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8th GSS

GLOBAL SKILLS SUMMIT 2015

10 September, 2015, New Delhi

SKILL INDIA-BUILD INDIA

Post Conference Recommendations

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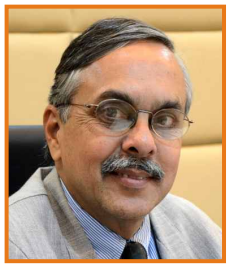
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Foreword



Dr. A Didar Singh
Secretary General
FICCI

In 1932, Mahtma Gandhi in the 4th AGM of FICCI had called the industry as the '**Trustees of Society**". This statement entrusted the industry with the immense responsibility of wellbeing and prosperity of the nation.

In order to achieve the twin targets of economic growth and inclusive development, India's GDP has to grow consistently at 8% to 9% per annum. With a young demography of 65% of population below 35, FICCI recognizes that Skill Development is imperative for not only achieving India's ambitious growth targets but also for meeting the aspiration of our youth, ensuring overall peace and prosperity of the nation. Skilling India is the biggest challenge facing the country today and therefore is a shared responsibility for all stakeholders concerned.

In a nation where about 4% population is vocationally trained, transforming the skill ecosystem to become aspirational and making it responsive to needs of both industry and society will require an overhaul of the existing system. Although the foundations for skilling in India has been laid on Sector Skill Councils (SSCs), which is employer led with government taking a supportive role, industry engagement is still limited to few large players in the country. This has created a chasm between industry (Particularly SMEs), academia and training institutions. Consequently job requirement and Job placementsare disconnected with the training ecosystem. The challenge is further aggravated as the industry is not yet convinced to pay the skill premium to SSC certified trainees.

The 8th edition of Global Skill Summit "**Skill India-Build India**" was designed to deliberate the need for 'Skill India Mission' in context of '**Make in India**' and '**Digital India**'.

These sessions were complimented with a session on **Entrepreneurship in Skills** and **Public Private Partnership in Skills**. The post Conference report prepared jointly by FICCI and KPMG delves on the possible synergies and suggests actionable roadmap identifying roles and responsibilities for each stakeholder. FICCI on its part commits to facilitate interface with industry members to create demand led skills programs, labour market information systems, mobilization and monitoring of trainees and training institutes, employment linkages for the trained youths and apprenticeship opportunities.

Foreword



Narayanan Ramaswamy
Partner & Head- Education and Skill Development
KPMG in India

The skill development initiative by the Government of India has received impetus thanks to the ownership at the highest level which has resulted in formation of a separate ministry, The Ministry of Skill Development and Entrepreneurship. Add to that the young population available that are ready to be skilled and a demand for skilled labour from the industry. Considering these factors the skill development mission could redefine the skill landscape of the country by providing employment opportunities to the youth, giving them dignity of labour and leading the country towards the rapid economic growt has envisaged by the Prime Minister. In more ways than one, Skill India will act as the catalyst for other major initiatives such as Digital India, Make in India, Smart Cities and Swachh Bharat Abhiyan.It is important to recognize the interdependence of these initiatives and active involvement of various stakeholders in making it happen.

Equally important is to recognize that government alone cannot make this happen. Industry, private players, academicians, training partners, Ministry of Skills Development and Entrepreneurship,Sector Skill Councils, NGOs/CSOs and larger community need to come together to work towards creating this continuous supply of skilled workforce within India and abroad. Industry, particularly need to invest in this initiative and employ skilled workforce at a premium. Setting standards and quality - both in training and assessment will be crucial. This should be in tandem with the industry requirements to reduce the skill mismatch which is existing in the country. Initiatives such as National Skills Qualification Framework (NSQF) is much needed and should be embraced by the regulator, academia and industry.

Training partners are the fulcrum of the Skill India initiative. Training partners need to come up with innovative models to deliver at minimum cost. They need to collaborate with various stakeholders - state governments in youth mobilization; industry for internship and placement; assessment agencies, funding agencies, apex bodies such as MSDE, NSDC, NSDA, SSCs etc.

I believe skill development courses should be initiated at the school and college level and integrate them with the main curriculum, so that the students have practical orientation along with the theoretical background. Public-private partnership models could be explored, wherein the government lays down the rules and the regulations leaving the execution responsibilitywith the private sector.

Lastly, the Startup India program should be looked at as a big accelerator for the Skill India program. Entrepreneurscan generate new employment opportunities - which are local with significant scope for career growth.

Overall, collaboration, innovation and optimization emerge as mantras for Skill India program to succeed - which is key for the country's ambitious economic growth targets.

I would like to thank Federation of Indian Chambers of Commerce and Industry for providing KPMG India an opportunity to act as the knowledge partner and release this document highlighting the deliberations and recommendations from the 8th Global Skills Summit 2015.

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Introduction



(L-R: Ms Shobha Mishra Ghosh, Sr Director, FICCI, Mr Sanjiv Duggal, Co Chair FICCI Skill Development Forum and CEO & Director, Centum Learning Ltd., Mr RCM Reddy, Chair FICCI Skill Development Forum and MD & CEO, IL&FS Skills, Dr A Didar Singh, Secretary General, FICCI, Dr Kamal Haasan, Chairman, Media & Entertainment Skill Council, Mr. Mohan Das Pai, Chairman, Manipal Global Education Services Pvt Ltd; Mr Andreas Schleicher, Director of the Directorate for Education and Skills, OECD, Mr Dilip Chenoy CEO & MD, NSDC and Mr T Muralidharan, Co-Chair, FICCI SDF & founder & Chairman Chairman TMI Academy at the Opening Session)

To leverage India's demographic dividend more substantially and meaningfully, the government launched the "Skill India" campaign which aims to provide a job-ready workforce to the industry to ramp up productivity and ultimately propel economic growth. This ambitious initiative can succeed only when business and industry players take leadership, as programmes and policies alone will not help the government in achieving its target of skilling 402 million people between now and 2022.[1]

Recognizing the need and importance of a highly skilled workforce, FICCI launched a Skill Development Forum in 2008 which provides a platform for all the stakeholders to discuss and debate the skill development policies, strengthen interface with the government on skill related issues, interact with the stakeholders and put forward the views of the private sector and the vocational training providers.

Academic and vocational education has to go hand in hand to create value added jobs, entrepreneurship opportunities, and high quality of initial and lifelong learning.

[1] *National Policy for Skill Development and Entrepreneurship, 2015*

Involvement of employers become crucial to address the issues of skill mismatch and evolving demand for skilled workforce. Employers must also provide a favourable environment to employees, allowing them to adapt to learning which is linked to their lifestyle.

Given the fact that India is labour rich economy, it cannot only fulfill its own requirement but also cater to labour shortages in other countries, there is a clear opportunity to train India's labour force in globally competitive skills. Investments in skill development should be preceded by research to identify quantum and nature of skilled labour demand. The analysis should focus on domestic and targeted global demand clusters with an in-depth understanding of sub-sectors and priority trades. This would help in addressing the challenge of increasing mismatch between the demand and supply of the skills. A skilled workforce is a critical element for making India competitive globally. Further, different states have different skill requirements. Thus, there should be enough scope and support given to states to revise and modify policies and schemes as per their requirements. This would help address the challenge of skill mismatch in various industries that drive the state economy and achieve their vision.

Skill development through vocational education or training is incomplete if not supplemented with basic literacy, numeracy and other essential soft skills for working in a team. Given that the Indian labour force is characterized with a large number of school dropouts, a broader scope for skill enhancement is essential.

Skill India not only becomes imperative to reduce the overall skill gap existing in the country and worldwide, but also becomes crucial for other initiatives such as Digital India, Make in India etc. to succeed.

1 Skill India for Digital India

1.1 Background

Digitization of India is long overdue and with an enviable demography it becomes both an opportunity and a challenge for the country. Technology is making rapid strides, decreasing the dependence on manual labour but there is also a growing dearth of skilled manpower. Digital India initiative will act as an enabler to push forward the agenda of getting the workforce 'digitally' skilled and through information technology, empowering the citizens, bridging the rural-urban divide through digital literacy, improving the government services and access to digital infrastructure.

With a vision to transform the entire nation into a digitally empowered society and a knowledge economy, Digital India centers on three key areas:

1 Digital Infrastructure as a Core Utility to Every Citizen,

2 Governance and Services on Demand and,

3 Digital Empowerment of Citizens

With an estimated overall cost of Rs. ~100,000 crore in ongoing schemes and Rs ~13,000 crore for new schemes and activities, Digital India aims to create 1.7 crore direct and 8.5 crore indirect jobs by 2019[2].

The three main industries which would ensure the success of Digital India are IT-ITES, Electronics and Telecom. Increasing demand for electronic and IT hardware products is expected to touch the INR 24 lakh croremark by 2020. With imports of electronic products expected to touch the INR 18 lakh croremark by 2020, the goal is to make continuous efforts to encourage the domestic manufacturing sector.

