



A GLOBAL STUDY TO GET INDIA WORLD-READY

Building sector skills bodies for India

SUMMARY REPORT: RESEARCH & RECOMMENDATIONS



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Introduction

With its unique demography and its desire for positive growth and change, India is experiencing an unparalleled need for skills development. The establishment of its ambitious target of skilling 500 million people by 2022 also affords unique challenges in terms of not only improving its current training capacity, but also increasing it significantly. India also has the challenge of a largely informal workforce: just 8% of its labour is in the formal sector.

The opportunities inherent in India's development have been apparent for some time; international aid agencies, NGOs and training providers have long sought to lend their assistance and, in some cases, their own systems of vocational education. While there is much to learn from international experience, however, it cannot provide a solution due to the simple fact that India is singular in terms of structure, culture, ways of working and, most importantly, scale.

The rise of Indian initiatives and plans for growth indicates that India is increasingly creating solutions for itself; among these initiatives are the formation of the National Skill Development Corporation, the development of the National Vocational Qualifications Framework, and the implementation of Sector Skills Councils. Each of these important developments is being led by Indians, for India. The NSDC is leading on the development of Sector Skills Councils in India. Its current approach can be found by referring to its Approach Paper at <http://www.nsdcindia.org/sector-skill-council.aspx> and is also outlined in the full version of this report.

In June 2011, Manipl City & Guilds commissioned an independent, evidence-based research report on the development of sector bodies (Sector Skills Councils) in India. Their development is underway; indeed, at least one has already been established. The gap in analysis, however, is not whether sector bodies are needed in India and which model should be adopted. Rather, it is the lessons that can be learned from international experience and the ways in which they relate specifically to the Indian market. This summary report highlights the key themes, findings and recommendations of the research. Many of these recommendations are reflected in the approach already being pursued in India, while others offer alternative points for consideration.

The research took the current state of play in Indian vocational education and training in all areas – policy, funding, qualifications, quality assessment, sector and industry involvement – as a baseline. Due to the rapid growth of the Indian skills landscape and the number of agencies involved, however, gaining a clear and coherent picture was challenging. One of the major recommendations of the research is the development of a single portal containing information on all relevant initiatives, updates and changes in the skills landscape.

The research also used evidence drawn from an international literature review, which examined the establishment of Sector Bodies internationally; an Indian literature review, examining the research to date on the establishment of Sector Bodies in India; and a series of reports on countries with sector body systems in various stages of development, and with varying degrees of success. The countries analysed as part of the research were Australia, Canada, England, New Zealand, South Africa and the Netherlands. The sector body system of each country was analysed in terms of structure, organisation, funding and quality assurance; each vocational education system was also used to provide context.

The research findings highlighted the following key themes in terms of challenges and opportunities for India:

- The scale of India is beyond any country included in this report; indeed, only China provides a comparison in terms of size and population. Bureaucracy has proven to be a significant issue in many national vocational systems; it is no different in India with its necessary multitude of actors. Indian officials need to strike a careful balance between the necessary consultation of all relevant stakeholders and the need for swift response and decisive action.
- The establishment of key elements of a vocational framework – quality assurance and qualifications frameworks in particular – is often challenging in terms of establishing ownership and effective governance. The scale of the Indian system, and the sheer volume of government departments involved, means that coherent system development is a significant issue that warrants especial attention.
- Achieving a coherent, structured quality system across the entire vocational education system in India will be challenging; it will require rigidity of frameworks coupled with flexibility for regionalisation and localisation where required. The introduction of a national qualifications framework will only be effective if state level governments and institutions are compelled by legislative measures to buy in and participate. At the moment, no such measures exist.
- The number of initiatives and projects surrounding skills development in India is beyond that of any other country; the number of reporting lines for each agency and actor is equally high. An element of the Indian system that may require some attention is cohesive reporting and organisational transparency. The ability to access key information on skills initiatives, and the availability of reliable information on vocational education and training in India, will enable agencies and stakeholders to make more informed decisions.

