

## **PRESS STATEMENT**

Ministry of Skill Development and Entrepreneurship (MSDE) expresses concern and urge for caution on the on-going agitations/ protests, by some groups that seemed to be affected by the temporary hold on target allocation for a few states and sectors under the Pradhan Mantri Kaushal VikasYojana (PMKVY), the flagship scheme of MSDE.

### **On Target Allocation**

As part of the standard notified guidelines, it is to be noted that accreditation and affiliation of a training centre does not guarantee target allocation under any of the Government's skill development schemes including PMKVY. Accreditation and affiliation only indicates eligibility of a centre to run a training programme on a market based model, a grant based model or under corporate funding model. During the process of accreditation on the SMART portal, the training centres are notified twice that the accreditation and affiliation does not guarantee target allocation under PMKVY. Target allocation is the prerogative of the Scheme and has to be done as per scheme guidelines.

While reviewing, the target allocation to various training centres during first 6 months of the scheme, it was observed that the top 3 States in terms of target allocation account for about 37% of the total target allocation and the target allocated for Haryana, Rajasthan and Uttar Pradesh is more than 100% of the scheme target under central component in short term training as mentioned in guidelines. While there are 10 States/UTs with less than 15% of scheme targets and 6 State/UTs with no target allocation under central component of PMKVY. It was further noted that there are 4 sectors with target allocation of more than 100% of total scheme target for 4 years – Apparel; Electronics; Telecom and IT-ITeS. While there are 15 Sectors which have allocated less than 15% of total scheme targets. While targets have been allocated across 169 job roles, top 10 Job roles account for 53% of total target allocation. The above clearly indicated skewed geographical and sectoral allocation of targets as majority of training centres were coming from few States and were largely focused on few sectors/ job roles. This situation may lead to over skilling in few sectors across few States leading to poor placement outcomes.

In larger public interest, it is important that training centres are distributed across the country and across sectors and job roles such that training and employment opportunities are generated across geographies. In addition, a review is being conducted towards a demand driven model to ensure that trained workforce is not unemployed due to effect of uneven distribution of training being imparted in various sectors and geographies. It is expected to soon take a clear decision on way forward for the sectors and geographies which are getting over subscribed. It is to be noted that target allocation under PMKVY scheme is proceeding normally apart from the 3 states and 4 sectors for which the allocated target is exhausted. In addition, targets have been allocated under the state component of PMKVY for which the training partners can approach the respective State Skill Missions. Among others, State Skill Missions of Rajasthan, UP and Haryana have also been allocated PMKVY training targets under the state component. It may be noted here that the data regarding target allocation was already shared on the PMKVY website for everyone's reference so that the prospective training

provides knew the sectors and geographies where more training capacity is required. However, it has been observed that more and more training partners are coming up with capacities in saturated geographies and sectors specially in job roles which require low capital investment. Going forward, training partners should keep a close watch on the quantum of targets both from a sectoral and state perspective. PMKVY scheme will continue to take measures to ensure a well dispersed state and sectoral target allocations.

### **On first level of Franchising**

The section 1.5 of Chapter 1 of PMKVY Guidelines (2016-2020) states that first level of franchising is permitted under PMKVY to ensure geographical reach However, it also mentioned in the guidelines that franchising arrangements would be discouraged, given lower priority and eventually phased out in the interest of better quality.

On close monitoring of the mushroom growth of training centres queuing up for allocation under PMKVY, it was noted that in the States of Haryana, Uttar Pradesh and Rajasthan majority of centres have come up in franchise modes and in job roles with low capital investment requirements leading to skewness in the ecosystem.As pointed out above, continued skewness in the training ecosystem would have resulted in over skilling in some areas leading to massive scarcity of jobs and increased migration of job seeking youth.

On a further scrutiny of franchise arrangements in these centres it has been found that the core function of training itself including entire infrastructure has been outsourced in majority of places with a rent seeking attitude of key training provider who tends to charge up to 40% of revenue, just for providing the access to PMKVY system through this arrangement. This is obviously having a deleterious impact on the quality of training in many of these institutes.

On field inspection of a big sample of these franchise centres, it was observed that 46% of the these centres are non-complaint with accreditation guidelines implying non-readiness to deliver quality training, in spite of they being recommended for accreditation by Quality Council of India (QCI) after their planned inspection.

In view of above, the target allocation to franchise centres have been temporarily stopped and the whole franchise ecosystem is being examined for laying down concrete guidelines clarifying the expected minimum roles, responsibilities and accountabilities of training partner and training centre under a franchise agreement, so that quality training can be ensured. Further the whole issue of future target allocation of PMKVY to maintain equity and promote quality training is under review and a clear guideline on the same will be issued shortly. It may be noted that still there is lot of training target available for training across more than 20 States and 30 sectors across the country. In addition, it also proposed to review the sectorial and geographical ceilings of targets under the scheme subject to quality training outcomes in terms of improved employability and better placements in geographies and sectors which are over saturated.

It may be noted that PMKVY expects to achieve 70% placement including self-employment under the scheme which implied that the scheme should be delivered in areas and sectors where job linkages are available. Thus, if there are placement opportunities and quality infrastructure available the scheme will like to use the same to promote more livelihoods. It may also be noted that accredited training centres have many other options of doing trainings under other government funded programs including those implemented through State governments, subject to their scheme guidelines. Moreover, if there are placement linkages available with a training provider, a fee based model can also be delivered using their quality infrastructure, if any.

Nevertheless, it is again re-iterated that the current stoppage in target allocation for few sectors, States and franchise centres is a temporary measure only. A clear decision on the same with way forward will be notified soon keeping in view the interests of all stakeholders and need to promote quality outcomes under the scheme.