

Making training programmes more effective

Evidence from the DDU-GKY programme in India



In brief

- To tackle youth unemployment, the Indian government implements large-scale training programmes combined with job placement. The effectiveness of these programmes is hampered by high drop-out rates.
- The DDU-GKY programme was launched in 2014 by the Indian government as part of its “Skilling India” strategy.
- We evaluate the impact of an information intervention, in which new trainees are provided detailed information about the exact job titles, wages, and location of jobs that will be offered to them at the end of the training.
- We found that the intervention increases the probability of placed trainees staying in the job they are placed in 5 months after training completion.
- We also found that the impact of the intervention is heterogenous. Trainees with higher levels of education are more likely to drop out when they learn about placement jobs, while those with lower levels of education are more likely to complete the training.
- The intervention has no effect on women, and strong effects on men.

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Skilling against youth unemployment

Youth unemployment is high in India, as it is in many countries. At the same time, Indian companies have unfilled jobs. Across India, there is a mismatch in terms of skills and in terms of geography.

The DDU-GKY (Deen Dayal Upadhyay Grameen Kaushalya Yojana) programme aims to bridge this gap by providing training to low-skilled rural youth. It also provides a guaranteed job placement by identifying employers that have unfilled vacancies.

The DDU-GKY programme

The DDU-GKY programme was launched in 2014 by the Indian government as part of its “Skilling India” strategy. Since its inception, the government has spent more than Rs. 56 billion (roughly \$ 800 million) and trained over a million youths.

DDU-GKY is a public-private partnership: State governments establish contracts with private training companies who provide the training, and it covers a large set of trades and economic sectors.

Training duration is between three to twelve months. In most cases, accommodation is provided at the training centres for the duration of the training. The training is conducted in batches: a group of trainees who start and graduate at the same time and follow the same curriculum. At the end of the training, training centres place trainees in jobs. For trainees from Bihar and Jharkhand, the majority of jobs are located in other states, and wages are around Rs. 7,000-Rs. 10,000 per month.

Concerns

The DDU-GKY programme suffers from two main issues:

- Rural youth are reluctant to enrol into the training scheme.
- There is a substantial share of youths (i) who drop out of the program, or (ii) who refuse the job offered to them at the end of the training. Only about 55% of the million trainees who entered the programme have been effectively placed.

Trainees’ dropping out during or at the end of the training are costly to the programme because they happen at a stage when the training centres cannot substitute trainees that choose to drop out.

Our research aims to study the determinants of dropout. In particular, we investigate to what extent it might come from misinformation about the jobs that are offered to trainees at the end of the training.

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Intervention

We organise two information sessions in the training centres for all trainees of a given batch.

The first information session takes place at the beginning of the training spell, once all trainees of the batch are present. We gather trainees in a classroom and provide them with a list of typical jobs offered to previous batches in the same trade and training centre. The list includes job title, company name, location (city and state), and compensation package (net monthly wage and in-kind benefits). Trainees are given the opportunity to ask questions regarding the contents of the list.

The second information session takes place around 10 days before completion of classroom training. We gather trainees in a classroom and provide them with the list of actual jobs available to their batch, detailing the same characteristics (in particular wage and location) as during the first intervention.

“Better information about job prospects can increase the effectiveness of DDU-GKY.”

Research design

In order to be able to draw conclusions about the causal effect of the interventions, we have worked with a pool of 86 batches in the States of Bihar and Jharkhand, representing 2,488 trainees (around 30 per batch), and have randomly selected a subset of 42 batches to receive the interventions.

Because of the randomisation, we can compare the dropout and placement rates in the 42 batches that have benefitted from the information sessions to the 44 batches that have not. This comparison provides the impact of the information sessions on the key outcomes.

Results

Better information about job prospects can increase the effectiveness of DDU-GKY. Trainees who benefitted from the information intervention are 17% more likely to stay in the jobs in which they were placed, at least until 5 months of training completion. Overall, there is no significant effect on the completion rate or the placement rate (Figure 1).