Research recommendations relating to the establishment of sector bodies in India included:

- The creation of a deep, vertical structure of sector bodies to enable the consistent, quality-controlled transmission of information and funds at federal, state and local levels. Horizontal cross-sector lines of communication will ensure good practice and clarity between sectors.
- Shared governance between government, industry and practitioners; this tripartite model works very well in the New Zealand system and allows for industry needs to be directly accommodated by training providers; federal priorities can also be immediately effected in the system.
- Sector bodies are responsible for producing regular Industry Skills Reports which indicate the current skills requirement and recommendations for industry, policymakers and practitioners.
- Sector bodies are responsible for producing National Occupational Standards in conjunction with industry; also assisting industry and practitioners to develop qualifications for submission for quality assurance and registration on the National Vocational Qualifications Framework by the relevant national agency.
- Sector bodies are responsible for recruiting employers for work placements and workplace training; providing quality assurance and auditing for those employers.
- Sector bodies are responsible for collecting and distributing an employer training charge, which is levied on a sectoral needs-only basis.
- Sector bodies are responsible for channelling federal and state training funds for work placements and workplace training.

These research recommendations may serve to highlight key issues and opportunities in the Indian vocational landscape; they cannot be comprehensive, however, given the complexities of the system. Some further issues for consideration have been identified for policy makers and industry, including the issue of achieving the necessary scale for maximum impact, skilling the unorganised sector and ensuring sufficient teaching resources.



Key Issues

Achieving the required scale

- Employer engagement and detailed understanding of local/regional needs will be extremely challenging; much smaller countries, for example Australia and England, have struggled with both. While State Chapters have been proposed, there has been little detail on how these will operate, how they will manage the different government structure at federal and state level, and how they will get a grasp on training needs at sub-state level – in population terms, a state in India is the equivalent of a country in much of the rest of the world.
- The NSDC, through sector bodies and a variety of other training initiatives, plans to increase the number of people trained under their remit from 1.2 lakh¹ in 2011 to 2,011.9 lakh² in 2022³, or 15 million trainees every year⁴. This is something that would be difficult in most situations, but especially in a country of India's scale and diversity. If it is achieved, it also brings its own challenges; how will training delivery and assessment be quality assured, for example?

The unorganised sector

- The unorganised sector represents around 90% of the labour force, and workers do not have the support of large employers to help their development. There is a proposed sector body dedicated to supporting the development needs of the unorganised sector, and other proposed sector bodies cover unorganised sub-sectors such as agriculture and domestic workers. Training unorganised sector workers will, however, be a real challenge, and will require some truly innovative solutions in order to gain an appropriate level of reach.

