

Skill Impact Bonds – Economy

As India strives for economic growth and inclusive development, innovative models like the Skill Impact Bond (SIB) are emerging to address key challenges in skilling and employment, especially among marginalized communities and women. The Skill Impact Bond (SIB) 2025 report reveals that Jharkhand has the highest share of enrolled trainees, with women continuing to dominate enrolment in the apparel sector; however, gender-based pay disparities persist, despite improvements in female retention and placement rates. India's first Development Impact Bond (DIB) launched in 2021, focused on skills training and job placement rather than just enrolment numbers. Uses private-sector funding and outcome-based payment models to address social and development challenges, shifting the focus from "how many trained" to "how many employed and retained."

Objective

To skill 50,000 youth across India, with at least 60% women participation, especially from marginalised and rural backgrounds. Ensure 30,150+ trained youth retain jobs for more than 3 months post-placement.

Key Findings from the 2025 SIB Report

Top States by Enrolment, Jharkhand (27%), followed by Uttar Pradesh, Maharashtra, Odisha, and Telangana.

1. Popular Sectors

Women, Predominantly trained in apparel sector, with increasing numbers in retail, IT-enabled services (ITeS), and banking, financial services, and insurance (BFSI). Men, Transitioning from construction sector towards automotive and telecom roles.

2. Women-led Skilling

Over 72% of 23,700+ trainees were women from vulnerable backgrounds. Female certification rate reached 92%; job placement rate was 81%. Self-employment among women rose from 6% to 14%.

3. Better Job Outcomes

75% of all trained candidates secured jobs, and 60% remained employed for over 3 months—above the national average. Female employment rate improved from 35% to 48%.

4. Gender Pay Gap

Despite similar job outcomes, men earned ₹12,400–₹15,700, while women earned ₹11,500–₹13,000. Status of Skill Development in India.



5. Low Employability

As per *India Skills Report 2024*, only 51.25% of assessed young people have the necessary skills for employability.

6. Low Formal Training Penetration

Economic Survey 2023–24 notes only 4.4% of youth are formally skilled; 16.6% have informal training.

7. Industry Skill Gaps

ManpowerGroup 2025 Global Talent Shortage Survey: 75% of global employers face skilled worker shortages. India has a 60%–73% demand–supply gap in high–skill roles like machine learning engineers, data scientists, DevOps engineers, and data architects.

8. Underemployment

Economic Survey 2024–25: Over 50% of graduates and 44% of postgraduates are in low–skill jobs, showing poor utilisation of workforce talent.

9. Women in STEM

Women form 40% of STEM students but only 14–27% of STEM professionals (*Ministry of Science & Technology*).

Key Challenges Hindering Skilling in India

1. Inconsistent Quality & Infrastructure Gaps

Many Industrial Training Institutes (ITIs), especially in rural areas, lack trained instructors and modern equipment, lowering training quality.

2. Industry Disconnect & Skill Mismatch

Schemes like PMKVY and Skill India focus more on syllabus completion than practical, industry–relevant training. High–growth sectors like AI, cybersecurity, and green energy remain underserved.

3. Low Private Sector Involvement & Rural Exclusion

Private companies face red tape, low incentives, and weak academia–industry partnerships. Only 10% of rural workers get formal training (*World Economic Forum*), leaving 90% of informal workforce untouched.

Key Skill Development Schemes and Initiatives

1. Skill India Mission
2. Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
3. Pradhan Mantri National Apprenticeship Promotion Scheme (PM–NAPS)
4. India Skills Accelerator (ISA)
5. Pradhan Mantri Kaushal Kendras (PMKK)
6. PM Vishwakarma Yojana
7. SANKALP (*Skills Acquisition and Knowledge Awareness for Livelihood Promotion*)
8. STRIVE (*Skill Strengthening for Industrial Value Enhancement*)
9. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU–GKY)
10. Recognition of Prior Learning (RPL)

Measures to Reform India's Skilling Ecosystem

1. Inclusive Rural Skilling

Launch a Rural Skilling & Livelihood Mission for agri–tech, food processing, and crafts. Use mobile skilling vans, village learning hubs, and digital literacy programs.

2. Future-Ready & Digital Skilling

Align curriculum with Industry 4.0 needs, green jobs, and digital economy. Strengthen Sector Skill Councils (SSCs) to co-create courses with MSMEs and gig platforms. Expand Skill India Digital Hub with AI-based, multilingual content and 5G-enabled hubs in Tier-2/3 cities.

3. Education Integration & Women's Skilling

Introduce vocational training from school level as per NEP 2020 and link with the National Credit Framework. Promote women's skilling in STEM, finance, and gig economy roles through flexible training, digital access, childcare, grants, and mentorship.

4. Monitoring, Soft Skills & Accountability

Use AI-driven dashboards, geo-tagging, biometric attendance, and third-party audits for transparency. Link funding to outcome-based performance metrics.

Source: <https://timesofindia.indiatimes.com/india/women-lead-indias-1st-outcome-based-skilling-drive/articleshow/122966043.cms>