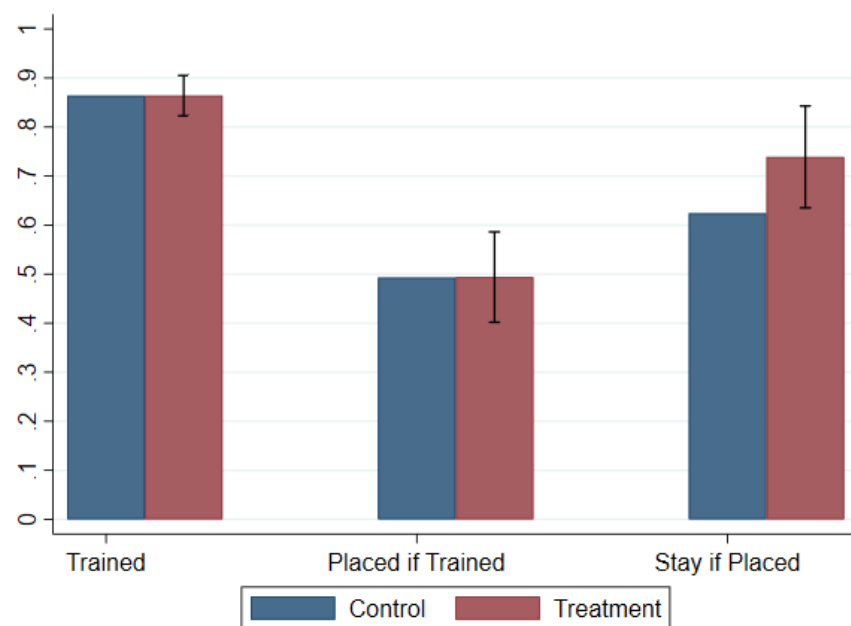
Once informed about the characteristics of prospective jobs, youths with less education (below higher secondary education) are 35% more likely to complete the training, while youths with more education (higher secondary and above) are 50% more likely to drop out.

Across DDU-GKY, women are substantially less likely to drop out of the training and more likely to remain in the job offered by DDU-GKY training centres. The intervention has little to no effect on women's outcomes, but

substantially improve those of male trainees, which reduces the gender gap in dropout, placement, and remaining on the job. For men, the probability of being placed in a job after the intervention increases by 33% and that of staying in the placed job for at least 5 months after training increases by 46%.

The impact of the intervention is similar across trainees of different castes. However, job retention among the Scheduled Caste/Scheduled Tribes trainees until at least 5 months post training increases by 15 percentage points.

Figure 1: Outcomes in the control and treated groups



Policy recommendations

Our results show that trainees do not have a clear idea of the kind of jobs they will be offered at the end of the training. Most of them are over-optimistic about these jobs, expecting higher wages than those offered in typical DDU-GKY jobs. Trainees also tend to believe that jobs are located closer to their homes than they actually are. We show that these **misconceptions are responsible for part of the dropouts during the training**, as well as for trainees not accepting jobs at the end of the training when they learn about the specific characteristics of these jobs.

We think that generalising a simple information intervention like the one we rolled out in the 42 batches could contribute to bridge this gap in expectations. Trainees with misaligned expectations could leave the training earlier, so that other trainees could benefit from it. At the same time, such an

intervention would increase chances for trainees to accept jobs by the end of the training.

Extrapolating from our results, we think that instead of one session at the beginning of the training and one at the end, **it would be fruitful to bring the topic of jobs (along with accurate information about these jobs) on a regular basis during the training**, dedicating a few hours monthly in the curriculum for this purpose.

Where do these misconceptions about the nature of jobs come from?

While we can only formulate hypotheses, **we believe that part of the misconceptions might be formed during the mobilisation process.**

Training centres engage in a competitive process to mobilise trainees to join their centres. Mobilisers, who spend time in villages to inform rural youths about the existence of the programme, work for one training centre (rather than for the programme itself) and are compensated based on the number of youths that they bring to the training centre. This mobilisation model may contribute to create wrong expectations regarding the kind of jobs one can be offered after a DDU-GKY training.