Availability of trainers

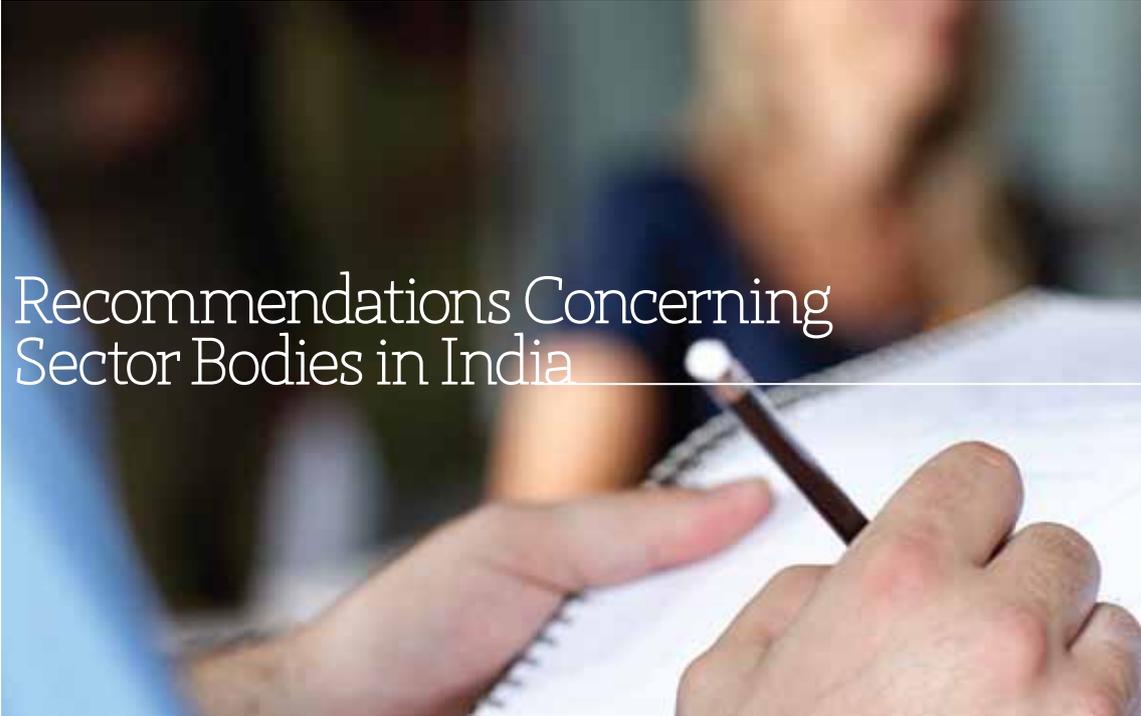
- India's proposed rapid expansion of training, which is closely linked to the development of sector bodies, will require an accompanying expansion in training capacity and qualified trainers. There is clear recognition of the requirement for trainers within the broad range of stakeholders who have contributed to the development of sector bodies, and clear action plans to support capacity development (e.g. sector bodies running 'Train the Trainer' programmes). These programmes will need careful planning to ensure that trained trainers are of an appropriate quality – a concern that has been widely raised about many current trainers, particularly in the ITIs.

1. 120,000

2. 201,190,000

3. http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1242337549970/6124382-1291074275592/03-National_Skill_Development_Corporation.pdf

4. <http://www.ficci.com/pressrelease/651/press-aug1-skill.pdf>



Recommendations Concerning Sector Bodies in India

Establishment

Learning lessons

- India has the chance to create a system from scratch, to learn international lessons and to avoid some of the pitfalls that other countries have experienced. By taking the time to design the structures and procedures fully now, India can avoid the experience of most other countries where sector bodies have needed to be rationalised some time after their inception, which has caused confusion.

Naming consistency

- Indian sector bodies are almost exclusively referred to as 'Sector Skills Councils'; the names proposed for the first cohort of sector bodies, however, vary between 'Skills Development Council' and 'Skills Council'. This is likely to lead to confusion among stakeholders and will make it difficult for employers to find out who is the lead body for their sector.

Detailed planning

- At the moment, publicly available plans for sector bodies do not go into a great deal of detail. To a certain extent, the employer-driven nature of the sector body approach (i.e. getting industry to apply to establish and run their own sector bodies) explains this. There is a lot of help and support that could potentially be given to sector bodies, however, in terms of guidance and ideas – this does not need to be prescriptive. There is also much to be done in terms of detailed planning on how sector bodies will fit into the wider system (e.g. how their quality assurance role will operate alongside or instead of quality assurance mechanisms), and developing the institutional infrastructure needed to support their effective operation.
- Currently, the level of detail and 'due diligence' of SSC proposal assessments appears to be detailed and exacting⁵, while not being unduly burdened by bureaucracy; the National Skills Development Corporation (NSDC) turnaround time appears to be a couple of months. If this continues, it will be beneficial to the establishment of all future sector bodies.

