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Executive Summary for the State of **Karnataka** (2012-17, 2017-22)



District wise skill gap study for the State of Karnataka – Executive Summary

In the last decade, Karnataka has emerged as a key State in India with setting up of knowledge based industries such as IT, biotechnology and engineering. The State leads in electronics, computer software, and biotechnology exports. It has also come to be known as the ‘Science Capital of India’, with over 100 Research & Development (R&D) Centres, and a preferred destination for multinational companies (MNCs) with more than 650 such companies already located in Karnataka. Karnataka’s capital Bengaluru is known as the ‘Silicon Valley of India’ and is ranked among the top four technology clusters of the world.

As of 2011-12, the State had a Gross State Domestic Product (GSDP) of Rs. 298 thousand crore at constant prices and the per capita income was Rs. 69,493 per person per annum. Services sector made the biggest contribution to GSDP at 54 per cent, followed by 28 per cent in industry and 17 per cent in agriculture. However, in terms of worker distribution, agriculture employs the majority of the population at 55 per cent as cultivators (29 per cent) and agricultural labourers (26 per cent). The four per cent are workers in household industry, and remaining 40 per cent are ‘other workers’.

To address the issue of skill development in the State, the Government of Karnataka has made education and skill up-gradation as the corner stones of its policy. The State Government is providing thrust on vocational training. It has opened 289 polytechnic institutes throughout the State, in addition to setting up of 1,507 Industrial Training Institutes (ITIs). Assistance is also provided to private players for setting up training institutes within the State.

In 2008, the State Government set up the State Skill Commission with a mission at empowering all individuals through improved skills and knowledge. The Government has also set up a Knowledge Commission (Karnataka Jnana Aayoga) within the State on the lines of the National Knowledge Commission. In addition, Karnataka Vocational Training and Skills Development Corporation (KVTSDC) has also been set up for furthering the agenda of skill development in Karnataka.

Given the above background and the growing importance of skill development in the knowledge based State of Karnataka, the National Skill Development Corporation (NSDC) mandated ICRA Management Consulting Services (IMaCS) to conduct the district wise skill gap study for the State of Karnataka.

IMaCS conducted the study in three phases – (1) Diagnostics, (2) Synthesis, and (3) Recommendations. It conducted the study through a combination of primary and secondary survey. IMaCS met key Government officials to review the policy direction. It also interacted with industry representatives in the formal and informal sectors to understand human resource and skill requirements from a district and regional as well as those unique to the State. In addition, it administered a structured questionnaire to select companies and educational institutions to map the current and future skill requirement.

Based on its research, IMaCS identified sectors which will be the development and employment growth engines in the districts in the next five years and will have skill training requirements. It forecasted both the demand and supply side numbers for 2012 to 2022. It forecasted the numbers for 20 high growth sectors identified by NSDC. In addition, it identified mining, which exists in Karnataka.

Based on its forecasts, it has been estimated that between 2012 and 2022, an incremental demand (cumulative for ten years) for 8.47 million people will be generated in Karnataka. Maximum demand will be generated from sectors such as tourism, travel and hospitality; agriculture and allied (mainly allied such as horticulture, fishery, animal husbandry, poultry and sericulture); building, construction and real estate; IT & ITES, transportation, logistics, warehousing and packaging; healthcare and education services.

In the next ten years, maximum demand is expected to be for the semi-skilled workers at 43 per cent of the total incremental demand. This is expected to follow by minimally skilled workers at 27 per cent, skilled workers at 25 per cent and highly skilled workers at the remaining five per cent.

The supply side numbers have also been forecasted. It has been estimated that between 2012 and 2022, about 8.16 million persons will join the workforce in Karnataka. Of these, about 43 per cent will be minimally skilled, 40 per cent will be semi-skilled, 17 per cent will be skilled and the remaining about one per cent will be highly skilled.

Thus, given the incremental demand for 8.47 million persons and incremental supply of 8.16 million persons between 2012 and 2022, the State is likely to face a supply gap of 0.31 million persons. However, based on the industry interactions it has been found that at least 20-30 per cent of the

workforce joining from the educational institutions is unemployable. Accounting for this, the supply gap increased to 1.9 million to 2.7 million persons.

To meet the demand and supply gap in the State, IMaCS has made recommendations for four types of stakeholders: (1) Government, (2) Industry, (3) Private training institutes, and (4) NSDC. Detailed recommendations are presented in the report for all four stakeholders for each of the 30 districts. The recommendations address the issues of skill gaps in the existing sectors as well as the upcoming sectors in the next 10 years. They focus on target actions which need to be taken to ensure the supply of required manpower in the State to meet the skilling requirements of different sectors. The recommendations also touch upon the overarching issues and challenges which need to be addressed for overall growth and development of each of the districts of Karnataka.

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