



# **An Approach Paper for Setting up a** **Sector Skill Council**

## **1. Introduction**

Fast growth, competitiveness and social stability depend on skill development. India's industrial growth is picking up at a time when industry's ability to absorb unskilled rural migrants has been lost in history. A few aspects stand out in any analysis of India's skill landscape:

- a) To compete in the open domestic economy, leave alone the global market, companies need to achieve standards that can be delivered only by trained manpower working on sophisticated machines that run to precise algorithms. Even in the service sector, workers need a whole lot of skills to become part of the modern economy, even if it is confined to social graces and discipline. Untrained, unemployable youth can easily turn to crime or be mobilised by political parties that thrive on hatred of 'the other.' Skill development is a national priority.
- b) The phenomenon of educated unemployed in a fast-track economy is peculiar to India. According to a 2005 NASSCOM-McKinsey World Institute study, over 75 percent of engineering and 85 percent of arts, science and commerce graduates in India are unemployable. Neither is the education they are prescribed up-to-date, nor are they taught marketable skills during their three-four years in college.
- c) Sixty years after independent India adopted the centrally planned model of economic development, the productivity of Indian industry and the labour force in particular, is abysmally low, the inevitable outcome of continuous neglect of vocational education and training. Consequently despite hosting the world's largest working age population and labour force, the Indian economy which for the past decade has been averaging unprecedented annual GDP (gross domestic product) growth rates of 8-9 percent, is experiencing the paradox of a massive — and growing — shortage of skilled and sufficiently trained personnel in agriculture, manufacturing and service industries. Confronted with the highest in-service employee training costs worldwide, intensifying shortage of skilled workers and rising wages which are jeopardising India Inc's cost-competitiveness in world markets, alarm bells have begun to ring in somnolent government offices and the councils of Indian industry.
- d) In India very few young people enter the world of work with any type of formal or informal vocational training. Indeed the proportion of formally trained youth in our labour force is among the lowest in the world. Currently the VET system has the capacity to train only 3 million youth against industry's requirement of 13 million annually. (Source: Education World Feb 2010)

Taking cognizance of this challenge and opportunities, the Government of India launched coordinated action for skill development which is envisioned to be a major initiative for inclusive growth and development and it consists of a conglomeration of programs and appropriate structures, of which National Skill Development Corporation (NSDC) is an important part. Government and Indian industry bodies like CII, FICCI, ASSOCHAM teamed together to set up NSDC. Indian Industry holds 51% stake and 49% is held by Indian Govt. This Organisation (NSDC) has been mandated by Indian Govt. to “catalyse” (advocate, create, fund, facilitate and incentivize) skill development in India. It has Prime Minister’s mandate to skill 150 million people in India by 2022. NSDC intends to address these issues on two tracks. Firstly, for building capacity in the VET segment, it is encouraging private sector investment and initiatives (in profit as well as non-profit enterprises) in training and skill development in 20 high growth sectors and the huge unorganized sector.. It has been provided a seed corpus of Rs.1, 000 cr. by Govt to start the process. Secondly, NSDC is tasked with developing an enabling environment for skills development, including support for (i) clarification of sector-specific competencies/skills through promotion of Sector Skills Councils (SSCs), (ii) quality assurance such as independent third-party accreditation of trainees’ skills acquisition; (iii) capacity development for skills development institutions/ such as curriculum and standards, faculty development, and so forth; (iv) trainee placement mechanisms, and (v) monitoring and evaluation, supporting systematic collection and analysis of data about skills development, including employer feedback regarding the quality of NSDC trainees. To ensure a strong private sector training supply, NSDC will facilitate establishment and growth of private “train the trainers” centers where instructors will be updated with the latest sector-specific skills and competencies required, using current equipment and technology, and modern training techniques.

Today, industry realises the criticality of skill development for every industry vertical, and all Industry Forums evaluate how industry could participate in skill development initiatives. The best option for industry sectors is to set up SSCs to complement the existing vocational education system for the Industry Sector in meeting the entire value chain’s requirements of appropriately trained manpower in quantity and quality across all levels on a sustained and evolving basis. Sector Skill Councils are national partnership organizations that bring together all the stakeholders – industry, labour and the academia. The SSC will operate as autonomous body. It could be registered as a Sec 25 Co, or Public Limited Co. Funding is initially done by the government. As it grows, the SSCs become self funded, for-profit organizations. This initiative has been adopted by a few leading economies, such as Canada, UK, Australia, New Zealand, Netherlands, South Africa, who have been successful in addressing their country’s human resource development needs.