The Department of Electronics and Information Technology (DeitY) has approved a scheme for "Skill Development in ESDM for Digital India" to skill 3, 28,000 persons in

[2] *CMAI Association of India- www.cmai.asia*/digitalindia/*pdf/Digital-India-DeITY-Details.pdf*

the ESDM sector. Moreover the amount of job creation due to Digital India would attract more youth to train under various industry-aligned courses under NSQF to fulfill the job openings. Training Bodies would also be interested to align their courses according to the demand and also setup higher quality of infrastructure.

Emerging technologies and increasing employment opportunities mandates adequate focus on up-skilling the existing workforce. By introducing Massive open online Courses (MooC) which gives the students the liberty to access quality education from anywhere as long as they have an internet access would ensure affordable and quality education striving towards Skill India. With the introduction of online assessments, students would be able to undertake quality assessments and obtain online certificates. The digital process of learning and assessment would enable students to acquire skills which would have been tough for them to access through in-person learning.

A synergy between Digital India and Skill India has to be achieved by using technology as a platform to design programs targeted at fulfilling the mandate of this initiative. The nine pillars of Digital India (Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, E-Governance, eKranti, Information for all, Electronic Manufacturing, IT for Jobs, Early Harvest Programmes) would require skilled manpower especially in the Electronics, Telecom, IT-ITes and Logistics Sectors.

The government has launched a host of initiatives such as e-governance, online portals like www.mygov.in for dialogue between the government and the citizens, a mobile application for the coveted Swaacch Bharat campaign, e-hospitals and setting up BPOs in North-Eastern states among many others. Such large scale digitization would reduce operational costs, time of both the citizens and the government and ensure economies of scale. Thus it is important to create a proper and effective bridge between Digital India and Skill India.

Impact of Digital India

The impact Digital India is contingent upon proper and timely implementation

Connecting villages with broadband facility: By 2019 this programme aims to ensure broadband in 2.5 lakh villages with universal phone connectivity.

Reduction in electronics/telecom import: Digital India aims at net zero imports by 2020[3] which means, through Digital India the total electronics/telecom imports which stands at almost 90% today, would get reduced.To achieve the net zero import, skills development opportunities lie in the focused areas such as FABS, Fab-less

[3] *CMAI Association of India- www.cmai.asia/digitalindia/pdf/Digital-India-DeITY- Details.pdf*

design, Set-top boxes, VSATs, Mobiles, Consumer & Medical Electronics, Smart Energy meters, Smart Cards and Micro-ATMs. Incubating entrepreneurship in the focused areas and creating world-class manufacturing units and training centers would be essential to meet the increasing local demand. Skill India would complement this growth by providing necessary training facilities, centers and skilled workforce to sustain the manufacturing units.Also coordination would be required in terms of taxation, incentives, economies of scale and elimination of cost disadvantages.

Cheaper goods: Domestic production and skilled workforce will eventually lead to availability of quality products at a lower price. With the workforce of over 4.3 million in 2013, it is expected to reach 8.9 million by 2022 in Electronics and IT Hardware, whereas, the Indian IT &ITeS industry directly employs about 3 million and 9 million indirectly at present and is expected to employ about 5.1 million people by 2022[4].

Increase in GDP: These three industries are pivotal for Indian economy. The IT &ITeS sector's contribution to GDP has increased significantly from 1.2% in 1998 to ~8 % in 2013. Through integrating various schemes like Make in India, Skill India and Digital India, India would witness an increase in its GDP and grow continuously at 9%-10% per annum[5].

Creating more employment opportunities: The programme aims to create 1.7 crore direct and at least 8.5 crore indirect jobs. Impart training to 1.7 crore people for jobs and job creation in IT, Telecom and Electronic sectors.

Improved access to internet: ~400,000 public internet access points, Wi-Fi in 2.5 lakh schools and in all universities and public Wi-Fi hotspots for citizens.

Some of the major constraints and challenges that would plague the Digital India initiative is the unavailability of human resource who are capable enough to handle the digitally transformed services. Coordination issues would also arise as it would require commitment, effort and leadership for successful implementation of Digital India.

One crucial area to address is training the current manpower with changing technological advancements. For example, according to a KPMG survey, in the Electronics sector, the emergence of new technologies such as cloud computing and mobile applications have led to a shift in the labourneeds of the electronics and networking sector and new job roles are being created. The demand for software-related roles earlier has now shifted towards mobile applications. The demand for

[4] *KPMG Analysis*
[5] *http://inclusion.skoch.in/story/473/make-in-india-cant-succeed-without-digital-india-skill-india-773.html*

hardware technicians has been replaced with the demand for networking engineers. The electronics manufacturing scene is moving up the value chain-from electronic component and semiconductor designs to consumer/automotive/medical electronics and 3D printing of integrated electronic components, such as circuit boards. In the near future, the semiconductor manufacturing segment is likely to increase demand for highly skilled resources. Further, the rise of SMAC (social media, mobility, analytics, and cloud) and the convergence of technologies is also generating demand for multi-skilled resources.

Moreover, a boost to the manufacturing sector such as telecom, electronics etc. would also give impetus for the creation of a larger ecosystem with more number of SMEs/MSMEs who would supply goods and materials to larger companies. According to NSDC sector skill gap reports, Telecom sector would have requirement of 4.16 million, IT-ITes would have requirement of 5.12 million and Electronics and IT Hardware Industries would have requirement of 4.61 million of manpower by 2022[6]. Thus, Skill India's initiative needs to focus on the same. Onus would be to create the right environment for SMEs/MSMEs and provide them right training, capital support etc.

Training in latest technical knowhow will only be possible with a focused and concerted effort by both the government and the private players. Upgrading the existing ITIs with latest infrastructure, redesigning the curriculum and encouraging research and innovation in educational institutions would go a long way in digitizing India.

On the industry side, IT giants like Intel India launched its 'Digital Skills for India' programme which will benefit 5 million citizens by the end of 2015 with skills to compete in the global digital economy. While these initiatives bode well with the enthusiasm and fervor, the campaign was launched with the challenge to train the productive workforce by using technology and create skill programmes that can be easily accessible through digital means. For this to materialize, developing physical digital infrastructure is critical. Cloud-based platforms which are scalable can be used to catalyse the efforts of the initiative.

Thus, there is a need to align both the programs so that Digital India achieves its target with the support of Skill India by providing required trained manpower.

[6] *http://www.nsdcindia.org/nsdcreports*

1.2 Deliberations



(L-R: Mr. Mohan Das Pai, Chairman, Manipal Global Education Services Pvt Ltd,MrBijaySahoo, President-HR, Reliance Industries Limited, Mr R Chandrashekhar, President, NASSCOM, Mr Sanjay Murthy, Joint Secretary, Films, Ministry of Information and Broadcasting, GoI and Mr Sanjay Kapoor, Ex Chairman, Micromax Informatics Ltd at CEOs Panel: Skill India for Digital India Session)

- **Stakeholders need to work together:** While Digital India would play an enabling role, Skill India would provide the required resources in the form of trained workforce. For Digital India to succeed various stakeholders will have to work together to address the requirements of the industry appropriately. The government and the private sector will have to collectively create services and products.

- **Credibility of SSCs:** For Skill India to compliment Digital India, credibility of certification is important. Sector Skills Councils (SSCs) associated with sub-sectors need to reach out for more industry buy-in. On the other hand industry players need to be sensitized to recognize the credibility of certificates issued by SSCs and pay a premium for askilled worker vs an unskilled worker. Public sector employers' buy-in for valuing certified skilled labourwill also add credibility of SSC's certificate.

- **Rural Empowerment:** Another aspect of Digital India is rural empowerment. Digitization had a pivotal impact on the rural community. It empowers farmers by improving access to market information, innovation and medium of communication; even leading to the emergence of a whole new farming industry. Hence, there is a need to expand Digital India to rural India and let not be it only an urban phenomenon. Smart phones and smart devices have made rural India

independent and knowledgeable. Digitalization has also improved the connectivity of rural India with the remaining country. The demographics in rural India is categorized as: i) Digital Natives, ii) Digital Immigration and iii) Digital Aliens. Of these, digital natives would play a role of a catalyst for Digital India. Rural population will be empowered through Digital India and the role of rural youth in mobilizing the Digital India cannot be ignored. Very soon, companies like Flipkart would have a model to enter in the rural market as well, and this would be predominantly due to Digital India and greater connectivity.

- **A great equalizer:** For Digital India to succeed a fundamental shift is required and India will have to examine its biggest competitor China in this case. China has conquered the hardware industry, however India has its expertise in designing, research and development and high-end capabilities which needs to be exploited efficiently to bring a movement of software designers, hardware etc from China to India. Digital India would act as the biggest disruptor in a positive way. It would empower approximately 1.25 billion people, would connect markets globally and ensure level playing field. Digital India would provide and connect the marketplace and disrupt the entire supply chain. With the culmination of multimedia and various online applications the entire learning process has also become disruptive. People adopt new methods of learning online which is not only interesting but also easily accessible. Digitalization has led to disruption and innovation over the past few years which has had a positive impact on the society.

