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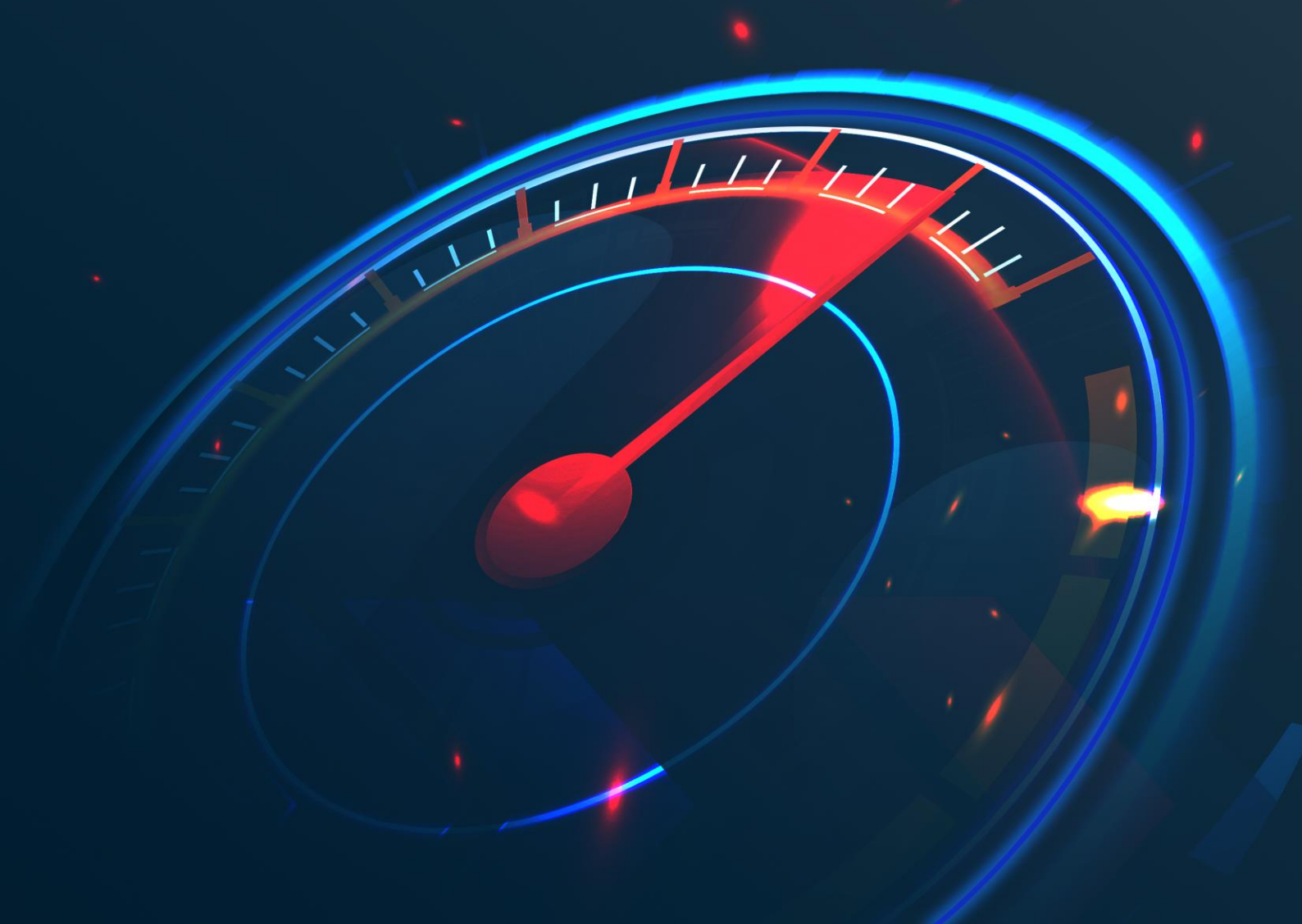
MOVING THE NEEDLE

THE JOURNEY FROM POLICY TO IMPLEMENTATION

August 2024



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Mr. Rajan Bahadur-
CEO, Tourism & Hospitality Skill Council

Dear readers,

Welcome to the August 2024 edition of Moving the Needle! We're delighted to feature Mr. Rajan Bahadur, CEO of the Tourism & Hospitality Skill Council, who shares his experiences and insights into the evolving landscape of tourism and hospitality skills in India.

In this edition, we delve into India's economic resilience, highlighting the country's robust growth and positive outlook amidst global challenges. We also examine strategic approaches to boosting foreign direct investment (FDI) and the latest developments in India's high-speed rail revolution, including progress, impact, and future trajectories. Our focus extends to the critical need for academia-industry collaboration to advance India's tech industry and strategies for smartly manufacturing the future of aerospace and defence.

We cite use cases of sustainable healthcare practices and their role in combating climate change whilst also exploring the modern age of microfinance, balancing risk and innovation in this evolving sector. Additionally, we look at the evolution and modernization of Industrial Training Institutes (ITIs) in India, aiming to bridge the skills gap and better align with current industry needs. These insights set the stage for defining India's position a decade down the line.

Hope you find this an insightful read!

1 Primus Outreach

#PolicySquare
To understand the more fundamental questions in policy making

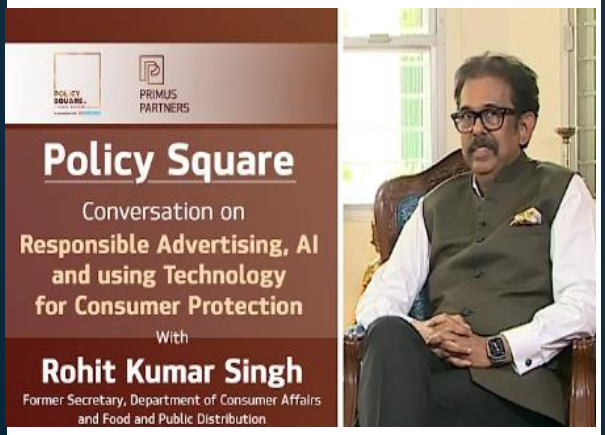
#LeadersSpotlight
To highlight opinions of sector/segment leaders

#PrimusPodcast
To bring together policymakers & thinkers in areas of critical importance

Policy Square, Leaders Spotlight and Primus Podcast are initiatives by Primus Partners wherein key constituents of the public policy ecosystem as well as the sector experts – senior policy-makers, civil society members, business executives etc. – are interviewed on critical issues and policies of national importance to explore their impact on the country and industry at-large.