This Approach Paper is only to be read as a guideline. Industry sectors are free to design SSCs as per their Industry requirements, within the framework of the mandate given for SSCs in National Skill Development Policy, 2009, and enumerated later in this Document.

## 2. Objective of Setting up SSC

SSC will strive to complement the existing vocational education system for the Industry Sector in meeting the *entire value chain's requirements of appropriately trained manpower in quantity and quality across all levels on a sustained and evolving basis*. Thus, the SSC of every Industry sector *must have the active support of all major players of that sector*, in order to be successful in its role. The SSC proposes to complement the existing vocational education system and address the skill gaps through the following activities

1. *Conducting research* – Building up skill inventory database for the industry sector, skill-wise, region-wise, reviewing international trends in skill development and identifying skill gaps and technology to be taken up for teaching
2. *Improving the delivery mechanism* –Partnering with educational institutions to train trainers and upgrade skill sets of existing industry employees, and those in the industry value chain, e.g., dealer and service networks.
3. *Building quality assurance* – Setting up a robust and stringent certification and accreditation process for industry sector facing skill development institutes to ensure consistency and acceptability of standards.

### *Exhibit1: Key Tasks of SSC*

<b>Conducting Research</b>	<b>Delivery Mechanism</b>	<b>Quality Assurance</b>
<ol style="list-style-type: none"> <li>1. Create skill database</li> <li>2. Develop sector specific competency standards</li> <li>3. Act as Career Guidance Centre for Industry</li> <li>4. Benchmark international standards</li> <li>5. Productivity analysis of human resources</li> <li>6. Identifying 'technology' to be taken up for teaching</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop &amp; update existing course modules</li> <li>2. Train trainers in Industry &amp; Institutes</li> <li>3. Train existing employees</li> <li>4. Develop training delivery mechanisms.</li> </ol>	<ol style="list-style-type: none"> <li>1. Streamline certification framework</li> <li>2. Certification tests for employees</li> <li>3. Certification test for trainers at institutes</li> <li>4 Accreditation of sector specific and related courses</li> </ol>

## **2.1. Alignment with NSDC Mission**

The National Skill Development Policy 2009 mandates that NSDC would constitute Sector Skill Councils (SSCs) with following functions:

- Setting up LMIS to assist planning and delivery of training
- Identification of skill development needs and preparing a catalogue of skill types
- Develop a sector skill development plan and maintain skill inventory
- Developing skill competency standards and qualifications
- Standardisation of affiliation and accreditation process
- Participation in affiliation, accreditation, standardisation
- Plan and execute training of trainers
- Promotion of academies of excellence

SSC will endeavour to fulfil the roles and responsibilities as laid down by NSDC. Further, they will be in conformation with the overall objective and mission of NSDC, as shown below:

- **Student population targeted** – SSC will primarily be a testing and certification institution rather than a training institution for students. However, SSC in association with other institutions (e.g. ITI) will impart training to trainers for vocational schools and industry, for building capacity and upgrading skills of existing workforce. SSC will provide certificates to successful candidates and will ensure acceptance of the qualification by the industry. Assessment of training and providing credible certification will allow employers to use it as a proxy to fast track job applications.
- **Number of new skilled manpower trained in the next 10 years** – SSC will map the requirement of additional workforce over the next 10 years, and will train adequate number of trainers through an outsourced model where it will receive infrastructural and operational support from

participating ITIs and other institutions. Also, SSC may also retrain employees and sales personnel in partnership with regional institutions (e.g. ITIs).

- **Number of manpower up-skilled in the next 10 years** - In the industry sector, SSC will map the present skill gaps in quality and quantity of manpower, over a 10 year cycle. It will upgrade skills of existing manpower and improve skills of qualifying manpower to address the existing skill gaps.
- **Leveraging NSDC as a partner** - The NSDC will support the funding requirement and it will be represented in the project implementation.
- **Creation of industry utility** -. The SSC would not only train trainers but also will create utilities in terms of accreditation and utilise industry infrastructure. It would also be able to charge consultation and research fees from the industry players and institutions and thus generate additional revenue.
- **Leveraging existing infrastructure** – SSC proposes to leverage existing infrastructure of industry as well as public infrastructure and facilities for its training initiatives.
- **Industry Partnership** – The industry will need to commit itself to the initiative by signing an MOU with SSC to ensure industry participation. The industry will contribute further by participating in course content development, offering more apprenticeships to students, providing trainers for courses where there is shortage of qualified trainers and recruiting trained manpower from SSC affiliated institutions. SSC will enter into MoUs with select corporate houses to ensure the above.

