS) is an autonomous institution under the Department of Tourism, Government of Kerala. It offers a range of academic and professional training programs in tourism, hospitality, and travel management. These programmes

[10] Awarding Body (AB) recognized by NCVET is an entity authorized to award certificates to trainees or learners after the successful completion of training and assessment for an approved qualification, while also performing all other functions specified in the Awarding Body Guidelines and Operation Manual.

Awarding Body (Dual Category) recognized by NCVET is an entity that can award, assess, and certify learners when training is directly imparted by the Awarding Body in its own campuses or training centres, which are either owned or fully managed by the entity, for its approved or adopted qualifications.

Assessment Agency (AA) recognized by NCVET is an entity authorized to assess trainees after they have completed their training under an NSQC-aligned and approved qualification.

are developed in collaboration with both government bodies and private sector companies to meet industry needs. KITTS receives funding from three main sources. The primary source is the Department of Tourism, Government of Kerala, which provides core operational and programmatic funding. The second source is other state government departments, such as the Kerala Forest and Wildlife Department and the Department of Agriculture Development & Farmers' Welfare, which support specific training initiatives. The third source is project-based allocations from the state budget, which fund targeted programmes and infrastructure development.

KEONICS

The Karnataka State Electronics Development Corporation Limited (KEONICS) provides affordable short-term IT training programmes through a network of KEONICS Franchise Centres. These centres operate under a formal agreement, paying a one-time, non-refundable royalty fee[11] to KEONICS, along with 20 per cent of the course fees in advance. Franchise agreements are renewable annually, contingent on commercial performance and compliance with operational standards. While KEONICS certificates are recognized within Karnataka's industry ecosystem, they generally lack formal recognition outside the state and do not offer equivalency for further academic progression.

These case studies illustrate the diversity of national and international partnerships and financial model (such as franchising, cost-sharing, and training loans) being implemented in India. Some models rely more heavily on public subsidies, others on private investment or industry collaboration. They vary in the degree of student support and recognition mechanisms, reflecting a vibrant and adaptive training market that caters to a wide range of market demands, learner aspirations, and financial capacities.

Affordability and effectiveness

Partnerships are, in principle, well-positioned to balance the scale and effectiveness of training programmes with their affordability and inclusiveness. At the same time, it is important to examine these schemes from the perspective of the enormous challenge of upskilling the Indian workforce to match new market realities, considering both the labour market outcomes of these trainings and their affordability as opportunities for employability enhancement.

Affordability and Inclusion

The training programmes identified through stakeholder consultations of this study typically range from approximately INR 15,000 to INR 50,000 (roughly USD 171 to 571 as of July 2025). While the cost for training varies significantly depending on the content, duration, and location, consideration should be given to ensuring that a decent variety of affordable programmes, along with supporting financing mechanisms, are made available to lower-income households to further enhance access to lifelong learning. The UNESCO Global Education Monitoring (GEM) Report, released in June 2025, noted that aid to education has declined, both in absolute and relative terms. This evolving landscape presents an opportunity for governments and stakeholders to explore innovative financing mechanisms, including reallocating resources through national budgets and supporting global public goods in education[12] to ensure sustainable and equitable access to learning.

Meanwhile, NSDC has facilitated the establishment of over 158,000 licensed training centres, which have collectively trained more than 34 million individuals, representing about 3.6 per cent of India's working-age population[13]. While this reflects significant outreach, the distribution of centres varies across states. For instance, Rajasthan, with an estimated 2025 population of 83.06 million, has one NSDC centre for every 73,000 people, whereas Karnataka, with a population of 68.68 million, has one centre for every 397,000 people. These figures highlight opportunities to further enhance equitable access to training by strengthening coverage in underrepresented states, ensuring that all individuals can benefit from skills development initiatives regardless of location.

Effectiveness

Understanding the factors that influence employment outcomes in skill development programs is essential for designing more responsive and inclusive training systems. Across India, states face distinct challenges and opportunities shaped by their economic structures, industrial demands, and social dynamics. In general,

[11] KEONICS uses the term "royalty" to describe the advance fee paid by training partners for affiliation. However, in practice, this functions more like a prepaid training fee. For example, if a training partner commits to train 100 candidates in a year, with a course fee of INR 10,000 per candidate, they are required to pay 15 per cent of the total fee per candidate (i.e. INR 1500) to KEONICS upfront. This results in advance payment of INR 1,50,000 (INR 1500 x 100 candidates). This amount is deposited in advance and later adjusted proportionally as candidates are successfully trained. Therefore, "royalty" essentially serves as a performance-based advance payment, tied to the training targets agreed upon in the franchise agreement.