The motivation for these initiatives series is driven by Primus Partners' rich policy-sectoral-regulatory knowledge base, as well as experience of delivering projects across multiple domains and geographies, with an aim to leverage this knowledge, and create a platform to table in–depth discourse.

With this initiative, we have attempted to engage with experts at various levels within the country's ecosystem. Each expert has brought in a new perspective – all towards enabling India's growth both in absolute and relative terms.



#PolicySquare
Latest episode features:
Rohit Kumar Singh, Former Secretary, Department of Consumer Affairs and Food and Public Distributions

2 Economy

India's Economic Resilience: Robust Growth and Positive Outlook Amidst Global Challenges

The Indian economy over the past year has shown remarkable resilience and robust performance, which has showcased a positive and promising outlook despite the global VUCA environment. The annual GDP growth for FY24 reached an impressive 8.2%, surpassing market expectations and underscoring strong domestic demand and vibrant investment activity. It's a testament to the country's economic strength that the Reserve Bank of India (RBI) maintained policy rates in June 2024 and optimistically revised the GDP growth projection for FY25 to 7.2%, demonstrating confidence in our country's economic trajectory amidst the underlying global challenges.

We are particularly optimistic about the future of Indian merchandise exports, which are projected to recover robustly in FY25 with an anticipated growth of 4.2% to USD 455.7 billion. This rebounds from a 3% contraction in FY24 and highlights the strength of India's export sector and its ability to bounce back effectively. Additionally, significant foreign investments are anticipated, with JP Morgan forecasting inflows of USD 20 to 25 billion following the inclusion of Indian government bonds in its emerging market index. This could potentially double foreign holdings of these bonds within a year, further solidifying our economic standing.

Further, Indian trade in services has also shown impressive performance, with net earnings rising by 15.9% year-on-year to USD 12.9 billion in May 2024. This growth in service exports and controlled increase in service import payments reflect the competitive edge and global demand for Indian services. Furthermore, investment through participatory notes in Indian capital markets reached INR 1.5 trillion by the end of March 2024, demonstrating robust investor confidence and a positive economic outlook.

The manufacturing sector's recovery is another source of optimism. The Manufacturing Purchasing Managers' Index (PMI) rose to 58.3 in June 2024 from 57.5 in May 2024, driven by high demand and expansion in new orders and output.

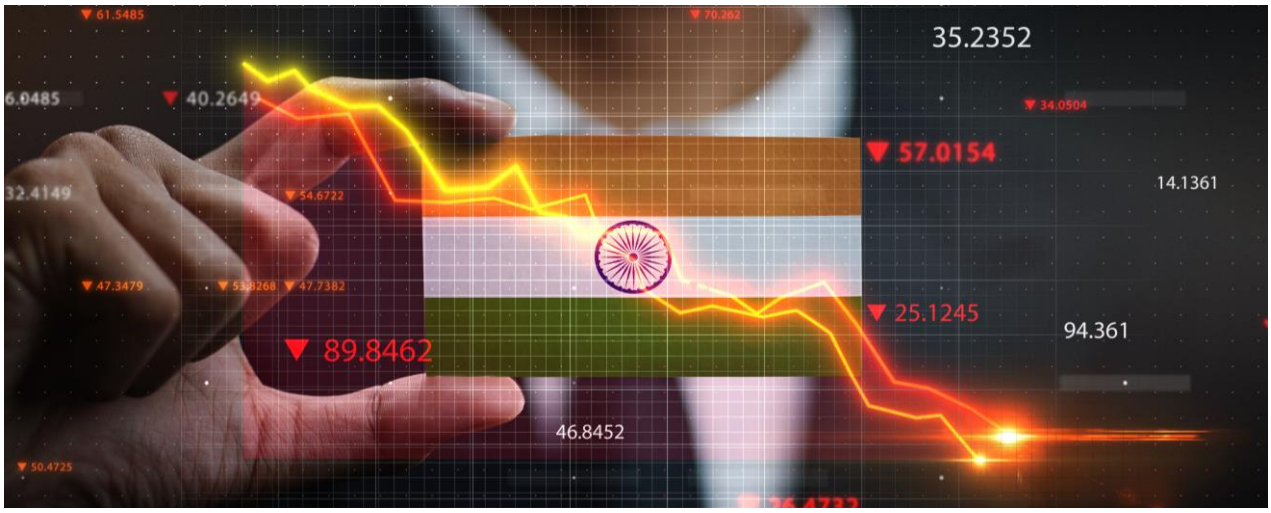
2 Economy (Contd.)

This signifies the sector's resilience and capacity for growth. Similarly, the services sector experienced accelerated growth, with the Services PMI reaching 60.5 in June 2024 from 60.2 in May 2024, highlighting dynamic expansion and increased staffing levels.

However, we recognize that there are challenges we must address. Consumer sentiment, as measured by the Consumer Pyramids Household Survey (CPHS), showed a marginal decline. The Index of Consumer Sentiments (ICS) fell by 0.3% to 109.6 in June 2024, reflecting a minor adjustment rather than a downturn. Urban consumer sentiment improved, indicating growing confidence in urban areas, but rural consumer sentiments deteriorated, which is a concern that needs attention.

The labour market has shown dynamic movements, with the unemployment rate rising to 9.2% in June 2024 from 7% in May 2024. This increase in unemployment accompanies a rise in the labour participation rate (LPR) to 41.4%, the labour market has shown dynamic movements, with the unemployment rate rising to 9.2% in June 2024 from 7% in May 2024. This increase in unemployment accompanies a rise in the labour participation.

Overall, we believe the Indian economy is on a strong and positive trajectory, driven by robust domestic demand, vibrant investment activities, and favourable macroeconomic indicators. The optimistic outlook, coupled with anticipated recoveries in exports and increased foreign investments, paints a bright future for India's economic landscape.



3 Geopolitics

India, with its robust economic fundamentals and strategic market position, continues to attract foreign direct investment (FDI). However, optimizing policy frameworks, liberalizing more sectors, and simplifying investment processes could substantially increase its FDI inflows. Here's a detailed action plan, fortified with pertinent data and statistics.

Enhanced Policy Framework

A centralized single-window clearance system is pivotal for enhancing India's investment climate. This system could streamline the clearance process, which is currently dispersed across various departments. By implementing such a system, India aims to ascend from its current 63rd position in the World Bank's Ease of Doing Business Index to the top 50. The DPIIT could spearhead this initiative, reducing the average FDI approval time, which currently stands at several weeks, to under 30 days.