The National Skill Development Policy clearly specifies National Vocational Qualification Framework (NVQF) will be created with an open/flexible system which will permit individuals to accumulate their knowledge and skills, and convert them through testing and certification into higher diplomas and degrees. The Govt has unambiguously stated that the SSCs will provide their sector specific competency frameworks, which will feed into the NVQF. The NVQF, in turn, will provide various quality assured learning pathways having standards, comparable with any international qualification framework. Alongside, the policy also states that a framework of accreditation and infrastructure for information dissemination around measurable criteria on institutions will be created. Ratings of public and private

institutions would be put on public domain. SSC will play a pivotal role in setting up the NVQF for the industry sector, and in rating the public and private training institutes.

Further, SSC can oversee changes in course and curriculum structure; introduce short term courses to train unskilled manpower into semi-skilled / skilled manpower, assist in establishing “Centres for Excellence in Industry” and training clusters around various cities/ towns depending on manpower requirements in the areas and co-ordinate with other government agencies and institutions to implement changes. SSC will also perform as a career guidance centre, which will channelize candidates into jobs, apprenticeships and training. SSC will thus function as the apex body focussing on skill development for the industry sector as well as coordinate the efforts of various agencies in the area of skill development.

### 3. Operational Overview

#### 3.1. Overview of Activities

SSC will strive to complement the existing vocational education system for the Industry Sector in meeting the entire value chain's requirements of appropriately trained manpower in quantity and quality across all levels on a sustained and evolving basis. SSC proposes to complement the existing vocational education system through the following activities

1. Conducting research
2. Improving the delivery mechanism
3. Building quality assurance

#### **Research:**

The purpose of the Research Wing of the SSC is to be the knowledge repository of the Industry Sector in the area of Skill Development. The main responsibilities of the members of this group will be research on the current requirement of skill development in the industry, review the supply of skilled personnel, identify shortfall in numbers and skill sets, identify trends and future requirements and benchmark international practices. In particular, the Research wing will undertake the following activities:

1. **Create skill database**
  - a. Collate and disseminate labour market information with respect to number of people getting direct and indirect employment in various areas of the industry, number of people with specific skill sets like receptionists, welders, fitters, loaders etc, number of people getting trained in various skills sets at various levels (ITIs, Diplomas etc) at a national level as well as at regional levels
  - b. Identify current and future skill requirements, both in terms of numbers as well as in terms of types of skills at national and regional levels and investigating the underlying reasons for the same.
2. **Develop sector specific competency standards and certifications**
  - a. Collaborate with the industry to map typical job profiles, their occupational standards(detailed listing of all activities that a worker must perform in the occupation) and competency standards (detailed listing of knowledge, skills and attitude that a worker must possess to perform a task). These competencies can be both technical skills as well as soft skills.
  - b. Establish minimum standards / grading for competencies required for each of the job profiles / roles in the industry, and the career path for all role holders.
  - c. Set up certification levels for each competency standard.

**3. Act as Career Guidance Centre for the Industry Sector**

- a. The Research wing shall also use its knowledge repository to provide guidance to people in the industry to choose and develop their career paths by sharing with them the possible areas of development / expertise where people can grow, sharing sources of such knowledge and their future potential.
- b. The Research wing can also help industry personnel pick up cross functional skills which will be valued in the industry.

**4. Benchmark international standards and Productivity Analysis**

- a. This group will also perform research on other countries with more developed industry like the Australia, UK, US, Germany etc to identify practices in skill development which can be adopted by the Indian industry.
- b. The group will also look at the contents of courses in these countries so as to identify new areas of skill development which can be brought into the industry.
- c. Among other things, the group should perform analysis of the productivity levels in other countries, compare them with India and identify reasons and corrective actions for the same.