- **Impact on Education sector:** With Digital India gathering momentum and involvement of more stakeholders increase, new questions arise which require careful though and deliberation - What would be the impact of Digital India in the education sector? How would one ensure that three different entities which include the academicians, industry and people aspiring to be skilled would get connected and what are the strategies that will be adopted?

  Innovation is key! Change is happening at a rapid pace in terms of increasing assessment tools, online coding competitions, aptitude tests, increasing start-ups with disruption around. Academicians need to surf innovators online and connect students with them. Learning outcomes should be focused and there is a need to continuously watch out for innovation in the education sector. It would be the academicians who would and should lead the change. Digital India will have a phenomenal multiplier effect when each child will have a tablet to access and learn. A number of academicians in the audience expressed their concern by raising a question of will schools even exist with digitization. This was appropriately addressed by the panelists who mentioned that human interface will always be there and teachers will act as mentors irrespective of increasing

digital learning in schools. Pedagogy needs to undergo a change. Content and delivery is important which would always be done by the teachers. Though, degrees do not ensure that a person is skilled but it is still important worldwide and continue to be so.

1.3 Recommendations

- **Accessibility and Greater Connectivity:** Technology will not only facilitate mass training but will also substantially increase quality and effectiveness of the training. This can be achieved with increasing accessibility to interactive programs, run through various electronic media and bring gaming or fun portion to enhance learning. Technology will also help to measure the quality of training. To improve the accessibility and reach out to the masses, industry and private players will have to play a pivotal role and ensure greater connectivity in the rural areas and not remain just an urban phenomenon.

- **Unified and efficient technology platform:** The government needs to create a unified and efficient technology platform to ensure that both channels of communication, government-government and government- citizen are automated. This will also help the government to operate in consistent standards of efficiency, transparency and responsiveness.

- **Credibility of Certification:** Certification should have credibility and acceptability in the job market so the candidates are able to use it after completion of course to find a relevant job with a premium salary. SSCs have a critical role to facilitate industry buy-in, industry ought to recognize and pay a premium salary for skilled workforce and government will have to attach more credibility for the certificates issues by the SSCs.

- **Government as a curator and an enabler:** Government needs to build and create necessary infrastructure for executing Digital India and rest can be taken care by the industry and private players. Who needs to be trained, what are the skilling requirements etc. should be determined by the industry as per their requirements. An important aspect of Digital India will be to prepare the Government internally for its implementation. This will require the Government to enhance skills of its own staff. For Digital India to succeed, regulations should act as an enabler and not as a controller. The policies, permissions and regulations should be more industry-friendly and flexible, incorporating the views of various stakeholders so that it does not act as a deterring factor.

- **Synchronization and partnership of various stakeholders:** The entire eco-system of skill development, including the government, industry, private players, academicians, educational institutes, SSCs and workforce should work

in a coordinated manner. They should be connected and work holistically rather than operating in silos. Dissemination of appropriate information is crucial to achieve this synchronization. Perspective of the Telecom Industry, Connectivity Industry and Device Industry to be considered as they form an integral part of Digital India.

- **Standardization:** Government would have to play an active role in standardizing but not in isolation. Government should organize consultations, round-table conferences to get an overarching view of the industry players while setting standards and benchmarking this industry. For example: there is need for standardizing the animation, gaming and visual effect industry by benchmarking it against world standards.

- **Cyber security awareness:** Cyber security is a function of not only technology but also of practice. Therefore, as the activities commences in the digital space, a need arises to educate the stakeholders about cyber security. It would be the responsibility of the government to reach out to masses and spread awareness, whereas private players and industry would ensure cyber security within their companies and make it a practice to be followed rigorously. The transformation in the area of cyber security will automatically happen.

- **National Occupational Standards (NOSs) and Qualification Packs (QPs):** NOSs and QPs to be upgraded regularly within a time frame of less than a year. NSDC should ensure that the NOSs and QPs are updated on a regular basis. Industry's view point is crucial and they must be consulted while framing the NOSs and QPs, because ultimately it is the industry which would employ the skilled workforce.

- **Introduction of Skilling programs at the institutional level:** Skill development and skilling programmes needs to be introduced at the institutional level as Digital India would act as a foundation for Skill India. Academicians, educational institutes, industry players should work together to design a curriculum which could incorporate skilling at the institutional level.

2 Skill India for Make in India

2.1 Background

With a vision to transform India into a manufacturing powerhouse, the Government of India launched 'Make in India' programme in September 2014. The manufacturing sector in India has the potential to reach USD 1 trillion by 2025 and contribute approximately 25% to India's GDP. It also has the potential to create approximately 100 million jobs by 2022[7]. India with $2 trillion GDP and at 7.5%[8] growth has emerged as the fastest growing large economy in the world. The sustainability of such a growth rate of the overall economy will depend on a strong manufacturing sector.

While this thrust from government has the potential to create millions of jobs, it would be critical that government work towards creating a sustainable training infrastructure to cater manpower requirements emerging out of proposed investments. As per one of the recent surveys by KPMG, a significantly large number of employers cited lack of trained manpower as one of the major concerns for their growth aspirations.

If we look at some of the recent large announcements after "Make in India" initiative - in telecom or defense equipment manufacturing- we have limited credible training infrastructure which can cater the expected skilled man-power requirement for these set-ups. And, the gap will be far more worrying if even one-fourth of the proposed investments gets executed. Hence, it becomes critical that government and other stakeholders collaborate to create a successful and sustainable linkage between "Make in India" and "Skill India".

With an increasing demand for skilled force and an incremental human resource requirement across 25 sectors of Make in India campaign, Skill India becomes imperative for the achievement of Make in India. While Make in India looks to boost manufacturing in India and thus create more jobs, Skill India aims to provide a job-ready human workforce to the industry to ramp up productivity and ultimately aid

[7] *Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, National Manufacturing Policy*
[8] *The Central Statistics Office*

economic growth. Sectors like capital goods and heavy engineering, defense equipment, automobile, textile, construction materials, solar equipment, telecom and electronics good etc. would drive manufacturing activities in country and need a strong impetus in terms of creating sustainable training infrastructure to meet talent requirements.

Some of the critical factors that the government will need to address to work towards the common goal of providing skill workforce to achieve "Make in India" and invest significantly in Skill development includes:

- Government will need to find means to provide the funding support and this will require extensive private sector participation. For example setting up of a Multi Skilling Development Center (MSDC) may cost anywhere between INR 20-40 Crores and even one MSDC per district would need an investment of around INR 20000 Crores. Obviously this is just one part of investment targeting relatively higher level of skill sets the actual investment would be many times higher.
- The readiness of the various Sector Skills Councils, quality of training imparted at Industrial Training Institutes (ITIs). SSCs need to be strengthened in terms of manpower and resources to create required visibility among large employers particularly among small and medium enterprises. Currently many of the SSCs outreach may be limited and their ability to create consensus over QPs/NOS and visibility for assessment & certification will be crucial.
- Alignment of all training programs with National Skills Qualification Framework (NSQF)
- Creating sustainable engagement models with private sector and employers such as apprenticeship opportunities. While there are more than 1.5 Million seats in ITIs, poor infrastructure and lack of trained trainers has let down industry expectations. Hardly 10% of the trainers in ITIs have undergone the required trainers program.
- Issues like reforms in labor laws and minimum wages as per NSQF level are also critical and needs to be resolved to ensure there is a willingness at youth's part to seek employment in manufacturing sector.

The industry on the other hand can take various steps to collaborate with the government:

- Take a Skill pledge, partner with the government on Skill India mission
- Offer apprenticeship opportunities
- Inputs on QPs/NOS/QFs so that training is industry aligned
- Lend its infrastructure to training institutions for providing work place experience to trainees

- Recognize skilling/certifications and offer skill premium
- CSR funds focus on creating skilling infrastructure
- Send its people to teach in training institutions

It also needs to be understood that along with large industries and manufacturing units, there will be a huge ecosystem of micro, small and medium size enterprises coming up around these large manufacturing units. Hence, it would be important that government looks at creating and supporting entrepreneurship opportunities by providing capital support, market place, policy guidelines and required training. A cluster approach with targeted training capacity creation in manufacturing hubs' will be important. Consequently, stakeholders in training ecosystem would need to work closely with industry and policy makers.

With relatively low presence or lack of willingness of private players to invest in setting up training infrastructure for manufacturing sector due to large capital expenditure (Capex) requirement and longer gestation period- it's incumbent for government and industry to create a workable model. This is multiplied by the lack of aspiration at youths' to join these sectors due to perceived difficult working conditions, lack of wage premium and social security benefits. While there are certain initiatives by National Skill Development Corporation for engaging with private sector- much more needs to be done.