Sector-Specific Liberalization

The potential for sector-specific liberalization is Immense. The insurance sector, which recently saw the FDI cap raised to 74%, witnessed a 47% increase in FDI inflows to nearly $1 billion in FY 2021 alone. Further liberalization could catalyze additional billions in investments. Similarly, the retail sector, expected to grow to $1.3 trillion by 2025, presents vast opportunities if FDI restrictions are eased. The defence sector, with a current 74% cap under the automatic route, could attract more technologically advanced foreign players if the cap is increased to 100%.

Streamlining Control Mechanisms

Addressing corporate governance and control issues can enhance investor confidence significantly. Currently, discrepancies in board control and dividend policies can deter investors. Streamlining these mechanisms could further open the doors for an increase in annual FDI, which has averaged around $60 billion over the past five years. By simplifying these regulations, Inda could aim to increase its FDI inflows by 20-30% annually.

3 Geopolitics (Contd.)

Clarifying Regulatory Norms with Press Note 3

Press Note 3, aimed at regulating investments from bordering countries, particularly affects inflows from China, which amounted to over $8 billion in the past decade. Clear, transparent guidelines are necessary to maintain security without stifling investment. Providing definitive criteria and thresholds for investments requiring government approval could reassure investors from these countries, potentially unlocking $5-10 billion in additional FDI annually.

India's potential as a premier global FDI destination is undeniable. By implementing a robust, transparent policy framework, further liberalizing key sectors, clarifying regulatory norms, and streamlining control mechanisms, India can significantly enhance its attractiveness to foreign investors. This strategic shift could elevate India's FDI inflows beyond the record $83 billion achieved in 2020-2021, driving sustained economic growth and development. With targeted reforms and proactive governance, India can set a new benchmark in FDI attraction, fostering a vibrant, innovation-driven economy.

4 Infrastructure

India's High-Speed Rail Revolution: Charting progress, impact, and future trajectories

High-speed rail (HSR) represents a transformative leap in India's transportation infrastructure, promising to redefine connectivity, economic growth, and sustainable development. As the nation embarks on this ambitious journey, it's crucial to assess the current progress, potential impacts, and future expansion plans of HSR projects.

The Mumbai-Ahmedabad High Speed Rail (MAHSR) Project stands as the flagship HSR initiative in India, sanctioned with technical and financial support from Japan. This project serves as a litmus test for the feasibility and implementation of HSR technology in the Indian context. The MAHSR aims to connect two major economic hubs, potentially reducing travel time from the current 6-8 hours to about 2-3 hours.

However, the path to implementation has not been without hurdles. Challenges persist, particularly in land acquisition and addressing stakeholder concerns. These issues have led to delays in project execution, highlighting the complexities involved in introducing such advanced infrastructure in a diverse and densely populated country. As per current plans, the 352 km section through Gujarat is expected to fully open in 2027, after opening the 50 km Surat to Bilimora stretch in August 2026. The remaining section to Mumbai is expected to open by the end of 2028.

Benefits of High-Speed Rail

The introduction of HSR in India shall deliver

multifaceted benefits that extend far beyond transportation improvements:

- **Economic Stimulation:** HSR projects are significant job creators, spanning construction, engineering, maintenance, and service industries. The construction phase alone generates thousands of direct and indirect employment opportunities. Moreover, these projects act as catalysts for regional development by attracting investments and businesses to connected areas.

- **Environmental Sustainability**: High-speed trains are known for their energy efficiency, especially when running at full

4 Infrastructure (Contd.)

capacity. Additionally, the shift to rail can alleviate congestion in urban centres and on highways, contributing to reduced local air pollution.

- Social Integration: Improved connectivity between major cities and urban centres will foster cultural exchange and enhance tourism opportunities, allowing for day trips between distant locations and potentially changing lifestyle patterns.

- Technological Advancement: The implementation of HSR necessitates cutting-edge technologies in train design, track construction, and operational systems. Technologies such as magnetic levitation (Maglev), advanced signalling systems, and smart infrastructure monitoring can find applications beyond rail, benefiting other sectors of the economy.

Future Outlook

The vision for HSR in India extends far beyond the inaugural Mumbai-Ahmedabad corridor. The Ministry of Railways has initiated feasibility studies for three Golden Quadrilateral routes: Delhi-Kolkata (1,474 km), Delhi-Mumbai (1,402 km), and Mumbai-Chennai (1,317 km). These routes, if implemented, would form the backbone of India's HSR network, connecting the country's major metropolitan areas and economic centres.

For this, seven routes have been identified and prioritised :

- Delhi-Varanasi (813 km)
- Delhi-Ahmedabad (878 km)
- Mumbai-Nagpur (765 km)
- Mumbai-Hyderabad (671 km)
- Chennai-Bengaluru-Mysore (approximately 435 km)
- Delhi-Chandigarh-Amritsar (459 km)
- Varanasi-Howrah (approximately 760 km)

These expansions aim to create a comprehensive HSR network that will revolutionize inter-city travel across the country. The proposed network would not only connect major cities but also integrate tier-2 and tier-3 cities into the national economic mainstream, potentially altering urbanization patterns and regional development trajectories.