**5. Identifying ‘technology’ to be taken up for teaching**

- a. The Research function, with research from the industry and other countries, will identify upcoming technologies in the industrial sector and determine technology specific skills that may need to be developed in the near future. It will detail out the coverage of such skill sets both on the technical skill and soft skill front in terms of the subjects to be covered, the depth of coverage required, the level of practical exposure required etc.

**Delivery Mechanism:**

The Delivery Mechanism function of the SSC will focus making the training delivery mechanism in the industry more robust and appropriate to the requirements of the industry. The main responsibilities of the members of this group will be to help improvise the training delivery system, develop and update training modules and impart training to trainers, institutes, and existing industry employees. In particular, the Delivery Mechanism function wing will undertake the following activities:

**1. Train trainers in Industry & Institutes and existing employees**

- a. This group shall conduct trainings in the area of management, technology, industry specific knowledge skills, soft skills, train-the-trainer modules for trainers in the industry and training institutes as well as existing employees. The trainings can be imparted at beginners, proficient or expert levels and may be either generalized or specializing in

particular topics. In particular, trainers will be trained for ITI, ITC, Polytechnic and Vocational Training Organisations.

**2. Deliver skill specific training and trainer modules.**

- a. The group will also identify critical skills for the industry both where the numbers are falling extremely short as well as where the skill sets are not up to the mark and accelerate bridging of gaps by focusing on the delivery of these specific modules both for trainers as well as employees.

**3. Develop training delivery mechanisms including e-learning modules**

- a. The group will study the training delivery mechanism in the industry and identify the gaps in terms of infrastructure, its reach, and methods of teaching, quality of trainers, course content, industry exposure and work towards bridging the gap by the development of new delivery mechanisms like e-learning modules to enhance the reach of training.

**4. Other activities which can enhance the quality and capacity**

- a. Sharing of work place experience, machinery and equipment
- b. Support by way of physical, financial and human resources
- c. Facilitating employment of trained graduates
- d. Implementing apprenticeship schemes
- e. Promotion of academies of excellence

### **Quality Assurance**

The main responsibility of the Quality Assurance group of the SSC will be to evaluate the implementation of skill development for its adherence to the set standards and provide certification for the same. Apart from providing certification of skill sets to employees, trainers and sales and service centres, it will also provide accreditation to various training courses in the industry. Its specific responsibilities will include:

**1. Streamlining certification framework**

- a. Based on the competency and qualification frameworks developed for the industry, the group will develop skill-wise certification levels e.g. welder, fitter, etc, function-wise e.g. production supervisor, maintenance engineer etc and may assign grade according to the competency achieved in each of these spheres.

**2. Certification tests for employees, and trainers at institutes**

- a. The group will also organize certification tests for employees, trainers at institutes and issue certifications which will be as per industry requirements and accepted by the industry.

**3. Accreditation of training organizations**

- a. The Quality Assurance group, with support from the Research and Delivery Mechanism groups, will develop criteria for the assessment and evaluation of any training delivery mechanism. Based on this framework of assessment the group shall provide accreditation to courses being run by various institutes. The scope of accreditation will include approving the course content, minimum infrastructure requirements, certification of faculty, and the level of practical exposure among other key criteria.

### **3.2. Organisation Structure**

SSC can be headed by a CEO & Managing Director, and s/he can be assisted by three Directors, namely Director – Research, Director – Curriculum and Training and Director – Accreditation. The CEO should ideally have over twenty years work experience, preferably with a background in the industry and have worked with skill development initiatives. The Directors should have over fifteen years work experience, preferably with a background in the industry and subject matter expertise in their respective functions. However, this organisation structure is only indicative, the final organisation structure can be decided by the Governing Council during the evolution stage and the roles and responsibilities, role profile and recruitment criterion can be detailed then.

The CEO will report to a Board, consisting of technical members from the Government, key association members, and leading industry figures, and can include professional & trade association members. The Board can be chaired by the President, an industry luminary, who may be selected by members of the Industry. The memorandum of association highlights the composition of the Board. Similarly, each of the Directors (Director – Research, Director – Delivery Mechanism and Director – quality Assistance) can be assisted by a board of 8 members comprising of reputed members of the industry and academia to discuss their findings and strategy. The individual Boards will be constituted only after the respective Directors have been appointed. This will ensure that strategic decisions are taken ably guided with a knack of predicting the future scenario of the sector.