[12] Source: https://www.unesco.org/gem-report/en/publication/aid-education#:~:text=June%202025:%20The%20volume%20of,a%20time%20of%20aid%20cuts

[13] Source: https://skillsip.nsdcindia.org/plfs-dashboard

common factors that affect placement outcomes include: Mismatch between training curricula and industry needs; Economic slowdowns that limit hiring capacity; Candidates' preferences for pursuing higher education or staying within their home regions; and Policy shifts, such as the delinking of placement as a mandatory outcome under PMKVY 4.0.

These insights highlight the need for adaptive skilling strategies that are locally grounded and industry aligned. Strengthening employer engagement, improving mobility support for candidates, and integrating placement-linked incentives can help bridge the gap between training and employment.

For instance, under the PMKVY, the average percentage of placed candidates to certified candidates across selected states (Rajasthan, Maharashtra, Kerala, Karnataka, and Gujarat) is cumulatively encouraging at 43.56 per cent, with state-wise variation ranging from 35 per cent in Kerala to 55 per cent in other states[14]. These differences reflect the diverse socio-economic and industrial contexts across states and highlight the importance of tailoring skill development strategies to local needs. Strengthening regional implementation frameworks and fostering closer industry linkages can help improve placement outcomes and ensure that training translates more effectively into employment opportunities.

Good Practices as a point of comparison

Partnership and Social Dialogue as a Basis for Equitable Financing of Skills Development in Germany

Germany's "Dual Vocational Education and Training (VET) System" is firmly established in the education framework, with the federal government financing in-company training within small and medium-sized companies and the states financing the school-based component of vocational training. Employers' organizations and trade unions have considerable influence on the content and structure of the programmes. Around two-thirds of German students opt for this system and can transition to academic education later. Continuing education is offered by a variety of public and private training providers.

The Federal Ministry of Education and Research (BMBF), the Federal Ministry of Economics and Technology (BMWi), the Federal Ministry of Labour and Social Affairs (BMAS), the Federal Employment Agency (BA), and the states support the programmes financially, and employers pay apprentices' remuneration and social protection costs.

Continuing TVET is financed by enterprises, the state, the Federal Employment Agency, and private individuals. Additionally, adult learners benefit from financial support from the government, such as:

- Education Vouchers issued by the Labour Agency cover 100 per cent of participation costs, including transport, accommodation, and food.
- Bonus Coupons up to €1,000 for individuals over the age of 25 who work 15 hours a week or more.
- Career Enhancement Support, including loans and grant for 40 per cent of longer courses (at least 400 hours) and examination fees.
- Career Development Stipend aimed at skilled workers who scored 1.9 or above in their trade.
- Continuing Education Stipend for up to €7,200 over three years that covers 90 per cent of the cost for skilled employees under the age of 25 to participate in professional vocational training.

Under the programme "Continuing Education for Low-skilled and Employed Older Workers in Enterprises", the federal government sponsors 100 per cent of training costs for low-qualified individuals, while it finances 75 per cent of the training costs for older employees who have not held a skilled job for at least four years, as well as employees in small and medium-sized enterprises.

The Role of Employers in Financing Skills Development in Japan

Japanese companies often invest heavily in On-the-Job Training (OJT) and other skills development programmes as part of a lifelong learning approach, to keep employees' competencies up to date with latest technologies and industry trends, where employees learn new skills and knowledge while working on real-world projects, and validate their skills through industry certification programmes. Transversal and cross-functional skills are adequately mainstreamed within these programmes.

Prioritizing Learning Performance in Italy

In Italy, financial allocation to universities and tertiary level education providers is increasingly based on the standard cost per student, on teaching and research performance, and on "equalization measures" to cope with unexpected situations – with lesser importance given to allocations for fixed costs.

[14] Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2038388

In 2022, approximately 40 per cent of the funds were disbursed as lumpsum, based on performance, linked to indicators of teaching quality, research outputs and institutional efficiency. The share of the allocation that is performance based is updated each year by ministerial decree.

Since 1994, universities have enjoyed greater autonomy in managing funds under the oversight by the Ministry of Economy and Finances and the Court of Auditors.