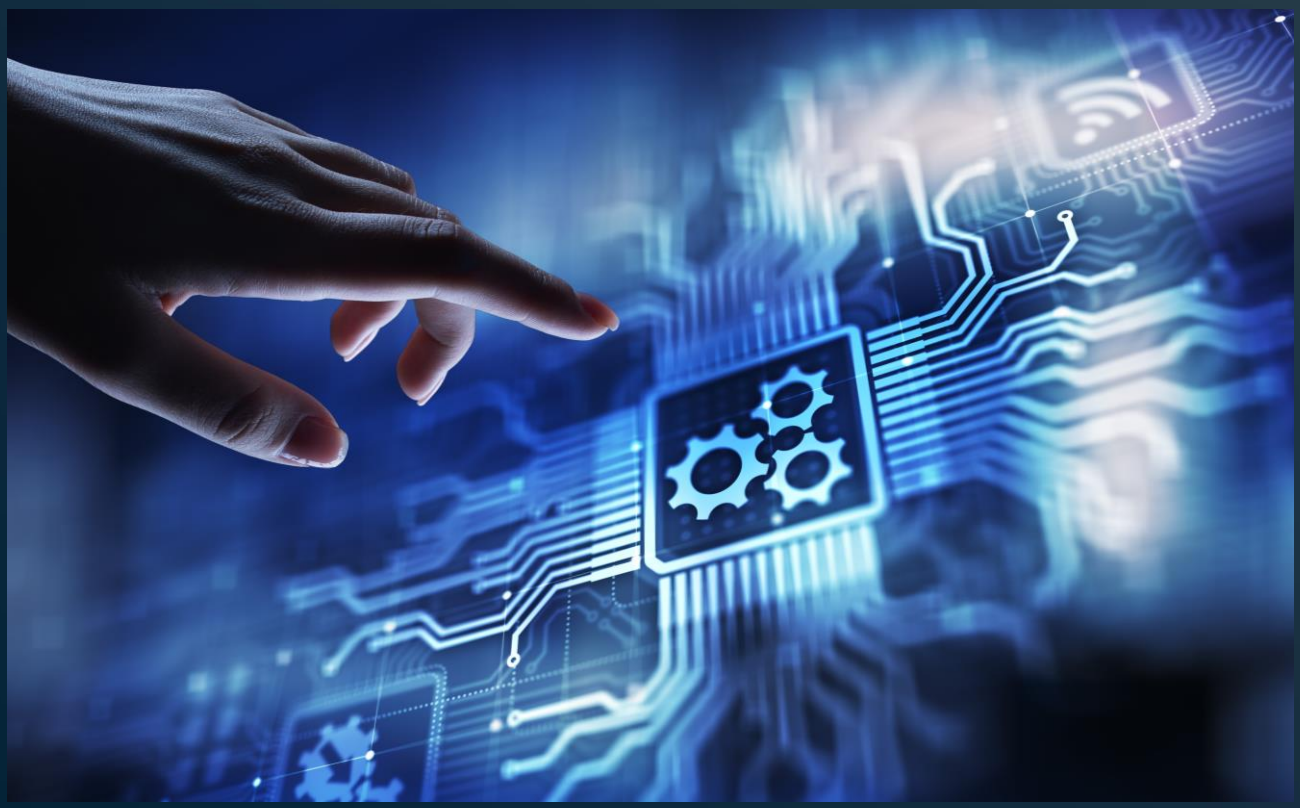
Conclusion:

India's foray into high-speed rail marks a pivotal moment in its infrastructure development journey. While challenges in implementation persist, the potential benefits in terms of economic growth, environmental sustainability, and social integration are substantial. As feasibility studies and project reports progress, the coming years will be critical in shaping the future of HSR in India.

The success of initial projects like the MAHSR will likely set the tone for the expansion of this transformative technology across the nation. With careful planning, innovative solutions, and strategic implementation, HSR has the potential to not only revolutionize India's transportation landscape but also catalyse broader socio-economic development.

5 Technology

Academia-Industry Collaboration: The missing element in India's tech industry



The collaboration between academia and industry is a driving force behind technological innovation and economic growth. In countries like the United States, collaboration between academia and industry is a cornerstone of technological advancement. The tech industry in the US contributes approximately $60 billion annually to university research, which leads to the creation of new products and intellectual property (IP). According to the National Science Foundation (US), industry funding for academic research has grown by 4.5% annually over the past decade. This significant investment has resulted in many well-known products and technologies.

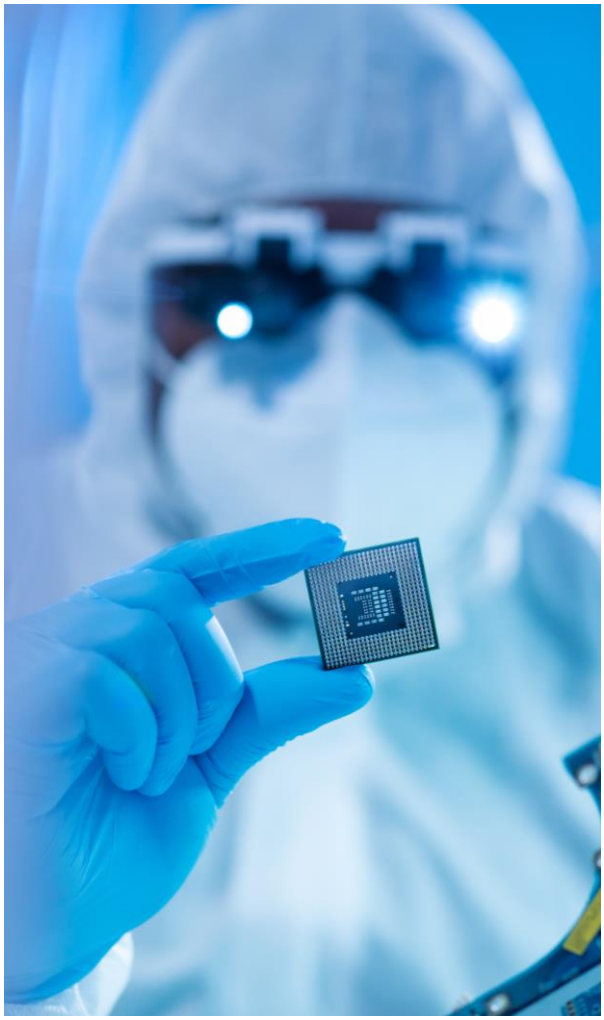
For instance, Google, which started as a research project at Stanford University, has become one of the most successful companies globally, with a market capitalization of over $1 trillion. The development of the Internet itself was greatly supported by partnerships between the US Department of Defence's ARPANET project and various universities. Another notable example is Moderna's COVID-19 vaccine, which was developed through a collaboration between the biotech company and several academic institutions. This partnership enabled the rapid development and deployment of the vaccine, highlighting the power of such collaborations in addressing global challenges.

5 Technology (Contd.)

India has immense potential to replicate such success stories. While there have been some initiatives, such as Tata Consultancy Services partnering with IIT-Bombay to develop a Quantum Diamond Microchip Imager and Wipro working with IISc on AI and healthcare research, much more needs to be done. According to a report by NASSCOM, the Indian tech industry contributes about $2 billion annually to university research, a figure that pales in comparison to the US. Increasing this investment to $10 billion could significantly impact the Indian GDP, potentially boosting it by approximately 1-1.5%

Enhanced collaboration between academia and industry can lead to the creation of new products and IP. For example, the collaboration between IIT Madras and a healthcare startup resulted in the development of a portable ventilator that was crucial during the COVID-19 pandemic. Another example is the partnership between Indian Space Research Organisation (ISRO) and academic institutions, which has led to significant advancements in satellite technology and space exploration.

