

Labour Market Inequality in Brazil and India: A Comparative Study

**Vocational Education and Training  
and Inequality  
in  
Brazil and India**

A Policy Review

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# 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 DGET; 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

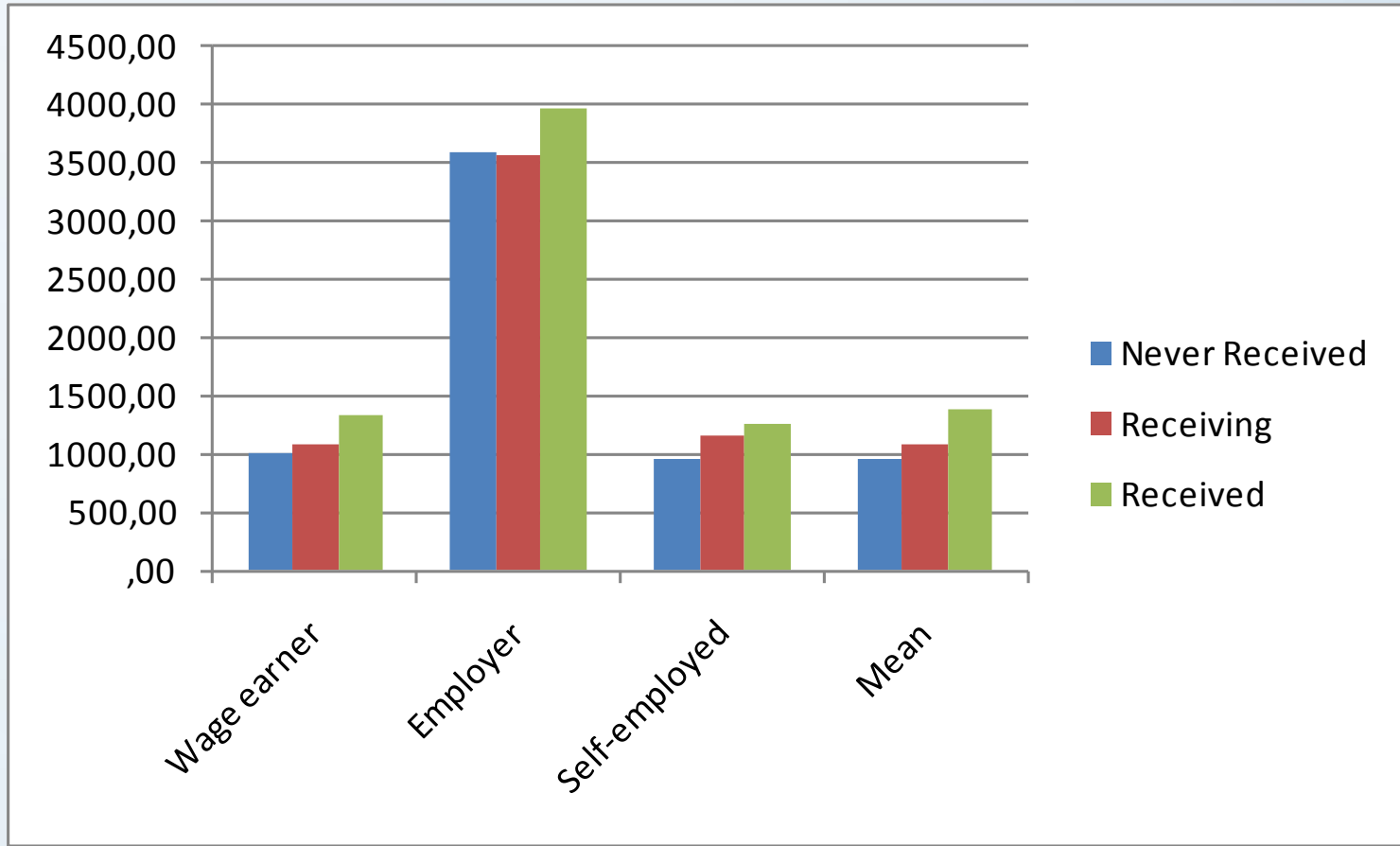
# Some comparisons

- 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)

	Illiterate		Completed Primary		Completed Middle		Completed Secondary		Completed Graduation	
	Casual	Regular	Casual	Regular	Casual	Regular	Casual	Regular	Casual	Regular
VET formal receiving	NA	NA	144	296	144	299	137	302	82	352
VET formal received	200	270	218	374	221	377	225	394	150	489
VET non formal received	129	147	157	202	162	214	158	240	126	403
Have not received and are not receiving VET	126	123	139	282	142	299	145	343	164	484

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 employt. 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?