Funds universities can access include:

- Fund for the Regular Financing of Universities (FFO) including Fund for supporting youth and student mobility, fund for post-degree PhD grants, special plans for recruiting professors and researchers
- Fund for University Building and Scientific Equipment (FEU)
- Fund for the Development of University System Planning (FPS)

Universities also receive funds from:

- Students' contributions, within limits fixed by regulation, taking into account family income, course type, and geographical location
- Autonomous financing that includes voluntary contributions, earnings from activities, property sales, donations, contracts, and agreements

Multilayered partnerships for financing Lifelong Learning in Spain

The Spanish Ministry of Industry, Trade, and Tourism has partnered with several private tourism companies to develop innovative training programmes focused on digital transformation and customer experience. Additionally, the Catalonia Tourism Board funds a wide range of training programmes for professionals, including courses on sustainable tourism, digital marketing, and event management. Many Spanish hotels and resorts offer language exchange programmes for their employees, allowing them to practice their foreign language skills with native speakers.

Financing Mix in Singapore

SkillsFuture Singapore (SSG) was established in 2016 as a statutory board under the Ministry of Education. It aims to ensure that the workforce remains adaptable and competitive in a rapidly changing economy. Over 520,000 individuals were enrolled in SSG-supported training programmes by 2023, including 200,000 mid-career individuals – even for Small and Medium Enterprises, with a pilot expanding from 400 to 1,000 companies. It offers a mix of financing instruments:

- The SkillsFuture Credit that offers loans to individuals for approved courses;
- the SkillsFuture Mid-Career Training Allowance that finances full-time training for Singaporeans aged 40 and above;
- The SkillsFuture Work-Study Programme that combines classroom learning with structured on-the-job training;
- The SkillsFuture Enterprise Credit subsidises employers who provide training to their employees.

Findings and Recommendations

1. Ensure financing levels for Lifelong Learning are commensurate with market needs

a. There is an opportunity to translate central and state level policies into quantifiable targets for training and upskilling. Costing these measures will help ensure that public investments in skills development are aligned with the scale and ambition of national and state goals.

b. Public-private partnerships can be further strengthened through innovative financing mechanisms, such as performance-based financing and risk sharing mechanisms. These approaches should also consider the inclusiveness of training provision to reach underserved populations.

c. The formation of industry clusters, such as the pilot model in Pune's automotive sector, presents a promising avenue to scale dual training programmes. With adequate financing and access to relevant equipment, such clusters can serve as hubs for high-quality vocational education.

d. Under Schedule VII of the Companies Act, 2013, there is scope to broaden the definition of permissible CSR activities to allow for greater investment in emerging technologies and capacity building for instructors.

e. Greater use of digital platforms for training delivery, assessment, content development, and results tracking should be encouraged. These tools can help reduce costs, expand outreach, and systematically document outcomes, contributing to more efficient and transparent skills development efforts.

2. Shape financial allocations to incentivize quality and effectiveness of lifelong learning

a. To enhance the impact of skills programmes, it is important to closely monitor training quality and employment outcomes using clearly defined indicators. Financial allocation can then be strategically directed toward programmes that demonstrate strong results, encouraging a culture of continuous improvement and accountability.

b. Expanding tax incentives for MSMEs, which account for a significant share of employment, can further encourage their greater participation in formal apprenticeships programs, helping bridge the gap between training and workforce integration.

3. **Shape financing structure to make lifelong learning more inclusive**
   a. Ratifying ILO Paid Education Leave Convention, 1974 (#140) and adopting supportive regulations could encourage both employers to invest in their workforce development, and workers to actively engage in training. This would help enhance equitable access to training and certification for both contractual and permanent workers, fostering a culture of lifelong learning and continuous skills development.

   b. There is a strong opportunity to raise awareness among all working-age populations, through accessible and user-friendly communication, about available opportunities available for lifelong learning and career development.

   c. Linking public subsidies for training providers to specific targeting criteria can help ensure that under-represented and disadvantaged groups are able to access and benefit from training and assessment in an equitable and inclusive manner.

   d. Financing holistic, learner-centred training programmes for vulnerable populations, supported by both financial and non-financial measures, such as career guidance, can empower marginalized individuals to make informed, evidence-based decisions about their learning and career pathways.

   e. Scaling up affordable Recognition of Prior Learning (RPL) initiatives can validate skills acquired in the informal economy, enabling learners to advance in formal training pathways and allowing training providers to operate more efficiently by avoiding redundant retraining.

   f. Through social dialogue, linking NSQF levels to sector-specific wage benchmarks can help potential trainees and financial institutions better anticipate return on investment, thereby facilitating access to training loans and improving financial planning for skills development.

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