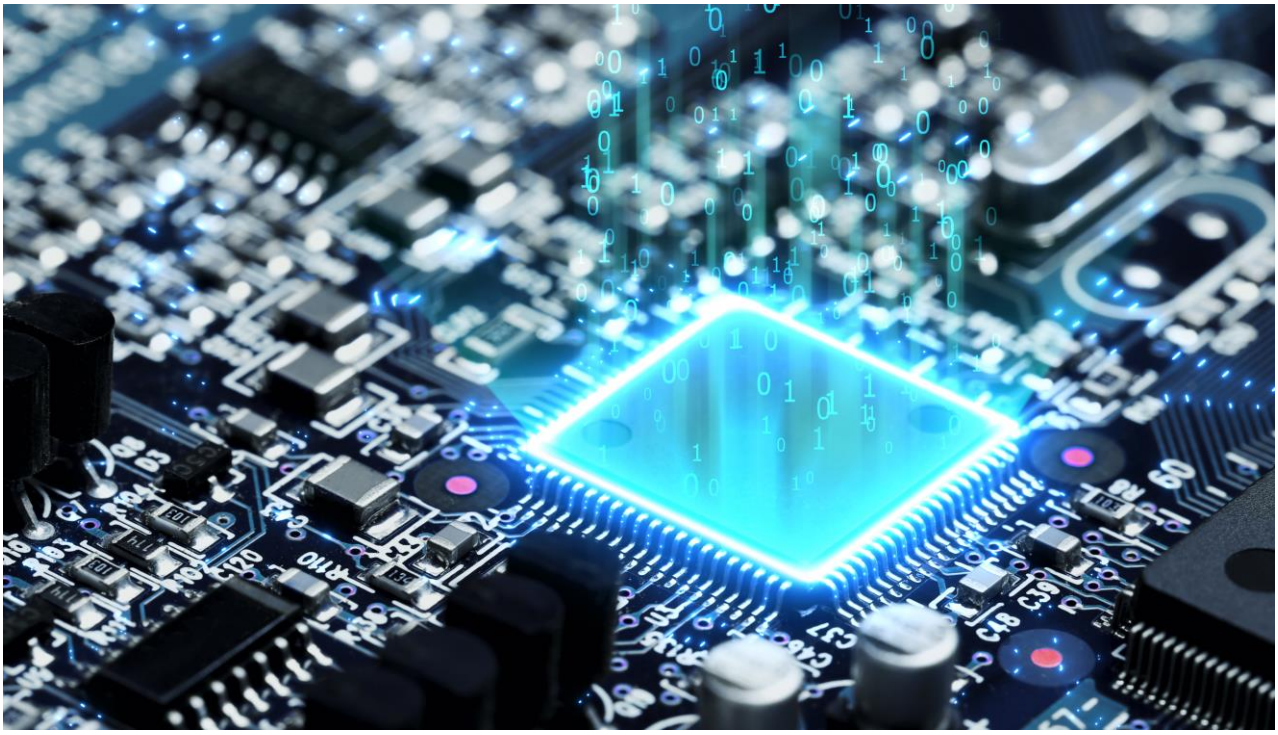
According to a report by the Confederation of Indian Industry (CII), India produces around 1,500 patents annually, compared to over 50,000 patents filed in the US. This disparity highlights the need for increased focus on IP creation. When universities and companies work together, they can turn innovative ideas into marketable products and services. This not only drives economic growth but also helps in solving real-world problems with advanced solutions. The creation of



IP is crucial for the Indian industry as it protects innovations and provides a competitive edge in the global market. By investing in research and building strong partnerships, Indian companies can develop unique technologies that are protected by patents, ensuring long-term benefits and sustained growth.

To close this gap, more efforts are needed to bring academia and industry together in India. A recent research report suggests that a $10 billion investment in research could lead to a 10-15% increase in high-tech exports, further enhancing India's position in the global tech market.

5 Technology (Contd.)



By boosting collaboration and funding, India can drive innovation and create new technologies that fuel economic growth.

Other countries have successfully leveraged academia-industry partnerships to create impactful technologies. In Japan, Toyota's collaboration with universities has led to significant advancements in hybrid and electric vehicle technologies. Toyota invests around $1 billion annually in joint research projects. In South Korea, Samsung's partnership with KAIST (Korea Advanced Institute of Science and Technology) has resulted in breakthroughs in semiconductor technology, with Samsung's R&D expenditure with academic institutions estimated to be around $500 million annually.

Enhancing academia-industry collaboration in India is essential for the growth of the tech industry and the economy. By learning from successful models in countries like the US, Japan and South Korea and increasing investment in research and partnerships, India can accelerate innovation and solidify its position as a global tech leader.

6 Aerospace & Defence

Smartly Manufacturing India's Aerospace and Defence future

India's journey towards becoming a global leader in aerospace and defence (A&D) sector is significantly bolstered by the adoption of smart manufacturing techniques. Integrating advanced technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), and robotics into A&D production enhances efficiency, precision, and strategic autonomy. The transformative power of smart manufacturing is beginning to make a substantial impact on India's A&D sector.

Smart manufacturing leverages real-time data and advanced analytics to optimize production processes. For the A&D sector, this means higher precision, improved quality, and faster production cycles. Recent advancements show that smart manufacturing can revolutionize A&D production by boosting productivity and reducing maintenance costs.

Strategic Benefits for A&D

The integration of smart manufacturing is offering several strategic advantages for the sector:

- **Enhanced Precision and Quality:** AI-driven quality control systems ensure components meet stringent standards. Advanced sensors detect microscopic defects, preventing failures in the field.
- **Rapid Prototyping and Production:** Technologies like 3D printing enable quick prototyping and production of complex parts, crucial for urgent A&D needs.

6 Aerospace & defence (Contd.)

- **Preventive Maintenance:** IoT-enabled systems and prevent equipment breakdowns, reducing downtime and ensuring machinery operates efficiently.

- **Supply Chain Resilience:** Blockchain and IoT technologies enhance supply chain transparency and resilience, ensuring timely delivery and swift resolution of disruptions.

- **Cost Savings:** Efficient resource management and advanced maintenance techniques lead to substantial cost savings over the product's lifecycle.

Applications of Smart Manufacturing in A&D

- **Digital Twin Technology:** Digital twins create virtual replicas of physical assets, allowing for real-time monitoring and simulations. This significantly enhances the design and maintenance of A&D equipment by predicting performance issues before they occur.

- **Advanced Robotics:** Autonomous and semi-autonomous robots handle hazardous tasks, reducing the risk to human operators. These robots perform precise manufacturing tasks, leading to higher consistency and quality in A&D production.

- **Additive Manufacturing:** Also known as 3D printing, this technology allows for the creation of complex and lightweight components often impossible to produce with traditional manufacturing methods. This is particularly useful for producing parts for aircraft and other defence vehicles.