2.2 Deliberations



(L-R: Mr RCM Reddy, Chair FICCI Skill Development Forum and MD & CEO, IL&FS Skills, Mr Kishore Jayaraman, President, India & South Asia, Rolls Royce, Ms Naina Lal Kidwai, Past President, FICCI & Group General Manager and Country Head, HSBC Bank Limited, Dr Kamal Haasan, Chairman Media & Entertainment Skill Council, Ms Nirmala Sitharaman, MoS, Ministry of Commerce & Industry, GoI, Dr Jyotsna Suri, President, FICCI and CMD, Bharat Hotels, Mr Juvencio Maeztu, CEO, IKEA India and Mr Toshi Takahashi, Divisional Managing Director, Panasonic Welding India during Session: CEO interaction with the Minister Skill India for Make in India)

An integration between the Central government, State government and various other stakeholders is crucial for Make in India to achieve its targets. Private sector need to work in unison with the Government to ensure Make in India is a successful programme. The Government realized the importance of boosting skills amongst the youth leading to the emergence of a separate Ministry of Skill Development and Entrepreneurship linking 35 sectors through Sector Skill Councils. Various sector skill councils are working to ensure synergies between Skill India and Make in India. For e.g. Media and Entertainment Council is envisaging to create 11.24 lakh jobs and are moving towards certification, workshops etc. to ensure the workforce is skilled in the media and entertainment industry. The Media and Entertainment Council is also encouraging a worker led movement towards skill development with a belief that involvement of union is equally important along with Industry participation.

As per the Human Capital Index, which quantifies and tracks progress over time of the countries on the basis of how they are developing and deploying their human capital, India ranks 100th out of 124 countries. This dismal situation clearly indicates that India is not utilizing its resources in a most efficient manner. Thus, to ensure Make in India is successful, India needs to train and skill youth appropriately so that the supply of skilled workforce matches the industry's demand.

Given that Skill India is important for Make in India, India could adopt some of the successful models of UK such as the apprenticeship programmes, and various other programmes for 2 years which includes theory as well as practical lessons. Such programmes in India can be conducted through partnership mode between the government, private sector and training institutes. Partnership with Hindustan Aeronautics Limited (HAL) could be explored to ensure trained workforce in defence and aerospace industry.

Apart from heavy industries, government also needs to lay emphasis on the retail industry. Three drivers across the supply chain in this industry includes: i) stability and environment friendly working conditions, ii) philanthropic initiatives like IKEA foundation and iii) a long term perspective. The entire supply chain has to be brought under the purview of skill development. Skilling in the retail industry should predominantly focus on four major areas: women and youth, technical aspect, dignity of labour and quality workforce.

Textile industry is one of the upcoming industries providing enormous scope for skilling and training. China has been the biggest textile exporter but their market is shrinking now, hence, opening doors for India. With an appropriate skilling module for the textile industry and trained textile workforce, India can showcase that the workers are skilled enough to capture the textile market.

Despite industry and government initiatives, awareness among the masses about skills and its importance is very low. There is a need to promote latest technology and sensitize people on the importance of skill development. The NGOs and the Civil Society Organizations (CSOs) will have a crucial role to play especially in mobilizing the community and sensitizing people at the ground level. Imparting training and skills would be taken care by the industry players but to bring about a social change and handhold people, NGOs will have to work in coordination with the industry and the government. Along with this, business partnerships or CSR activities should be encouraged.

2.3 Recommendations

- **Fostering growth of MSMEs:** Government, industry, financial institutions etc. need to come together to bolster MSME in manufacturing sector. The MSME is expected to play a significant role in success of Make in India. Government will have to continuously support MSMEs through policies, encourage adoption of Information and Communication Technology (ICT) to enhance productivity and ensure availability of good infrastructure facilities. Government to extensively invest in R&D and institutes to develop research oriented curriculum. Financial institutions to understand the needs and requirements of MSMEs and provide financial assistances accordingly. Industry players to establish technology development centers to scale up the availability of trained manpower and offer apprenticeship programs.

- **Policy Reforms:** Labour reforms is essential to enhance competitiveness and improve the work culture of this industry. Simplification of penal provisions in the labour laws, moving towards an incentive-based system from a regulatory system for implementation of labour laws are some of the options which the government needs to explore and implement. Industrial policy should incentivize labour and not just capital.

- **People-centric approach:** To create a people-centric approach for skill development, it is essential that the skill development initiatives is coordinated with demand and supply scenarios across geographies, industries and labour markets so that new skills required by industry or changes in supply of labour are speedily adjusted with adequate and efficient training programs. SSCs to develop NOSs and QPs in tandem with the industry requirements, conduct train the trainer progammes, assess the trainees to avoid the demand-supply gap. Industry should clearly mention the skill requirements and type of resources required as this would help the trainers to efficiently skill people as per the current need. Government to provide post-placement benefits in terms of financial assistance to the skilled workers as this would initially help them in settle in a place away from home.

- **Creation of Manufacturing Hubs:** Manufacturing calls for creating hubs that has ecosystems for innovation, specialised skills and supply chains. A close dialogue and partnership between government and private sector (both domestic & foreign) which will attract companies to establish global innovation and manufacturing centres in these hubs. Partnership with HAL, and other training institutes will help these hubs to flourish and ensure growth of the sector.

- **Role of NGOs, CSOs etc.:** To mobilize and sensitize the community at the ground level and work in coordination with the industry players. NGOs have a strong hold at the ground level and they are equipped to mobilize the communities through street plays, dramas, and consulting sessions with the community to sensitize the importance of skill development and how it would help them grow financially and become more productive. Industry on the other hand would have to coordinate with the NGOs and the CSOs to tap the men and women of those communities for imparting training and imbibing necessary skills and finally providing them with a job opportunity.

- **Standards driven trainings:** Training institutions, employers, counsellors, trainers etc. need to be sensitized on the importance and relevance of NSQF which is a quality assurance framework designed to bring parity in multitude of courses offered by different stakeholders in the country. Training institutions, especially private, should be promoted to offer NSQF aligned courses. Employers should give preference to the skilled workers whose certificates are aligned with NSQF compared to non-skilled workers as the former is expected to be more productive due to adherence to standards for quality assurance.

Key message from Mr. K. Jayaraman, President, India & South Asia, Rolls Royce:Skilling India must be an integral part of the Make In India initiative. Scaling up the skilling process would be required where skilled manpower would have recognition in the market and companies can easily absorb them.

3 Skill India- Industry Invests

3.1 Background

While speaking about a favourable demography and how it could positively impact the business environment in the country, one often tends to overlook the level of youth aspiration that the industry has to deal with. Be it being paying a premium or the working conditions and dignity of labour all of these have to be addressed to encourage the trained manpower to contribute productively.

There is often a mismatch of what skill the industry requires and what the candidates are trained-in. This results in a non-fulfilment of the aspirations of the candidate and the industry players are either left with vacancies or have to invest considerable time and resources to make the candidates industry ready. While the government with the launch of National Skill Policy 2015 and Skill India initiative has various schemes and policies in place to chalk out a roadmap for the skill development of the youth of the nation, much of the onus also lies with the industry players.

The industry can take various steps to collaborate with the government. For example take a Skill pledge and partner with the government on Skill India mission. Help the government and state governments in strategizing the implementation of skill development schemes, act as knowledge partners to help them keep abreast with the changing scenario of the industry.

Skills have become the most important factor in enhancing industry's productivity. Industry now majorly looks beyond grades and degrees and looks into the actual skill set of a person. This change happened due to the fact that despite of graduating or taking education from a reputed higher education system, the industry felt that the requisite skills missing to carry out a specific activity efficiently.

Broadly, the three aspects of skill development should be looked into:-

I. How to develop the right skill set?

II. How to ensure people with the right skill set gets into the right job role?

III. How to ensure that the skills are used effectively?

The major differential of any successful economy from the rest is the ability to put the industry right in the heart of the economy.

Skill development should focus around enhancing skills like social skills, cognitive skills, resonance, adaptability which is learnt best at work place.

It is found that a greater fraction of students in developed economies lack in fundamental skills which involves creativity, critical thinking, problem solving abilities etc. India has made the right move by continuously focusing in developing the numeracy skills as this is one skill which works across the industries and in any sector.

It is always important to foster skills oriented learning instead of stalking up qualifications and degrees. The industry also should make efforts to understand and recognize the actual skills of the people.

There is a need to involve employers not only in the delivery of education but also in the designing of the education system. This approach needs to be applied to the entire education system right from the elementary level and not only to the higher education level.

The impact of skill development is much higher when we combine education and work.

