

#### 4. NATIONAL SKILL COUNCIL: VISION, STRATEGY AND CORE PRINCIPLES

##### 1. VISION

- (a) **Massive Ambition:** Our aspirations must exceed our current resources. Our vision should create 500 million skilled people by 2022.
- (b) **High Inclusivity :** We must design the skill system for inclusivity and to deal with the divides of gender, rural / urban, organized / unorganized employment, and traditional / contemporary work place.
- (c) **Dynamic and Self-healing :** The system must be designed so that supply (trained candidates) adjusts dynamically to changes in demand.

##### 2. STRATEGY

- (a) **Folding the future in:** If we start from our current position, we are likely to extrapolate. Folding the future in allows us to innovate.
- (b) **Skills must be made Fungible :** The rigid boundaries between categories of Education e.g. diplomas and degrees has created a structure of rigid "caste systems" within education. This must be transformed into a more open / flexible system that permits competent individuals to accumulate their knowledge and skills, and convert them through Testing and Certification into higher diplomas and degrees.
- (c) **Skills must be made Bankable :** We must make the process of skill acquisition bankable, especially for the poor. This will force a demand driven approach.
- (d) **Co-created Solutions :** The States and Districts within States are in various stages of development. We have to accept a very asymmetric India as a starting point. We have to work with States, civil society and community leaders. Public-private partnerships are only one part of the broader concept of co-creation.

- (e) **Game-changing Delivery / Innovation** : To give an example, the Planning Commission proposal conceives setting up 50,000 Skill Development Centers over the plan period. If we need to game change delivery, an alternative model could be to make available very public institution above the high school level, numbering over two lakhs in the country, after class hours for skill development by the Private Sector. Necessary regulations could be brought in by the local management authority of the particular educational institution. It would immediately make available the stock of public investment to combine with private sector capacity thereby helping the private sector to generate skills at lower costs, as it will not have to invest in buildings for skill training.
  
- (f) **Multi-lingual Instruction; English as a Vocational Skill** : English is a vocational skill. It substantially improves labour mobility and improves employment outcomes since English is now like Windows, an operating system for business. Accelerated English learning classes must be included in Vocational training curriculums and attempts must be made to incentivize English instruction.

### 3. CORE OPERATING PRINCIPLES

- (a) **Government Money must target Market failure; No need to crowd out or complete with private financing** : Private resources are becoming available in specific industries and functions. The 19 Central Ministries and their budgets must target the massive market failure in vocational training for labour market outsiders (less skilled, less educated, people from small towns, women, women coming back from a child break, etc) mostly via funding innovations.
  
- (b) **Decentralize; Encourage and Incentivize States to form Skill Missions** : Most Delivery systems (ITIs, Employment Exchanges, Employment Officers, etc) are controlled by States. States must be incentivized to set up missions that do not undertake delivery but as an aggregator and aligner of skill efforts. Activities for the mission include funding public and private delivery, underwriting apprenticeships, introducing performance management systems for skill delivery, revamping Employment Exchanges, Creating an Asset Bank, Activating SCVTs, etc.

- (c) **Do not use money for Building or Hard Assets** : Very little of the massive increase in funds for skill development in the 11<sup>th</sup> Plan should be used for building or hard asset creation. The system today does not have a hardware problem but a software problem. Additionally there are many government buildings (both centre and state) that could be put into an asset bank (with no transfer of title or ownership) and used for private and public delivery.
- (d) **Focus on Modularity, Open architecture and Short Term Courses; do not reimburse for courses more than six months** : Vocational training cannot replace what should have been taught in schools. The current phase of reform (next five years) should focus on short, relevant and effective courses that get candidates into the workplace. The Ministry of Labour has evolved a framework called the Modular Employability Scheme (MES) that is more nimble and must replace all traditional NCVT curriculums. Requiring longer courses to emerge by welding together modules keeps the system dynamic and open to feedback. But the repair pipeline will run dry if the prepare pipeline is not fixed and skill efforts must be accompanied by a huge dose of education reform.
- (e) **Separate financing from delivery; Make public money available for private and public delivery** : Today government money is only available for government delivery. This lack of choice and competition (between delivery models and methods) blunts incentives to make the system effective, scalable and self-healing (real time feedback to curriculum based on demand). The principle of "let a thousand flowers bloom" in the context of business models, pedagogies, delivery technologies and methodologies must be encouraged.
- (f) **Link financing to outcomes; overwhelming metric should be jobs** : Today public and private training is financed largely on input metrics No. of courses, no. of students, faculty etc. Unlike education, outcomes in vocational training are easy to measure binary; it either leads to a job or not. We need to move all government financing linked to placement ratios and outcomes. Subsidiary metrics

could be drop out ratios and entry / exit gate assessment distance.

- (g) **Use Candidates as financing vehicles rather than institutions; Create choice and competition** : The bulk of the financing must be made available directly to candidates rather than to training institutions. This could be structured as a scholarship, skill voucher, outcome based reimbursement, etc but candidate choice is crucial to creating competition and making the system self-healing, effective and scalable.
- (h) **Create infrastructure for on-the-job-training; Encourage Apprenticeships** : Formal training is powerful but formal apprenticeships are a powerful vehicle for skill development because of "learning while earning" and "learning by doing". The enabling infrastructure for large numbers of formal apprentices needs to be built that includes modifications to the Apprenticeship Act, Integrating the MES scheme of DGET, equipping Employment Exchanges to offer matching etc.
- (i) **Create Infrastructure for Information Asymmetry; Publicize Rating and Outcome Information for Training Institutions** : Most candidates today are making training choices without any information around outcome metrics (largely jobs). We need to create a framework and infrastructure for information dissemination around key metrics for public and private training institutions. The framework would include a voluntary rating and participatory ranking system that would be different from current accreditation framework.
- (j) **Infrastructure for Effective Entry / Exit gate; Effective Assessment and Credible Certification** : Today both entry and exit gates for vocational training are wide open. But assessment is more important than training and an entry gate must be effective at "binning" candidates into various pools. The exit gate must serve as credible certification that would allow employers to use it as a proxy to fast track job applicants. Credible certification greatly reduces friction because of the "signaling value".

- (k) **Restructure Employment Exchanges to Career Centers :** Employment Exchanges need to be restructured as aggregators who will channelize candidates into jobs, apprenticeships and training. They will need to be equipped with capabilities for assessment, career counseling, training registration, electronic registration, call and email handling etc.
- (l) **Expand Formal Employment :** Formal employment is not only fiscally attractive but more amenable to financing innovations, has more effective matching and a higher "corridor" effect from improved employability. This will require a review of existing state and central legislation that encourages or amplifies informal or unorganized employment.

#### **4. APPROACH TO METRICS**

- (a) **Diversity of Skills (Number of Skills) :** There is a need to identify, catalog and project the range and depth of skills e.g. Traditional, Industrial-era and Post-Industrial era skills to understand and present the vast array of skills that individuals can choose from.
- (b) **Talent Pool (Number of Skilled):** The ultimate measure is the "500 Million" we are envisioning. The idea is to track the population of, skilled, not to go down the path of estimating needs etc.
- (c) **Employment Outcomes (No. of Jobs) :** Vocational education must ensure a job for those that seek it. The conversion rate must be an anchor metrics for all spending and institutions.