- **Smart Sensors and IoT:** Sensors embedded in manufacturing equipment collect data on various parameters, such as temperature, pressure, and vibration. This data optimizes the manufacturing process and ensures the high quality of the final products.

- **AI and Machine Learning:** AI algorithms analyze vast amounts of data to identify patterns and anomalies, enhancing decision-making processes in production management, quality control, and supply chain optimization.

With the major A&D firms, along with MSMEs and startups, adopting smart manufacturing, India's A&D production capabilities are becoming more efficient, resilient, and innovative. The strategic adoption of smart manufacturing aligns with the broader vision of an 'Atmanirbhar Bharat' and sets the stage for a technologically advanced and self-reliant aerospace and A&D sector.

7 Healthcare

Sustainable Healthcare Practices: A path to combating Climate Change

As climate change increasingly impacts our world, the sustainability of healthcare has become an urgent priority. A recent study reveals that the healthcare sector contributes approximately 4.6% of global greenhouse gas (GHG) emissions, with India's healthcare sector accounting for around 2% to the country's total emissions. The adoption of sustainable practices within healthcare is essential to address these challenges.

Waste Reduction: A Vital First Step

India's healthcare sector generates over 600 Tonnes of biomedical waste per day, highlighting the urgent need for waste reduction initiatives. Implementing strategies such as waste segregation at the source, stringent recycling protocols, composting organic waste, and using reusable medical supplies is crucial for both environmental protection and public health as outlined in the Biomedical Waste Management Rules, 2016. These measures not only decrease landfill waste but also lower the risks of infection and chemical exposure. Hospitals can significantly reduce their environmental impact by adopting these practices and further minimizing waste.

Energy Efficiency: Powering a Greener Future

Energy consumption in healthcare facilities is another area needing improvement. With aging infrastructure, high energy-consuming equipment and a growing base of patients, hospitals operate continuously, consuming substantial amounts of energy, which results in high carbon emissions. By adopting energy-efficient technologies, hospitals can drastically reduce these emissions. In India

7 Healthcare (Contd.)

several hospitals have implemented solar panels and energy-efficient lighting systems. A report states that large hospitals like AIIMS, with sustainability measures, have achieved 30% energy savings. Additionally, Apollo's ESG report 2023 indicates that they have avoided over 36K CO2 of GHG emissions through solar and wind energy. Investing in geothermal energy systems and smart building technologies can further optimize energy use.

Environmentally Friendly Practices: Building a Sustainable Framework

Beyond waste reduction and energy efficiency, broader environmentally friendly practices are essential. These include using sustainable materials for medical supplies, reducing water usage, and creating green spaces within hospital premises. Several healthcare institutions such as Bhagwan Mahavir Hospital (Delhi), Apollo Hospitals, Fortis Healthcare, Tata Memorial Centre, Narayana Hrudayalaya, have taken the initiative to adopt sustainable practices. Many hospitals are now constructing facilities with sustainable materials like biodegradable and recyclable materials such as rubber, composite woods etc., along with finishing materials that are locally sourced, have low volatile organic compound content. . Hospitals may also opt for incorporating green roofs and shall contribute to environmental preservation. Green spaces in hospitals also help reduce stress and improve the well-being of patients and staff.

Local Context and Implementation in India

In India, the relevance of sustainable practices in healthcare is particularly pronounced. Indian hospitals face unique challenges, such as high patient loads, limited resources, and diverse waste management capabilities. Despite these obstacles, several Indian healthcare facilities have successfully adopted sustainable practices. For instance, the implementation of comprehensive waste management program, including waste segregation and recycling at hospitals are being undertaken. Similarly, private hospital chains like Apollo, Fortis, and Narayana Health have adopted solar energy solutions, significantly reducing their carbon footprint and operational costs.

7 Healthcare (Contd.)

Government policies and incentives

The Indian government has actively promoted sustainability in healthcare through initiatives like the National Health Mission (NHM) and the Swachh Bharat Abhiyan. Launched in 2013, the NHM aims to provide universal access to quality health care services. Its impact has been significant, with many healthcare facilities adopting sustainable practices such as green building standards and renewable energy sources, leading to improved energy efficiency and cost savings.

The Swachh Bharat Abhiyan, initiated in 2014, has enhanced waste management practices in healthcare facilities, reducing medical waste significantly. For promoting these initiatives, the Indian government offers tax relief through an elevated rate of depreciation, commonly known as accelerated depreciation. It allows to claim a 40% depreciation rebate year on year on a solar project. This reflects the government's commitment to promoting sustainability within the healthcare sector.

A call of action for stakeholders

The healthcare sector can play a crucial role in combating these challenges by integrating sustainability into its operations. Sustainability in healthcare is a collective responsibility. Healthcare professionals, administrators, and policymakers in India must work together to create and implement policies promoting sustainability. Incorporating education and training on sustainability practices into the healthcare curriculum can prepare future professionals. The training may also include case studies of the best examples around the world and Observerships programs in hospitals practicing sustainable healthcare can provide valuable real-life insights and hands-on experience.

The shift towards sustainable healthcare is both a moral duty and a strategic imperative. By embracing waste reduction, energy efficiency, and eco-friendly practices, the healthcare sector can substantially cut its carbon footprint and enhance resilience against climate change. Success stories from many hospitals highlight the feasibility of these initiatives. Achieving sustainability requires a unified effort from healthcare professionals, administrators, and policymakers. Together, we can foster a healthcare system that heals both individuals and the environment, ensuring a healthier, more sustainable future for all.

8 Financial Services

The Modern Age of Microfinance: Balancing Risk and Innovation

A Booming Market – the State of Microfinance in India

Microfinance or microlending refers to the practice of providing credit to the unbanked and underbanked population which struggles to secure loans by conventional means. Microfinance Institutions, or MFIs, provide small unsecure or collateral-free loans to low-income folks, typically those with annual household earnings of ₹3 lakhs or less.

Over the past few years, the market has grown exponentially. According to a report by the Microfinance Industry Network (MFIN), MFI portfolio touched almost 4 lakh crores by the third quarter of FY23, demonstrating a strong annual 25% growth rate. Total disbursements of all lenders were at INR 3,19,948 crore in FY22.

Additionally, the industry is expected to grow even further in the coming years, projected to grow at a CAGR of 11% over the 5-year period ending 2028.