More often than not, the students undertaking skill development projects end up only with theoretical knowledge or at best some training with the outdated machineries available in the institutions. The industry players could help the students by offering practical training opportunities/apprenticeship in their organisations with a stipend which will give them real time exposure. Countries such as Germany where there is a strong academia-industry linkage could be a model to emulate. The cooperation between industry and training colleges extends to content creation and training methods which helps reflect the current vocational practices and ensures a successful mix of theory and practice. Around 60 percent of school dropouts in the country choose to enter the dual system each year. This ensures young people are integrated into the labour force and there is almost always an industry-ready labour pool in the country. Companies provide training voluntarily, and often at their own expense, because they believe that this is the best way to meet their own need for skilled staff. Private companies bear almost two-thirds of the total cost spent every year on initial vocational training in Germany.

Curriculum design and upgrade at regular intervals is key when it comes to industry participation since they are the end users to the trained manpower. Hence their inputs and recommendations on Qualification Packs/National Occupational Standards/Qualification Frameworks is imperative so that the training provided is industry-aligned and relevant. In Brazil Serviço Nacional de Aprendizagem Industrial (SENAI) is responsible for industrial training under the supervision of the

National Confederation of Industry and Serviço Nacional de Aprendizagem Comercial (SENAC) is responsible for organizing and administering commercial training. Industry supports SENAI and SENAC by contributing 1% of their income and companies that have more than 500 employees make an additional contribution of 0.2% to SENAI. This shows the efforts being made by the industry to ensure skilled workforce. There is a scope for India to consider such initiatives.

Industry participation may extend beyond just merely designing curriculum and giving their inputs on National Occupational Standards. For example, with increasing demand for high-end, niche skills in industries such as defence where National Occupational Standards of level 7 and 8 will be relevant, the industry players will have to be active stakeholders in the skilling process. The engagement model could vary from providing infrastructure or being in management positions of the skill institutions of imparting the courses.

While a lot of training institutions are trying to impart industry-relevant training not all of them can afford the infrastructure that some of the sectors demand, especially the manufacturing sector. Hence the training institutions could lease some of their machinery to the intuitions for students to gather relevant experience. Also, learning equipment manufacturers can subsidize equipment for institutions imparting skill education.

Industry players, besides aiding in training and skill development, also have to emerge as the stakeholders who absorb these trained manpower. Therefore, recognizing the importance of trained and certified candidates and offering them a skill premium will also act as an enabler is mobilizing more candidates to get trained and certified.

Besides absorbing fresh talent, the industry also has to continuously up-skill its existing workforce so that the potential of the workforce can be optimized to the fullest which will aid in productivity and also retention of the workforce which gets to acquire new skill sets at regular intervals.

CSR funds focus on creating skilling infrastructure- With a mandate to spend on social sectors the private players could devote the funds to industry oriented skill initiatives. Honorable President Pranab Mukherjee in a recent summit on CSR pointed out that the CSR provision of the Companies Act, 2013 has the potential to make available INR 8,000-20,000 crore for the social sector. A part of this amount could be directed towards skill development initiative by the private players. Also, Mr. Sunil Arora, the then secretary of the Ministry of Skill Development and Entrepreneurship highlighted that as part of the CSR initiative, companies could adopt Industrial Training Institutes (ITIs) and enhance the skill development initiatives. With increased need for trained manpower one hopes that skill development would be a priority segment for CSR investments.

A lot of focus is now being generated on entrepreneurship since it can spur innovation, job creation and solve the problem of migration from villages to cities. Industry players can incentivize and help in the incubation of entrepreneurs by supporting candidates through funds and scholarships.

Partner with training institutions- A lot of training institutions often lack the right trainers who are industry experts and can train the students with their practical knowledge of having worked in the industry. Private players could offer to send their employees to augment the teaching of the students in skill development institutions assisting them learn the existing trends of the industry.

While the points above underline the importance of industry's investment in skill development, there are constraints that hold them back. Partnership with government at the Central and the State level is desirable yet private players are always at the receiving end of a public-private partnership due to the non-conducive environment and factor such as delay in funds, delay in decision making, multiplicity of agencies, issue of credibility about private players make it an uphill task for private players to collaborate.

When it comes to investing in training, industry players are skeptical since the fear of attrition always looms large and they often view the time and resources spent on training or up skilling a candidate as a waste.

3.2 Deliberations



(L-R:Mr Shishir Jaipuria, CMD, Ginni Filaments Limited and Chair FICCI Textiles Committee, Mr Sanjeev Duggal, Co-Chair, FICCI Skill Development Forum; CEO & Director, Centum Learning Ltd., Mr Rajesh Agrawal, Joint Secretary, Ministry of Skill Development and Entrepreneurship, GoI,MrSandip Ranjan Das, Former MD & CEO, Reliance JioInfocomand Mrllker Duran, Member of the Board of Directors, BTSO, Turkey at CEOs Panel Discussion: Skill India - Industry Invests Session)

Industry is one of the main stakeholders and engaging industry leaders is critical for Skill India to succeed. There is no doubt about the fact that Industry in its own way has contributed for a successful skill ecosystem in India. However despite continuous efforts, industry has not been proactive in investing in Skill Development. Here, Sector Skills Councils would have a crucial role in catalyzing industry involvement in furthering the vision for transforming India's skill development landscape.

Intensive deliberations have thrown light on the high search costs for skilled labour and churn costs associated with poor employee retention. In labour-intensive sectors such as textiles, large volume of demand magnifies the associated costs.

In this regard, there are a few priority areas requiring immediate focus namely,

a) Sourcing labour - identifying and reaching labour source clusters is a critical issue especially given the challenges associated with sourcing 'right' and 'quality' skills. Mapping demand-supply gap, both qualitatively and quantitatively is crucial.

b) Understanding labour migration patterns - labour surplus clusters are characterized by migration to demand clusters. Understanding migration patterns in terms of geography and trade can help explore options for training at source

c) Mobilizing sub-segments with low labour force participation rates such as women - targeting underrepresented segments through focused efforts can boost labour supply. Mapping sub segment aspirations with industry need prove to instrumental to labour retention issues

d) Managing labour churn costs - high churn rates magnify labour search/acquisition costs as well as other associated costs such as onboarding, (re)skilling etc

Hence, the need to address supply-side issues is critical given the economic costs for employers. It is in the interest of the industry to be active participants in addressing the skill gap.

3.3 Recommendations

- **Empowering SSCs to be the voice of the industry:** To reduce the mismatch between the demand and supply of the required skilled workforce, industry has to play an active role in clearly enumerating their needs and requirements to the training institutes, SSCs and build a repository of such requirements. Training institutes on the other should train as per the requirements and impart skilling to appropriate set of people. SSCs have an important role to play to facilitate in reducing the information asymmetry associated with demand and supply of skilled labour.

- **CSR funding for skill development:** Corporate houses to divert CSR funds towards enhancing training capacity and innovation. Mobilization of CSR funds either through creation of a national corpus fund, self-driven investments in adding training capacity or self-driven investments for improving quality of existing training capacity could be priority focus areas.
  - Creation of a national CSR-Skill corpus fund which can managed by National Skill Development Fund or an industry Chamber like FICCI with a defined mandate for fund utilization.
  - Self-driven investments in setting up world-class training institutions to bridge the capacity vs training need gap or investing in existing ITI/ ITC for quality enhancement can be encouraged. MSDE GoI recently held an industry conclave to mobilise industry and seek commitment for investments/CSR funding for setting up Skill development Centres in every District in the country.
  - SSCs/industry chambers to build technical capacity to recommend corporates appropriate CSR spend on skills
- Industry involvement in training delivery
  - Actively participate to define career progression and mobility opportunities that are available upon attaining a specific qualification
  - Preparing the teachers with the industry experience by partnering with training institutions to run periodic training capacity enhancement programs especially in trades and technology of interest to the employer. This will add to training or trainer initiatives
  - Create apprenticeship programs and opportunities for shop floor learning to reduce on-the-job training costs by improving employability of trainees.
- **Public-Private Partnership:** Public Private Partnership to ensure skill development of the workforce. Government to provide the necessary infrastructure, employment exchanges and ITIs to work in close connection with the private sector to get a clear understanding of their requirements. Private players to undertake evaluation and assessments of the skilled workforce to ensure they employ appropriate people at an appropriate time.
- **Adapt recruitment norms:** With quality assurance and national standards for skilling being established in India, all employers (public and private) will be encouraged to adapt recruitment practices accordingly. For example: with complete rollout of NSQF, trainees will be assigned a skill 'level'. Advertising for recruitment by skill level will act as a signal for the importance accorded to quality assurance on behalf of the industry as well.

4 Skill India- PPP

4.1 Background

The concept and implementation of PPPs in skilling in India is still at an embryonic stage with various models being adopted by stakeholders- public and private. With skilling initiatives spanning across 18 ministries; common policies regarding regulation, legality and institutional framework is still being developed to pave path for successful PPP structures.

An ideal PPP would ensure that strong stakeholder support is built, assessment and management of social and environmental impacts, adopt a stable and supportive regulatory environment, ensure sound economic basics, weave together a partnership that optimizes cost, quality and return on investment, maintain timelines and simplify approach, secure the right mix of global and local expertise,support a transparent, competitive bid process, plan for ongoing monitoring and review. It should meet the goals of the policies and schemes as well as the business objectives.