5. http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1242337549970/6124382-1291074275592/03-National_Skill_Development_Corporation.pdf

Recommendations Concerning Sector Bodies in India

Structure

Deep, vertical structure

- A deep vertical structure where national sector bodies are replicated at state and local levels will mitigate the risk that state and local bodies will fail to adhere to federal quality guidelines and priorities. It will also minimise broad, complex bureaucracy; one central umbrella body can ensure that messages and procedures (one central set) are funnelled down to ensure consistency and successful implementation.
- The NSDC is currently recommending national and state level bodies; the addition of local level bodies in particularly large states would allow the sector bodies to reach all levels of training and employment.
- Reporting lines should be clear and open; state and local bodies should have a clear line of communication to, and with, the national body. The national body, in turn, should have access to, and representation on, the overarching body.
- By developing a deep, vertical system, India will be able to ensure an upwards flow of sector information from local and state level up to federal level; conversely, any policy directions from federal level can cascade clearly to grassroots level. This is similar to the Dutch system, in which a central body disseminates information to, and gathers reporting from, regional sector bodies.

Collaboration

- India can also ensure that horizontal channels are open at each level: state and local sector chapters can liaise together to share good practice and general education and skills development information; state level and federal bodies can have regular discourse also to do the same.
- Sector bodies are not, by themselves, sufficient to ensure that the needs of employers are understood; it is critical, particularly in a country as diverse as India (and even in a smaller, less diverse country such as England) that employers are also involved at the delivery level.
- Although SSC Board representation does not yet appear to be broadly representative of the skills development community, the approach to State Chapters means that many of the important organisations will be engaged in the process. The 2009 Planning Commission report, for example, suggests that State Chapters maintain ongoing contact with schools, colleges, employers and potential employees 'in order to develop an efficient market-led mechanism'. The State Chapter approach will also help sector bodies to connect with state governments, and to ensure that training is appropriate to state, rather than national, needs.

Governance

- India must ensure careful criteria for board membership to ensure equity of representation; the recent proposals of the Department of Higher Education and Training have led to allegations that the SETAs in South Africa are being politicised and that industry is losing its autonomy.
- The 'ownership' of sector bodies by a single department has led to conflict with and potential interference by Government in South Africa. Ideally, India should ensure that its sector bodies are managed by an independent body representative of all key stakeholders (industry, employees, training providers and Government).

Strong Government support

- Sector bodies are being driven by the private sector (while encouraged by NSDC and operating in a framework within which priority areas have been suggested by policy makers) in terms of businesses and industry associations applying to form sector bodies, which dictates the exact role and remit of sector bodies, and defines which sectors are developed first. There are few examples internationally of sector bodies which have not been defined and prioritised by policy makers; New Zealand is one of the few exceptions. In order to ensure that sector bodies can develop their necessary tripartite nature, strong support from Government is essential.

6. http://planningcommission.nic.in/reports/genrep/skilldev/sub_acord.pdf

Recommendations Concerning Sector Bodies in India

Supportive institutional environment

- There is a need to get the structure surrounding sector bodies right if they are to operate effectively; as FICCI has described it, the ‘formulation of institutional mechanisms for content formation, delivery, and assessment’⁷. Publicly available documents do not suggest a detailed assessment and plans for appropriate institutional mechanisms to sit alongside sector bodies; while the system cannot be planned from scratch, sector bodies equally cannot operate in a vacuum – nor can they be expected to wield sufficient influence to improve the skills landscape significantly if they are dealing with multiple agencies with conflicting and overlapping priorities.

Operation

Clarity of remit and purpose

- The remit of sector bodies needs to be rigidly established in terms of:
 - Purpose
 - Output and activities
 - Limits of authority
 - Reporting guidelines
 - Relationship with awarding and quality assurance bodies.
- Coherency and clarity of these factors will ensure that consistency in operations is achieved throughout all vertical levels of sector bodies and branches. It will also avoid the issues inherent in systems such as Canada’s, where a lack of centralised remit has created confusion and lack of clarity.
- Sector bodies should echo the tripartite focus of New Zealand’s Industry Training Organisations: by liaising with federal and state-level Government, they can ensure that policy priorities are met; by liaising with industry at state and local level, they can establish where skills needs are; and by collaborating with providers and state and local level they can ensure that training occurs in areas of skills need and at the correct level.

