



The National Skill Development Corporation is trying to help India reap its much-touted 'demographic dividend' by building a skilled workforce

Building capacities

There's an unmistakable hint of confidence in Pooja Mandrai's eyes. This 18-year-old resident of Bhopal seems to be just a step short of taking the big leap – the leap to realise her dreams. Being the eldest of five siblings, the desire to 'prove herself' and be a role model for them came naturally to her. When an IT diploma from SV Polytechnic didn't give her much headway, she enrolled herself in a 45-day sales training programme by Reliance. To learn more and gain further credentials, she also applied for an 80-day training period in sales, retail and personality development started by Centum WorkSkills India Ltd, a Bharti associate company. It provides end-to-end learning solutions to companies including Maruti Suzuki, GMR, PepsiCo, etc, and recently collaborated with Airtel on its Africa operations. It will cross the ₹25 crore mark this year.

For now, she can't wait to start on her new job – an offer she landed with New Reliance Super Services recently. "I will be paid ₹10,000 per month. It means a lot to me. I will be manag-

ing a team of girls who will go door to door to promote certain household products," she says, having initially kept the fact from her mother, who was averse to it as a career choice.

Sharing the same bench as Mandrai is Ramsingh Ahirwal. For the past eight years, he has been working in a heritage hotel in Bhopal as a cake mixer. He works nine hours a day, six days a week but manages to take home only about ₹5,000. Despite financial constraints, he is determined not to compromise on the education of his three children,

one among them differently-abled. This school dropout knows the importance of education well. "I enrolled myself in the sales, retail and personality development course. I believe it will open more

avenues for me. I want to be able to earn more," he says.

Mandrai and Ahirwal are key stakeholders in India's demographic dividend story. Experts point out that about a quarter of the projected increase in the world's working population, age 15-64, between 2010 and 2040 will occur in India. They extrapolate that India's working age ratio will rise from its current 64 per cent to 69 per cent in 2040, reflecting the addition of more than 300 million working age adults. Consider this: in 2020, the median age

in India will be 28, compared with 37 in China, 38 in America, 45 in western Europe and 49 in Japan. India is slated to become the single largest positive contributor to the global workforce over the next three decades.

However, all is not well. The nation's ability to reap its demographic

THE IMPETUS

The government has set up a three-tier structure for co-ordinated action on skill development – the Prime Minister's National Council on Skill Development, the National Skill Development Coordination Board and the National Skill Development Corporation India. As many as 28 states and five Union territories have already set up Skill Development Missions and are now gearing towards mapping the skill gaps in major sectors and formulating action plans to bridge them

dividend depends largely on how skilled or capable its workforce will be. And here's where the figures get grim: the supply can cater to just one fifth of the annual demand for 15 million skilled people. To address this concern, the National Skill Development Corporation (NSDC) was set up in 2008 with a seed capital of ₹1,000 crore. It set out with a modest goal in sight – to contribute about 30 per cent to the overall target of skilling/upskilling 500 million people in India by 2022.

That the organisation is well on track was pointed out by the finance minister during his Budget speech this year. NSDC is set to achieve its mandate two years ahead of 2022, the stipulated target year. "We have sanctioned 26 projects with a total funding of nearly ₹700 crore so far. These projects alone are expected to create more than 40 million skilled work-force over the next 10 years. The additional infusion of ₹500 crore into the National Skill Development Fund would enable us to approve more sustainable skill development projects, which are there in the pipeline," says Dilip Chenoy, CEO & MD, NSDC.

M.V. Subbiah, chairman, NSDC (former chairman, TI group) reiterates: "Skills training is an essential



Chenoy: sanction of 26 projects until now

prerequisite for promoting inclusive growth in the country. It is therefore our endeavour to help organisations to start appropriate skills training programmes even in the remotest parts of the country."

Referring to the kind of projects that NSDC has funded, Chenoy says, "When we started, we had 12.5 million people coming to us but our capacity was only to train 4.3 million. So, we worked on building our

supply side. We are now focussing on the demand side. Quantity, quality and qualification are our three key criteria. Our endeavour has been to fund projects that are capable of training at least 100,000 people over a decade. At the same time, the training imparted needs to be certified. More importantly, the qualification should be recognised by the industry."

He cites the example of Empower Pragati, a private sector social enterprise, to share the demand-supply dynamics. NSDC entered into an agreement with the former last year to train over 2 million youngsters in the country over the next 10 years. "Empower Pragati combed the market and identified the demand for entry and mid-level labour in service sector segments. They tailor their skills training according to that demand," says Chenoy.

Most of the courses (to train chauffeurs, house maids, etc) average three months. Chenoy adds: "Empower Pragati is actually a venture by a former Airtel employee and the founder of Saath, an NGO. Here are entrepreneurs who have left their jobs to create a difference – take the case of iStar, an enterprise founded by an investment banker."

Chenoy is also trying "to develop a vocational loan product." A tie-up with Basix – a Hyderabad-headquartered livelihood promotion institution established in 1996 – is already in place to provide microfinance loans in 250 sectors to people seeking skill development. The Central Bank of India too is planning to finance students who are pursuing courses from vocational training institutes approved by NSDC.

The training agencies have their own set of challenges to face. "Till date, our placement record has been 75 per cent. The NSDC funding has helped us scale up from two to six centres and reach a total training capacity of 5,000 trainees per year. But the challenge is to convince the youth to migrate for the sake of jobs. Often they feel that the opportunity cost is too high for them to consider leaving home."