Some of the most common challenges plaguing PPP structures in India are- lack of consultation between public & private stakeholders, delayed access to funds leading to working capital issues, short term contracts preventing scalability and a non-uniform guidelines.

While there is a sustained focus by state and central governments to encourage private sector participation, there are enough challenges, such as- flawed PPP structures, poor ease of doing business with government, absence of robust monitoring & regulatory framework for PPP arrangements.

It's critical that government engages in extensive consultation with private sector players to form operating guidelines which are impartial and conducive for sustained private sector participation. There is also a need for understanding the complimentary roles- private and public players are expected to play. Government needs to play the role of facilitator bringing transparency in regulatory structure, policy level risks and fostering trust in government machinery.

Higher gestation period and higher capex to set-up training facilities, particularly in manufacturing sector is another area where government can provide supports in terms of subsidized working capital and more importantly opening-up large under-utilized government owned training facilities.

Given the enormity of the task at hand the Government needs to incentivize the private players by focusing on:

- Different approach for self and wage employment Skilling
- A mechanism to make government accountable for delayed payment should be instituted
- Create a strong regulatory framework and conducive policies catering to more job creation
- Sector Skill Councils should be encouraged to revise the NOS (National Occupational Standards) given the changing needs of the industry
- Incentivizing the apprenticeship-based skilling in the MSME sector is needed
- Introduce skill vouchers to empower the student to choose the training providers. Determine cost plus pricing models for skill vouchers based on realistic and viable numbers
- Public funding for working capital on attractive interest rates for skill providers
- The bidding process calls for a revision which is too balance sheet oriented, perhaps a different assessment process honoring entrepreneurs to be devised.

4.2 Recommendations

Flexible PPP Structures- Required focus on creating flexible, sustainable and private sector friendly PPP structures will be crucial for getting private sector participation.

Innovative funding models- such as- partial or full capex grant, voucher systems, long-lease of infrastructure and BOOT model could be evaluated for facilitating private sector participation.

Apprenticeship reforms- Government needs to comprehensively reform apprenticeship act to ensure trainees get access to OJT. It will also help training players to leverage on industry's infrastructure reducing capex pressure.

Encouraging CSR funds to participate in skill development- Recent guidelines of MoCA on CSR spend can be a boon for skilling development. Private sector needs to



(L-R: Mr Basab Banerjee, Advisor, Asian Development Bank, Mr T Muralidharan, Co-Chair FICCI SDF and Founder and Chairman, TMI Academy, Mr DilipChenoy, MD & CEO, National Skill Development Corporation, Mr Narshima Rao, Head, Swiss Indo Chamber of Commerce and MD, Burckhardt Compression (India) Pvt Ltd and Dr John Blomquist, India Program Leader for Social Inclusion, The World Bank at Parallel Panel Discussion: PPP for Scale- Challenges and Strategies in Skill Development)

actively create models for pooling in CSR money with transparent reporting mechanisms. However, currently the CSR spend by the corporates is routed through not-for-profit entities only. Since in skills eco system, all the training agencies, by and large, (NSDC partners) are for-profit companies, this provision needs to be rectified.

Cluster based approach to set-up multi-skilling institutes- Another key recommendation would be to identify key sectoral clusters across country and work with local industry bodies to set-up multi skilling institutes. This will help creating micro demand-based centers with greater participation of employers.

5 Skill India- Entrepreneurship for Job creation

5.1 Background

Realizing the importance of strong linkages between skill development, employability, productivity and an efficient entrepreneurship ecosystem, the Government of India unveiled The National Policy for Skill Development and Entrepreneurship 2015. Various flagship schemes Like Make in India, Digital India, and Skill India collectively aim to create ~102 million jobs[9] and to impart skilling to ~402[10] million workforce. The recent announcement of the 'Start up, Stand up India' initiative also aims for increased job creation and will boost entrepreneurship by promoting bank financing incentives. This initiative directs each of the 1.25 lakh bank branches to encourage at least one Dalit or tribal entrepreneur, and at least one woman entrepreneur[11].

India has been ranked 76 out of 143 countries in the Global Innovation Index 2014[12]. The young entrepreneurs today are innovators in both technology as well in business models. Job creation and entrepreneurship promotion becomes crucial to absorb the skilled workforce. It is a fact that entrepreneurs not only contribute to economic growth, but they provide a source of income and employment for themselves, create employment opportunities for others, and produce new and innovative products/services through cost-effective methods. Therefore, accelerating entrepreneurship for job creation becomes crucial at this juncture.

With Digital India and Make in India giving a push to the manufacturing sector, especially with an aim to reduce the electronics and telecom import which is at present approximately 90%, there would be need of entrepreneurs setting up small

[9] *Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, National Manufacturing Policy and Climate Markets & Investment Association- Digital India Report*

[10] *National Policy for Skill Development and Entrepreneurship, 2015*

[11] *http://www.ndtv.com/india-news/india-must-be-no-1-in-start-ups-says-pm-modi-on-69th-independence-day-1207548*

[12] *MitraDutta, Bruno Lanvin, and SachaWunsch[redacted]incent, eds., "Global Innovation Index 2014: The Human Factor", Johnson Cornell University, INSEAD, WIPO, 2014*

and medium size ventures to cater to the local demand and build a larger manufacturing ecosystem. Hence, it would be critical that we focus our attention towards providing an enabling environment for small and medium scale set-ups.

The National Institute for Entrepreneurship and Small Business Development and Indian Institute of Entrepreneurship are responsible for training, research and consultancy activities to promote entrepreneurship. According to a survey by the Labour Bureau in 2014, the unemployment rate of those who are formally trained at Industrial Training Institutes or other skill centers was as high as 14.5%[13]. Such high unemployment rates amongst the skilled force indicates the need for job creation through entrepreneurship. Some of the critical factors that need to be addressed are:

- Lack of access to finance
- Unfavorable investment environment
- Difficulty in doing business in India

Along with initiatives from the Government, the Industry will also have to support entrepreneurship by providing the right framework, appropriate guidance and resources in terms of capital, technology etc. Moreover, when funding becomes dearer especially during crisis, the industry through its corporate social responsibility should continue to encourage and support entrepreneurship and innovation in India.

While and start-ups ring an urban note, entrepreneurship represents a whole new dimension in the rural India context. Interactions with the industry and training providers have revealed that the population from rural India tend to quit the jobs they are placed in after training and go back to the villages due to difficulty in sustenance in big cities with meagre salaries. To address such problems it is important to finance and to train them in entrepreneurial skills to earn their livelihood within their villages. Recently SBI and Snapdeal has come together to finance its around 1 lakh sellers to scale up the operations[14].

Courses such as mobile, television repairing which does not require too much investment would be ideal. Also for the Electronics Manufacturing sector in line with Digital India the entrepreneurs would need proper clusters and incubators to start and sustain their operations. In fact, for women in rural area for whom accessibility of training institutes is a constraint given the socio-cultural factors ,courses in sewing

[13] *http://timesofindia.indiatimes.com/india/Survey-Even-among-skilled-workers-joblessness-is-high/articleshow/48138599.cms*

[14] *http://indiatoday.intoday.in/story/make-in-india-manufacturing-entrepreneurship-crucial/1/457140.html*

and beauty care will not only help them to earn and be financially independent but also empower and uplifts them socially. Organizations like Self Employed Women's Association (SEWA) is one such organization which streamlines the poor women in the informal sector to start their own operations.

Availability of cash and a potential for returns is vital for any startup to survive. Startups have grown but investors have not been able to reap adequate returns from investment. For example, in the last three years, Indian startups have witnessed about $3 billion (Rs 18,000 crore) worth investments by seed and venture capital firms whereas the payback has just been over $1 billion[15]. This challenge needs to be addressed in order to retain the old investors and to make the environment more viable. Also co-ordination would be required from government in terms of taxation, incentives, economies of scale and elimination of cost disadvantages.

Hence, a supportive environment in terms of industry mentorship, technology, training institutes, financial support and appropriate skills becomes imperative to successful entrepreneurship. In addition ease of setting up a new business through Single Window System, Single Composite Application Form, and Single Unique Enterprise Identity Number would be favorable[16]. The public and private sector each have an important role to play in creating a robust entrepreneurship ecosystem and contribute to Skill India and Make in India.

Thus, there is a need to attract top-notch investors for entrepreneurship to flourish in the country. Also, Government should initiate and promote global conferences which would provide a platform for entrepreneurs to network with global investors and make it worthwhile to invest in start-ups in India.