Output

- Like the ISCs in Australia, sector bodies in India will be best placed to ascertain the training needs and capacity of local and regional industry sectors. At a national level (incorporating state and local level data), *producing regular Sector Intelligence Reports*, which adhere to a common format and indicate the economic state and skills needs of the sector. These reports also include recommendations and implications for key stakeholders.
- At a national level, working with industry to set *National Occupational Standards (NOS)* that form the basis of qualifications on the NVQF. Sector bodies should own NOS and ensure that changes are made in consultation with the NSDC and other interested parties.
- At all levels, working with providers and industry to *develop qualifications for submission to the national regulator* and registration on the qualifications framework⁸.
- At a state and local level, *recruiting and auditing employer organisations for traineeships and work placements*; liaising with the national funding authority. Sector bodies are also best placed to form and manage relationships with industry and employers; it is also best placed to arrange for work placements for interested students and to monitor quality in such organisations. This follows the Dutch model, in which work placements are a vital part of vocational education.
- At a state and local level, *providing advice and guidance on industry training opportunities for employers* and learners.
- At a state and local level *channelling funding for work placements and traineeships, or grants for workplace learning*. Although this is onerous, given the scale involved, without sector body involvement in the funding process there can be no real effectiveness – essentially, without funding ability, sector bodies run the risk of becoming another level of bureaucracy.
- At a state and local level where employers have identified a clear need, *collecting an employer levy and redistributing funds* as directed by the national sector body. This should be driven by the sector bodies themselves so that any levy occurs on a sectoral, needs-only basis; this shows that it is needed and has more chance of getting employer support.

7. <http://www.ficci.com/pressrelease/651/press-aug1-skill.pdf>

8. http://planningcommission.nic.in/reports/genrep/skilldev/sub_accrd.pdf

Recommendations Concerning Sector Bodies in India

Funding

Optional sector-based introduction of a training levy

- Indian sector bodies could introduce a training levy on large employers (over a certain wage bill) or foreign companies operating in India, in exchange for a tax rebate. This would lead to more workplace training and would also create more pooled funds for skills development regionally; it would not, however, create enough income for the sector bodies to subsist on these funds alone. Training levies should be sector driven, however, and only in areas where employers have identified a clear need.

Distributing funding for training

- Sector bodies are a vital channel for distributing federal and state funding for training; not only will this ensure that funding for work placements and workplace training is distributed according to need, but funding applications can be managed locally.

Funding contingent on performance

- Funding for sector bodies should be distributed federally and cascaded down through the vertical SSC structures; it should be awarded on the basis of an annual business plan and regular audits, to be carried out by a national quality assurance agency. Business plans, comprising financial forecasts against planned activities, and measuring against the previous year's performance, should be the basis of an ongoing remit to operate from the NSDC, as in South Africa. It is vital that the measures for performance are not purely financial, however, as this can detract from achieving qualitative measures such as take up of work placements and the numbers of standards developed.

Quality Assurance

Developing standards

- Sector bodies should develop national occupational standards in consultation with industry; they should also collaborate with industry-based practitioners to develop qualifications for submission to the regulator.
- India could adopt the concept of Training Packages, such as those used in Australia. While they are costly to develop, the concept is valuable: by wrapping competencies, standards, assessment guidelines and materials together, quality is more readily assured. It is also possible for regional and local providers, with their cultural, economic and linguistic differences, to adapt and deliver the training as they see fit, provided the outcomes and competencies achieved are those outlined, and the assessment methods are the same.

Transparent reporting

- India should also focus on transparency and reporting mechanisms, so that the information gathered by sector bodies is used for the advantage of all sectors and industry bodies, as well as employers. Performance measurement and quality assurance mechanisms should not be overly onerous.