Expanding Scope and the Evolution of MFIs

Providers of microcredit are no longer restricted to just self-help groups as the private sector has also entered what it sees as a lucrative market. Commercial banks, NBFCs, Fintechs, NGOs, Cooperatives, and small-scale lenders and store owners all provide some form of microcredit in the modern age.

Moreover, the scope of microcredit services has also grown as these organisations have added products and services like insurance, savings and remittances to their scope. Technological developments have facilitated utilization of digital

8 (Financial Services Contd.)

platforms for loan origination, disbursement, and repayment, streamlining processes and diminishing operational costs while data analytics and alternative credit scoring models have helped evaluate creditworthiness more precisely.

The Critical Balance

Balanced growth is important. A large part of the Indian population relies on instruments such as microfinance and due to the growing nature of the industry and the rapid proliferation of microcredit in the country, it is important to acknowledge and address the challenges posed by the instrument on the economy as well as the borrowers on whom the sector relies. Concerns have further exacerbated since a borrowing crisis emerged in Andhra Pradesh in 2010, when widespread credit default greatly affected the reputation of the sector. High interest rates have been a persistently problematic element of the sector, and the problem reached a boiling point in the state, with interest rates reaching 80%-100% and eventually the state government had to step in. RBI regulates and oversees the sector now and the institution has been raising concerns of a situation like that of Andhra Pradesh in Bihar and Uttar Pradesh, both of which account for a quarter of the total microfinance loans.

Way Forward

Microfinance is a potent, anti-poverty instrument which empowers the underprivileged sections of society. It enables women empowerment, poverty alleviation, financial inclusion, employment generation, and community development. However, like any sector, it faces challenges which need to be addressed. RBI must ensure proper regulatory frameworks, increased rural penetration, competitive and transparent interest rates, and technological advancements to ensure that the sector moves ahead to achieve its potential in a responsible and cognizant manner.

9 Impact

Bridging the Skills Gap: The evolution and modernization of ITIs in India

As industries advance at an exceptional pace, the demand for skilled labor becomes increasingly urgent. Industrial Training Institutes (ITIs) play a pivotal role in this context by offering specialized training to bridge the skills gap. These institutions are crucial in providing a steady supply of competent professionals, meeting the workforce's evolving needs, and driving economic growth. Recognizing this need, both central and state governments have launched numerous initiatives to upgrade ITIs in response to the increasing demand for skilled labor.

Vocational Training Improvement Project (VTIP)

One significant initiative is the Vocational Training Improvement Project (VTIP), which aimed to upgrade 400 government ITIs across 34 states and union territories (UTs). Depending on sector needs, the project is allocated between INR 2 and 3.5 crore per ITI. The primary objectives included enhancing the skills and knowledge of ITI instructors, strengthening 14 central institutes, and advancing curriculum development. A key reform was the establishment of Institute Management Committees (IMCs), chaired by industry leaders, to ensure alignment with industry standards. The physical components of the project involved constructing new classrooms and workshops, training trainers, modernizing tools and equipment, and creating a conducive learning environment.

9 Impact contd.

Running from December 2007 to September 2018, VTIP released INR 1812 crore to states, UTs, and central institutes, with INR 1754 crore utilized for improvements and capacity building.

Upgradation of ITIs through Public-Private Partnerships (PPP)

Another noteworthy scheme is the upgradation of 1396 government ITIs through public-private partnerships (PPP). Under this scheme, 1227 ITIs were covered, each associated with an industry partner. IMCs, led by these industry partners and registered as societies, received interest-free loans of INR 2.50 crore each from the central government. These loans, repayable over 30 years with a 10-year moratorium, supported 31 states and UTs.

Model ITI Initiative

In December 2014, the scheme for the upgrading of existing government ITIs into Model ITIs was launched with a budget of INR 300 crores, later extended to March 2024 with an additional INR 238.08 crore. This initiative aims to transform selected ITIs into model institutions showcasing best practices, high-quality training, and sustainable industry relationships. Each ITI forms an IMC with industry representation to ensure alignment with market needs. To date, 35 ITIs in 29 states have been identified for this upgrade, positioning them as centers of excellence in vocational training.

Future Plans by the Ministry of Skill Development

The Ministry of Skill Development and Entrepreneurship has outlined an ambitious 100-day agenda to open new ITIs and improve existing ones. Currently, there are 15,034 ITIs in India with a combined seat capacity of 3.6 million. The ministry plans to propose new ITIs to the cabinet and launch a skilling voucher scheme to subsidize high-end courses. Additionally, a new skills loan system is being considered to help students finance their education.

The ministry also plans to establish three Indian Institutes of Skills (IIS) whin Mumbai, Ahmedabad, and Kanpur through the PPP model, featuring strong industry connections and advanced learning platforms. Furthermore, the number of Skill India International Centres (SIICs) will increase, with an initial seven centers planned and a goal of 30 nationwide. Short-term skilling programs like Pradhan Mantri Kaushal Vikas Yojana (PMKVY) will emphasize Industry 4.0 skills such as coding, IoT, AI/ML, drones, and solar technology, with a special focus on skilling women for futuristic jobs.

The thrust was further underscored as part of the recent Union Budget 2024-25 announcement of a significant allocation amounting to INR 60,000 crore wherein 1,000 ITIs are set to be upgraded using a hub-and-spoke model. This shall also act as a game changer for the 20-lakh youth over the next 5 year period as also marking a landmark moment for Industrial Training Institutes (ITIs), dedicated to their complete overhaul and improvement. In conclusion, these initiatives aim to modernize ITIs, foster industry partnerships, and ensure ITIs drive economic growth amid evolving industrial needs.

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Expert speak

Mr. Rajan Bahadur-
CEO, Tourism & Hospitality Skill Council

An extensive cross-industrious exposure of over 35 years has credited Mr. Bahadur with rich management experience and strong leadership skills from across sectors such as FMCG, Travel and Tourism, Financial services, Hospitality and Social Sector.

In his current capacity as the CEO of Tourism & Hospitality Skill Council (a public private partnership under the aegis of Ministry of Skill Development and Entrepreneurship, Govt. of India), Mr. Bahadur's vision is to bridge the increasing gap in the skill ecosystem. His focus is on empowering the youth with appropriate skills, to ensure they are ready to be placed in the Tourism and Hospitality sector as per the ever-growing industry demand..

1. As the Tourism & Hospitality Skill Council Of India (THSC) marks the completion of its 10-year journey, what do you consider as the most significant milestone or achievement under your leadership? How has this impacted the landscape of skill development in the tourism and hospitality sector in India?