[15] *India has fervor of entrepreneurship but not many investors to fund it, The Economic Times, Nov 14, 2014*

[16] *Draft National Policy for Skill Development and Entrepreneurship.pdf*

5.2 Deliberations



(L-R: Mr Clement Chauvet, Project Manager, UNDP, Dr Arun Varma, Vice President, Health Group, IL&FS Skills, Mr S N Tripathi, Additional Secretary, Ministry of Micro, Small and Medium Enterprises, GoI ,Dr Anup K Pujari, Secretary, Ministry of Micro, Small and Medium Enterprises, GoI, Ms Jyotsna Sitling, Joint Secretary, Ministry of Skill development and Entrepreneurship, GoI,Prof (Dr) Gurinder Singh, Group Addl. Vice Chancellor, Amity University and Mr Sashi Chimala, Executive Vice President , Wadhwani Foundation at Parallel Panel Discussion Skill India: Entrepreneurship for Job creation)

As per the Global Entrepreneurship Monitor Global Report, 2013, India has close to 40% of necessity driven early-stage entrepreneurs. Though 41.4% of population aged 18-64 perceived entrepreneurship as an opportunity, but the total entrepreneurial activity is as low as 10%. These statistics clearly indicate the need to encourage and create a favourable environment for entrepreneurial activity in India.

Creating an ecosystem around the right candidate and creating a platform to encourage and ensure dialogues and discussions for products, services, improving the quality of products and so on. These would act as a building block where entrepreneurs will be rightly placed.

There is also a need to improve the market linkages and financial linkages as it would support the whole system. Capacity engagement programmes must be undertaken on a regular basis.

Globally, women own or operate 25% to 33% of all private businesses, whereas, in India women-owned enterprises contribute merely 3.09% of industrial output and employs around 8 million people. Moreover, with no gender segregated interactive data on Women Owned Business, it becomes difficult to assess the need and impact of women entrepreneurs in the society. Besides this financing is also an issue for women entrepreneurs. Low levels of self-confidence, risk appetite, restricted mobility and migration of women after marriage act as deterring factors for starting-

up their own business. Hence a change in the mind set of the people in India and encourage women to explore various entrepreneurship opportunities is needed. Families also need to realize and give importance to women entrepreneurs and move away from the usual thinking that women are best in doing only household chores.

India needs to recognize entrepreneurship as a skill which can be cultivated and strengthened and someone need not be born with it. Entrepreneurship does create jobs, there is no denial about that. Job creation is a means and not the end for entrepreneurs. Entrepreneur sought to focus on creating value and hiring skilled people. There is a need to shift towards a demand based approach rather than the supply based approach.

SMEs on the other hand are exploiting local opportunities and creating lot of jobs, thus, the industry and private sector need to help them. In India it is toughest to operate and emerge as a SME because of more than 200 plus central and state government laws. Thus along with entrepreneurs, SMEs should also be encouraged.

5.3 Recommendations

- **Entrepreneurship training programmes:** In order to go beyond the theoretical and knowledge aspect, there is a need to focus on mentorship and develop entrepreneurship training programmes. Training providers to design a curriculum which focuses on entrepreneurship skill development. Successful entrepreneurs should be consulted while designing the programme. Industry will also have to support entrepreneurship by providing the right framework, appropriate guidance and resources in terms of capital, technology etc and conduct mentorship initiatives.

- **Corporate Social Responsibility:** Industry through its CSR should encourage and support entrepreneurship and innovation in India. Academia linkage to CSR funds is crucial for innovation and incubation. CSR funds can also be directed towards setting up of finishing schools for enhancing soft skills amongst the skilled workforce.

- **Ease of doing business in India:** change in the mindset of people to help and make the environment friendlier. In terms of taxation, incentives, economies of scale and elimination of cost disadvantages, government will have to take initiatives to make the environment more viable. In addition ease of setting up a new business through Single Window System, Single Composite Application Form, Single Unique Enterprise Identity Number would be favorable. In the recently held Conclave on 'Start up India' Prime Minister, Shri Narendra Modi announced a 19-point action plan with the promise that the government will only play the role of a facilitator and not burden entrepreneurs with complicated

compliance requirements. No labour law inspections for first 3 years, self-certification with 9 labourand environmental laws Via app compliance, a mobile app to start a start-up in one day, faster processing of patent approvals, fee cuts by 80% are some of the intent announced. This is an encouraging step forward and industry urges fast track implementation.

- **Improve access to finance and capital:** Easy availability of early stage and pre-startup venture capital funding is important. Summits could be organized by various state governments to bring the investors and entrepreneurs under a common platform to exchange ideas, thus making availability of funds easier for the start-ups. Banks will have to ensure easy availability of funds for entrepreneurs to scale up the operations. Government has also announced an INR 10,000 Cr Start up Fund and INR 2000 Cr Credit Guraentee Fund to help flow of venture debt from formal Banking system.

- **Encourage entrepreneurship among women:** There is a need to catalyze a cultural shift to encourage entrepreneurship especially among women both in rural and urban areas. NGOs, CSOs etc. who have a strong network at the ground level will play an important role in mobilizing women to undertake entrepreneurial activities. They would also play a pivotal role in organizing women in clusters, forming co-operatives and Self-Help Groups (SHGs). Industry and training providers would have to collaborate and impart training to women in entrepreneurial skills. Massive drives have to be conducted to change the mindset of people and demonstrate that women can undertake entrepreneurial activities in India. Government to take the responsibility of assembling gender disaggregated data. They could tie-up with educational institutes or research organizations to conduct research activities and get this data in place.

- **Encourage entrepreneurship in rural areas:** To reduce rural-urban migration and ensure people in rural areas are self-sufficient, industry, training providers and banking institutions will have to come together to encourage entrepreneurial activities in rural areas. Organizations working in the rural areas with the youth, men and women will have to work closely with training providers to bring about a change in the mindset of people and enroll them in entrepreneurship courses being offered by the training providers. Banks will also play a crucial role here by ensuring special schemes and incentives to encourage start-ups in rural areas.

- Develop equity and a win-win situation between a large entrepreneur and a small entrepreneur, wherein large ones can take care of the smaller ventures by helping them with access to infrastructure, expertise and market place linkages and the large entrepreneurs can benefit from the local knowhow and penetration that a small venture has

- **Vocationalisation of formal education:** Presently integration of skill in formal education is limited to school and has no working model for aligning with Higher Education. Initiatives like BVoC will not create sizable impact. Partnership of competent skills training providers with Universities will foster integration to higher levels and will also enable missing link. Therefore, Universities and Colleges should be facilitated to work with competent skills training companies to set up and operate skill development centres. Schools should introduce certification in vocational education. ITIs, community colleges and other State Vocational Education Institutions should be granted accreditation and recognition from State boards. Industry participation is important for curriculum design, placements and funding, monitoring outcomes etc. PPP model should be encouraged.

- **Finishing schools:** Entrepreneurship skills is not the only requirement for a successful entrepreneur. Soft skills are equally important and hence there is a need to set up finishing schools to specifically enhance soft skills among the trained workforce. Private players can set up such schools and tie-up with the training providers to directly enroll the skilled workforce to their finishing schools. Government to clearly mention the guidelines, schemes, rules and regulations for setting up of these finishing schools. NSDC to encourage private players for establish such schools.

- **Global Standards and local implementation:** India should look at some of the successful models across the globe which can be emulated at the local level. A framework needs to be created in India by the government to encourage practical knowledge more than the domain knowledge. Industry will have to open its door to school/college going students for internship programmes or practical industrial training programmes. Ministry of Human Resource Development will have to introduce the concept of industry training in schools and colleges to encourage students to gain first-hand knowledge of what they are actually studying. However, this emulation needs to be carefully planned given the problems and challenges of various states in India.

- **Digital employment exchanges:** India has over 900 employment exchanges and with digitization of these employment exchanges it could cater to a larger number of people than it is already doing since the job aspirants can now access them one their phones or computers breaking the barrier of accessibility

- **Foster social entrepreneurship and grassroots innovations:** With thelevel of poverty and unemployment in India, fostering social entrepreneurship is an important alternative to empower the disempowered. Social innovation can play a crucial role in finding solutions to social problems through new products and services, to help provide market linkages to the poor and make them active

players in the economy and ensure that skill development is inclusive. Hence an ecosystem needs to be created to support them by providing them with funds, market linkages and intelligence, a platform to market their products and education about raw materials and the products used and also how to market them. Simultaneously it is also important to educate the customer about the skill involved hence commanding apremium price

- **Support entrepreneurs through Entrepreneurship Hubs (E-Hubs):** The Ministry of Skill Development and Entrepreneurshipin their proposed scheme on entrepreneurship developmentwill support entrepreneurs, through a national network of E-Hubsplans to help in coordinated delivery of national and state government entrepreneurship programs and access to enabling resources. One national, 30 state, 50 Nodal and 3,000 college based E-Hubs will be set up to deliver support. These E-Hubs will, collectively, cover the entire nation.

- **Connect entrepreneurs to peers, mentors and incubators:** Industry associations can play a lead role in organizing summits and connecting entrepreneurs to their peers, mentors and incubators. This would lead to exchange of ideas, collaborations and way forward for budding entrepreneurs. Government should initiate and promote global conferences which would provide a platform for entrepreneurs to network with global investors and make it worthwhile to invest in start-ups in India.

