



December 24, 2011

VOCATIONAL TRAINING

ADB plans aid to support India's skills initiative

The govt plans to impart skills training to 500 million people by 2022 to meet the workforce needs

BY PRASHANT K. NANDA & ASIT RANJAN MISHRA

NEW DELHI

The Asian Development Bank (ADB) plans to fund vocational training initiatives in India and will also assist the National Skill Development Corporation (NSDC), according to people familiar with the development.

In the first phase, ADB proposes to give a \$1.1 million technical assistance grant to help NSDC set up two sector skill councils (SSCs) in healthcare and infrastructure.

In the second round, the multilateral fund plans to extend a loan of Rs 500 crore -- equivalent to one-third of the government corpus for skill training--to the skill development fund of the Union government.

“ADB's capacity development technical assistance (TA) project will assist NSDC in establishing one sector skills council each in the service sector (such as healthcare) and infrastructure sector (such as transport and logistics or

construction),” ADB said on its website. “These are priority areas with significant employment and development potential.”

An ADB official with knowledge of the development confirmed that there is a proposal to provide Rs 500 crore assistance to the Indian government.

“The proposal is expected to be taken up for approval by the board of the ADB around Sep-tember-October next year and the flow of fund could start by the (2012) year-end,” he said, speaking on condition of anonymity.

Vocational training in the country is a \$20 billion opportunity annually, according to a July report by Kotak Securities Ltd. Some 475 million people will need training by fiscal 2022, it said.

The Indian government plans to impart skills training to 500 million people by 2022 to meet the workforce needs of the world's second fastest growing major economy.

As a part of its TA project, ADB will help identify focus areas for skill development based on market analysis and stake-holder consultations by the SSCs, besides preparing a financial sustainability model and budget estimates for the SSCs.

An NSDC spokesperson confirmed the development.

“We are in talks with several multilateral agencies. ADB's assistance will be a boost to the sector,” this person said.

The first phase of the grant is just a “sweetener” and substantial aid is likely to come from ADB over the next nine months, said another government official, who also did not want to be named.

Projects that will use the Rs 500 crore loan will be completed within six years, while the soft loan will be payable over 25 years, the official said.

NSDC, which has the mandate to skill 150 million people by 2022, has set up a number of SSCs in partnerships with industry bodies.

The healthcare SSC is being piloted by the Confederation of Indian Industry while the Bombay Stock Exchange is supporting the SSC on banking and financial services.

The National Association of Software and Services Companies is driving the information technology (IT) and IT-enabled services SSC plan and the Federation of Indian Chamber of Commerce and Industry is leading the media and entertainment SSC initiative. The SSCs will work like overarching bodies promoting vocational training projects in the country.