As the Tourism & Hospitality Skill Council of India (THSC) marks the completion of its 10-year journey, some of our significant milestones and achievements include:

1. Standardization of Qualification Packs and Curriculum:

- Developed and implemented standardized Qualification Packs (QPs) based on occupational mapping.
- Ensured all training programs adhere to a certain level of quality and consistency.
- 67 active QPs are available for training purposes.

2. Increased Training Capacity:

- Expanded the number of training providers and centers of excellence nationwide.
- Made skill development in tourism and hospitality more accessible.
- Created over 1,000 training centers and certified over 1.3 million candidates to date.

3. Improved Industry Collaboration:

- Fostered enhanced collaboration between the tourism and hospitality industry and training providers.
- Ensured alignment of taught skills with industry needs.
- Established a network of over 2,000 industry partners.
- Encouraged industry associates to adopt the CSR/RTD model of training and hiring.

4. Recognition of Prior Learning (RPL):

- Promoted and conducted RPL for over 6

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lakh candidates in the tourism and hospitality sector.

- Allowed individuals with prior experience to gain certification for their skills.
- Recognized as an effective scheme to reward employees without formal certifications.

5. National Apprenticeship Promotion Scheme (NAPS):

- Registered more than 72,000 candidates for job roles directly within the Tourism & Hospitality Sector.
- Indirectly supported over 150,000 enrolments, benefiting young individuals.

6. Recruit-Train-Deploy (RTD) Model:

- Promoted the RTD model to streamline the process of identifying, training, and placing individuals in the tourism and hospitality sectors.

2. In your career-spanning sectors such as social services, hospitality, financial services, and travel, what lessons have you applied from each domain to effectively lead THSC? How have these diverse experiences shaped your strategic vision for the organization?

In my career, I have gained invaluable lessons that have significantly influenced my leadership at the THSC. Here's how these diverse experiences have shaped my strategic vision for the organization:

1. Social Services: At THSC, I've applied this understanding by focusing on both industry demands and workforce requirements. This approach has led to the development of training programs that effectively bridge skills gaps and enhance employability. It has also ensured that our initiatives are relevant and responsive to the evolving needs of the tourism and hospitality sector.

2. Hospitality: I've emphasized maintaining high standards of quality and consistency in creating Qualification Packs and curricula at THSC. This commitment has raised the bar for service standards within the sector, whilst having enhanced the quality of training programs and service delivery, leading to a more skilled and professional workforce.

3. Financial Services: Strategic planning and risk assessment have been central to THSC's efforts in expanding training capacity and fostering industry collaboration. This has involved optimizing resources and preparing for future developments, facilitating successful growth of our programs and adaptability to industry changes.

4. Travel: I've integrated global best practices and industry trends into THSC's strategic vision, ensuring our training programs meet international standards and remain competitive. This has strengthened THSC's position as a leader in skill development for the tourism and hospitality sector and bolstered India's global reputation as a tourist destination.

3. THSC is recognized for its innovative approaches in skill development. Can you

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highlight a specific innovation or breakthrough initiative that has set THSC apart in the industry? How do you envision such innovations evolving in the future to meet industry demands?

A standout innovation by the THSC is the development and implementation of the Recruit-Train-Deploy (RTD) model. This initiative has revolutionized how we approach skill development and employment in the tourism and hospitality sector. The RTD model integrates the processes of recruiting, training, and deploying individuals into the workforce. It starts with identifying potential candidates, delivering tailored training aligned with industry needs, and then seamlessly placing them into relevant job roles. For instance, leading hotel chains like Leela, Oberoi, Marriott, and Radisson have utilized this model to ensure that their new hires are well-prepared for their specific roles. Similarly, facility management companies such as PSIPL and restaurant chains like Nando's have benefited from the RTD model, which has streamlined the training-to-employment pipeline.

This approach ensures that the skills imparted during training are directly applicable to the job roles candidates are deployed into. The impact of this model is evident in the higher job placement rates, reduced training costs for employers, and a more efficient response to industry skill requirements.

4. As the tourism and hospitality industry continues to grow globally, what are the key strategies THSC is adopting to ensure a skilled workforce that meets international standards and how are you ensuring collaboration with stakeholders to achieve these objectives?

To ensure that the tourism and hospitality workforce aligns with international standards as the industry grows globally, the THSC is implementing several key strategies. We regularly update and create Qualification Packs (QPs) that reflect global best practices and industry standards in alignment with our Industry Partners and Stakeholders, ensuring our training programs remain relevant and competitive on an international level.

Additionally, we are building partnerships with international organizations, industry leaders, and training providers to incorporate global best practices and standards into our programs, keeping them in line with the latest industry trends and requirements. Strengthening industry collaboration is another priority, achieved through enhanced partnerships with employers, training providers, and regulatory bodies, along with engaging in regular consultations and feedback sessions to ensure our programs meet evolving industry needs. We also focus on continuously assessing and updating the skillsets required by the industry, ensuring our training programs address both current and future needs and prepare candidates for emerging roles.

Furthermore, in association with NSDC, THSC offers foreign language training programs to equip graduates with the skills needed to cater to international clientele, making them more competitive in the global market. To

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enhance our offerings further, THSC has aligned short-term courses with The American Hotel & Lodging Educational Institute, ensuring our training programs adhere to internationally recognized standards and practices.

5. Looking ahead, what are your strategic priorities for THSC in the next five years? Are there any new initiatives or collaborations on the horizon that you believe will be game changers for the industry and that, which could help THSC stay ahead of the curve?

Looking ahead, the THSC envisions a transformative five-year strategy focused on several key areas. The priority is to expand global partnerships by strengthening alliances with international organizations and industry leaders, integrating global best practices into our training programs to enhance competitiveness and prepare the workforce for international opportunities. We aim to leverage emerging technologies such as virtual reality (VR), augmented reality (AR), and artificial intelligence (AI) to revolutionize training effectiveness, offering immersive learning experiences and personalized pathways.

Our focus will also include incorporating sustainability and green practices into our curricula, aligning with the growing demand for eco-friendly solutions in tourism.

Additionally, we plan to create and enhance platforms for continuous learning and professional development through flexible online and blended learning options. Strengthening industry collaboration and improving feedback mechanisms through regular forums and advisory councils will ensure our training programs remain relevant and responsive to evolving industry needs.

In terms of future vision, THSC will prioritize apprenticeship promotion, aiming to empower over 3,000 industry partners and 300,000 youth. We will facilitate placement through job fairs for 100,000 youths and offer CSR & RTD training for 20,000 individuals. Our goal is to certify 1 million youths, setting the stage for substantial growth and impact in the tourism and hospitality sector.

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