That's also a reason why the attrition levels among these youth is high. No company is able to retain them for more than a year. "We are trying

Over 13 million people required incrementally every year in over 90 categories of skills

Sector	Skills/Qualification	Yearly requirement in 00,000 lakh
Building, Construction & Real Estate	Minimally Educated	27.17
Health Care and Services	Nurses	6.59
Organised Retail	Food and Grocery	6.26
Auto and Automotive	Drivers	3.62
Food and Processing	Bread & Bakery	3.22
Transportation, Logistics, Warehousing and Packaging	Warehouse Workers	3.17
Banking and Financial Service	Sales & Marketing	2.35
Organised Retail	Consumer Durables, Home Appliances	1.99
Media and Entertainment	Television & Films	1.95
Textile	Sericulture	1.64
Furniture and Furnishing	Stitching, Sewing, Stuffing, Threading	1.53
Education and Skill Development	Teachers in School Education	1.49
Furniture and Furnishing	Carpenters	1.35
Leather and Leather Goods	Flaying and Curing	1.33
Food and Processing Sector	Meat & Poultry Processing	1.30

Source: NSDC



Opening avenues: hand-holding through the initial stage

to set up a hostel for workmen in Hyderabad. The initial hand holding will help them adjust better in a new geography. We are also bargaining with their employers to provide at least ₹3,000 to them apart from overtime incentive, bonus, and accommodation,” says Abhinav Madan, managing director, Gram Tarang Employability Training Services.

Gram Tarang has been operating its centres with a focus on tribal youth in the Naxal affected areas of Orissa and Andhra Pradesh. The residential programmes impart training in Auto-cad, welding, etc. “These regions suffer from chronic unemployment and underemployment. There are ITIs but, to be eligible for admission in them, one should have passed the Xth standard. That’s a major entry barrier. Moreover, the typical duration of their courses is 1-2 years, making them unviable for disadvantaged youth. Hence, the high drop out rate,” explains Madan.

Sanjeev Duggal, co-chairperson of the Skills Committee in FICCI raises an important question: “The ground reality is different. We may want to train people but do they want to be trained?” He recollects a “presentation by L&T. The company tried to mobilise youth to train them in construction skills. It even provided them hostel accommodation and a monthly stipend of ₹1,500. Still, they found themselves struggling to find people.”

THE PROCESS

NSDC provides viability gap funding through loans, equity and grants. Each proposal goes through a detailed diligence process involving six sets of criteria: employer view of demand for the specific skills; alignment with the NSDC’s mission; robustness of overall plan and operating model; ability to leverage partnerships; ability to leverage financial requirements; and ability to leverage management capability. Each proposal first undergoes a test of responsiveness. Successful ones are then subjected to a Proposal Evaluation Committee comprising of independent members from financial, technical and legal disciplines. Thereafter, it goes to the Proposal Approval Committee for its recommendations, and finally, the Board of the Corporation.

Duggal, also the CEO and executive director, Centum Learning, has a huge task at hand. As part of a JV with NSDC the for-profit enterprise, targets to train 1.15 crore people by 2022. While NSDC will hold 73 per cent stake in the JV and invest ₹13 crore for the project (WorkSkills Ltd) through a combination of equity and loan, Centum will hold the remaining 23 per cent. “In the first year, we will train 12,400 people in 80 districts.

Subsequently, the project will be scaled up to 383 districts. The centres in Bhopal and Assam are already functional. We are offering short-term courses – 144 hours of classroom training and 144 of on-the-job training – largely focussing on the BPL population. In fact, in Assam, we are working closely with the Sashstra Seema Bal to train some erstwhile militants. Such an intervention will also deter

the youth from taking the extremist route,” he says.

Given the enormous task, what will WorkSkills’ approach be? “Mobilisation is a huge task, so is delivery. And we also have to make sure the trainees get employed. Therefore, we are getting a local business partner. The content and assessment for each of the skills imparted will be taken care of by us,” says Duggal. “A PPP model will work best in the segment. Private industry can’t achieve the mandate on its own. The private sector brings in energy and motivation on the table, but the support of the government in terms of funding is essential.”

According to a survey conducted by the labour ministry across 300 districts in 2009-10, about 39.6 million people are unemployed in India. Over 90 per cent of India’s 457.46 million workforce is employed in the informal sector, as per the 2008 National Commission for Enterprises in the Unorganised Sector (NCEUS) report. Worse still, of these workers, 41.4 per cent are illiterate and about 14 per cent have only completed their primary education. Graduates aren’t better off – *Emerging Future Jobs*, a study by ASSOCHAM indicates that the Indian economy will create 87.37 million jobs by 2015. However, barely 25 per cent of graduates have the necessary skills for immediate employment.

NSDC has tied up with recruitment company TMI group to help graduates from smaller cities and towns get jobs in the corporate sector. The goal is to provide nearly 500,000 jobs over 10 years by increasing the employability quotient of the graduates. Herein, TMI will set up employability assessment centres at 900 colleges across India to train graduates to meet specific job requirements. This is yet another business model: before joining the course, each student will get an offer letter from a company or organisation with a salary break-up. The course fee, ₹12-30,000, will be split equally between the graduates and their employers.

There’s hope then for Mandrai, Ahirwal and millions like them, the hope to be skill-able.

♦ KIRAN YADAV