Conclusion

For Digital India, Make in India and other initiatives of the central government to succeed Skill India becomes imperative. Skill India can succeed only through industry ownership and leadership. Government, private sector, employers, training partners, sector skill councils and industry will have to work in tandem and develop a robust ecosystem for skill development. Moving towards recognizing the certificates, preferences to certified workforce would encourage more and more people to move towards skill development.

Need to identify the requirements of the industry and skill people accordingly to avoid demand-supply mismatch. Demand driven models to be adopted, women entrepreneurship to be encouraged, ease the process of doing business in India, establish inter-industry linkages, CSR funding towards skill development are some of the key takeaways.

Switzerland is one the competitive economies in the world and their strength does not comes not from innovation or Research & Development, rather it comes from its skill base. 80% of the young people are going for vocational education in Switzerland. They are known for their precision and persistence. If India really wants to profit from the demographic dividend than we will have to invest in skilling. Such investments should be undertaken on a continuous basis over decades.

How FICCI has encouraged and promoted skill development and can further contribute?

- Strengthen Industry connect- FICCI's CEOs4Skill encourages CEOs from different industry come together, connect and discuss. This initiative needs to be scaled up.
- Facilitate knowledge sharing and better coordination between Sector Skill Councils
- Facilitate Academic-Industry Connect
- Play the advocacy role for challenges facedby training partners and assessment partners
- Bring convergence and rationalization through multi-industry coalition
- Provide platforms for share best practices once in every 3 months and get stakeholders to come together to discuss, debate and share their experiences
- Ensure synchronization of various stakeholders- government, industry, private players, academicians, educational institutes, SSCs and workforce which needs

to be trained so that the entire eco-system works holistically rather than in isolation

- Dissemination of appropriate information to all the stakeholders
- Develop a mechanism for Labour Market Information to create a people-centric skill development initiatives based demand and supply scenarios across various geographical locations, industries and labour market
- Organizing summits and connecting entrepreneurs to their peers, mentors and incubators

Summarized below is the action points for various stakeholders involved in the skill development:

Stakeholder	Action Points
Industry & Corporate Houses	• Recognize and pay a premium on salary for NSQF certified skilled workforce • Actively participate in apprenticeship programme • Actively Partner with SSCs and share industry's changing needs, trends, technology etc. while framing the NOSs and QPs • Establish technology development centers • Adopt ITIs/polytechnics/skill Development Centres/Multi Skilling centers etc. to enhance and improve quality of training programmes. - Career guidance to students, preparing teachers with industry experience, information sharing about changing skill type • Participate in Social Programmes to skill and employ women and school dropouts in their workforce • Undertake evaluation and assessment of the skilled workforce • To employ skilled candidates from the SSCs or training providers • Provide training opportunities at their workshops and give pre-placement offers to absorb skilled workforce

Stakeholder	Action Points
	• Support entrepreneurship by providing the right framework, appropriate guidance and resources in terms of capital, technology etc. • Conduct mentorship initiatives • Industry participation in curriculum designing, placements and funding in vocationalisation of formal education • Private players can set up finishing schools to enhance soft skills of trained work force • Provide greater connectivity and accessibility of technology in rural areas • Re-examine eligibility rules for CSR partners by companies which require 3 years' experience in the same area • Facilitate recognition of Prior Learning of their unskilled workers
Training Providers	• Engage with SSCs to reach out to industry to understand their skill requirements and train people accordingly • Reach out to tier 2, tier 3 cities rather than just focusing in the metro cities • Work in close association with the NGOs and CSOs to impart training and imbibe necessary skills at the ground level • Reach out to school dropouts and women for providing appropriate skilling and place them in local industry • Work closely with the IndustryChambers to facilitate outreach to private sector for allocating CSR funds towards training programmes • Tie-up with industry for internship/apprenticeship opportunities • Work closely with SSCs to align courses as per the industry requirements • Partner with industry and academia to develop entrepreneurship program

Stakeholder	Action Points
	• Integrate education and skill development by allowing universities and colleges to partner with accredited Training Providers to set up and operate Skill Development Centers, Centre of Excellence, Entrepreneurship Centers etc. • Enhance capacity utilization by introducing dual education programs and use of flipped classroom model which will reduce the classroom contact time & per learner infrastructure need while improving the learning outcomes • Build a national institute of excellence to study effects of emerging technologies on the employment, jobs and skills in each industry and advise all SSCs in updating their skill standards and skill demand estimates in line with technology. The institute can be on the model of Federal Institute of Vocational training (BiBB) of Germany. • Ensure autonomy of SSCs and permit sufficient gestation time to focus on their mandate. Their sustainability should not be impinged upon.
Government (Ministry of Skill Development & Entrepreneurship and Ministry of Human Resource development)	• Address related to vocational skill loans programme for enabling the trainees to avail of loans easily and speedily • Act as a curator and an enabler to attach credibility for SSC certified skilling programmes. Play role model employer and encourage similar role by its vendors/ contractors by paying and insisting on differential wages linked to the certification of skills as per standards set by SSCs under NSQF • Launch an incentive scheme for private sector to encourage employment of certified skilled workers and RPL of uncertified skilled workers • Facilitate creation of necessary infrastructure through public spend, private spend or public private partnerships. Improve the utilization of existing infrastructure by identifying underutilized infrastructure

Stakeholder	Action Points
	• Ensure orientation and capacity building of government officials on the ground to ensure seamless implementation of Digital India, Make in India, Skill India…… • Ensure CSR funds are available to all the NSDC partners, irrespective of, for profit or not for profit • Remove payment constraints and stream line fund flow in government funded skill projects to ensure participation of competent and credible Training Providers • Facilitate ease of doing skilling by create a single window mechanism for unified affiliation/ accreditation to get engaged with skill initiatives/ projects funded by Central or any State Government/ Ministries • Modify public tender eligibility rules to include smart capability based criteria rather than mechanical criteria of insisting on age or size of the skilling venture • Modernise 6 Advanced Training Institute (ATIs) in the country for vocational teacher training through industry and international collaborations and expand the number to have at least 1 ATI for every state which can be converted into a skill university • Encourage retired professionals to become vocational educators • Encourage mid-career competent professionals and technicians to become skill educators through short stints of part-time voluntary assignments through a nationally branded and publicly promoted scheme • Create an online platform for hosting curated learning content for vocational skills as per NSQF compliant qualifications and industry standards by SSCs. There should be incentives for content developers built in the design of the platform • Create STPI (Software Technology Park of India) type institutional support for the growth of skill

Stakeholder	Action Points
	development industry for overseas employment markets • Private sector should be vested with the responsibility of the operational aspects of the PPP model
NSDC	• Ensure that NOSs and QPs are updated bi-annually • Ensure timely disbursement of payment to the training providers undertaking government programmes • Separate payment administration system should be set-up or outsource the payment process to a 3rd party • Encourage private players to establish finishing schools in India
Sector Skills Councils	• Partner with industry and reach out to industry buy-in for credibility of certification • Interact with the industry players and make the process more demand driven, catering to the requirements of the industry • NOSs and QPs to be developed in tandem with the industry requirements • Conduct train the trainer • Assess the trainees to avoid the demand-supply gap • Develop labour market information system for each sector • Develop standards, assessment and certification norms for Recognition of Prior Learning on priority basis
NGOs/CSOs/Start up Organisations	• To mobilize and sensitize the community at the ground level to undertake entrepreneurial activities, form co-operatives, SHGs both in the urban and rural areas • through street plays, dramas and consulting sessions

Stakeholder	Action Points
	• Develop a IT platform to track skilled youth and generate MIS and analyseprogrammes outcomes • Develop a skill market place where in industry, skill providers and skilled workforce interfaces

Commitment towards skilling has to be long term. Skill space to be driven by the industry and business players and not by the government. Commitment shown by the business players and the industry at the shop floors needs to be demonstrated- Mr. Pawan Agarwal, Joint Secretary, MSDE

About FICCI

Established in 1927, FICCI is one of the largest and oldest apex business organizations in India. FICCI's history is closely interwoven with India's struggle for independence, industrialization and emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy.

A not-for-profit organization, FICCI is the voice of India's business and industry.

FICCI draws its membership from the corporate sector, both private and public, including MNCs; FICCI enjoys direct and indirect membership of over 2,50,000 companies from various regional chambers of commerce and through its 70 industry association.

FICCI provides a platform for sector specific consensus building and networking and is the first port of call for Indian industry and the international business community.

Our Vision

To be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

Our Mission

To carry forward our initiatives in support of rapid, inclusive and sustainable growth that encompasses health, education, livelihood, governance and skill development.

To enhance the efficiency and global competitiveness of the Indian industry and to expand business opportunities both in domestic and foreign markets through a range of specialized services and global linkages.

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