Funding as a performance incentive

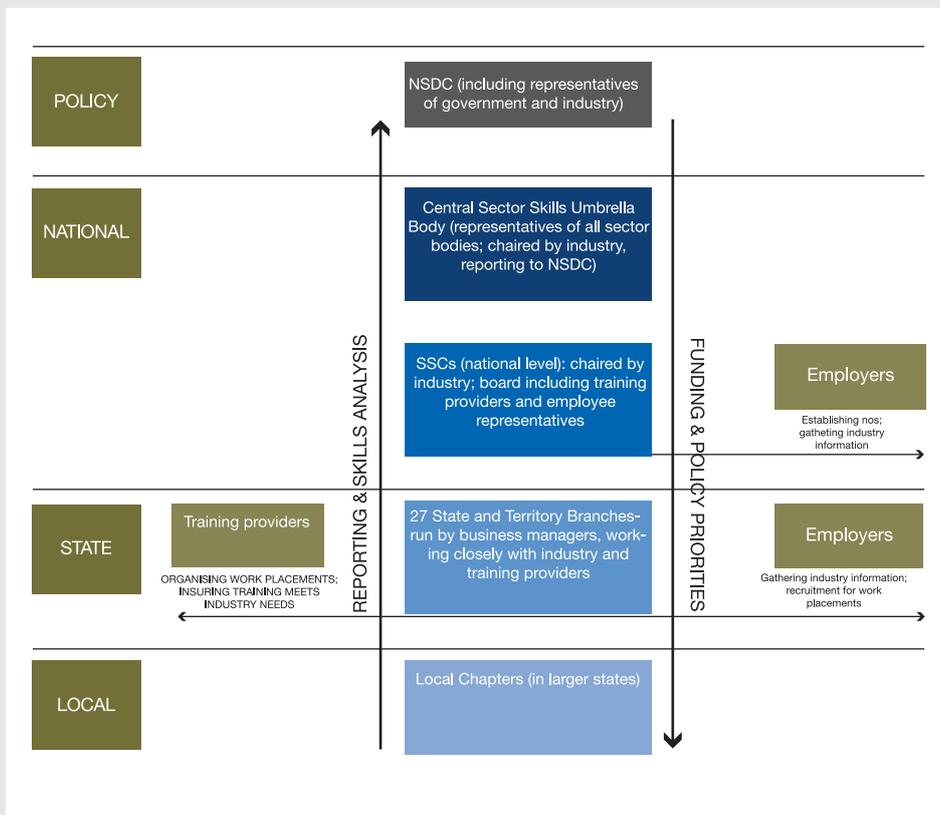
- Business plans (required for funding authorisation) should form the basis of quality assurance of sector bodies, along with regular audits by a central quality assurance agency. This will enable an incentive-based performance environment, similar to that used successfully in the Netherlands.

Feedback mechanisms

- Liaison between industry and the national qualifications agency will ensure the quality of National Occupational Standards; feedback from stakeholders in training provision and industry will also enable the sector bodies to gauge success and feed back to the central sector umbrella body.

Recommendations Concerning Sector Bodies in India

Proposed System Map





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About Manipal City & Guilds

This report was commissioned and published by the Joint Policy Advisory Group of Manipal City & Guilds.

Manipal City & Guilds is a UK-India joint venture bringing together one of India's leading players in the education sector and the UK's largest and oldest vocational awarding body.

In 2009, the joint venture launched IndiaSkills to offer world class solutions that meet the specific needs of skills development in India. IndiaSkills has since developed capability in occupational role analysis, structured curriculum, content and assessment development in a range of sectors by absorbing processes and prior knowledge from City & Guilds and recreating these for India, and also delivers training through its own centres and in-house to corporate and government clients.

Following close contacts with policy makers, Manipal City & Guilds decided to invest in a new strategic initiative to become a more effective knowledge partner as well as a delivery agent for India. As a result, the Delhi-based Joint Policy Advisory Group (JPAG) was established in 2011, bringing together expertise from Manipal and from City & Guilds to provide an objective, evidence-based voice on policy issues in the skills space in India. This report is JPAG's inaugural publication.

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