

'NSDC will be like a private equity fund'

Last month, Finance Minister Pranab Mukherjee inaugurated the National Skill Development Corporation (NSDC) — a Rs10-crore, 51:49 private-public partnership (PPP) enterprise with a mandate to skill 30 per cent of an overall target of 500 million people by 2022. The NSDC, in which industry associations have partly contributed to the private sector's share, has been described as a "unique" PPP. Its chairman MV Subbiah, former head of the Chennai-based Murugappa group, explains to Kanika Datta how the organisation plans to go about meeting its challenging agenda. Excerpts:

India already has an abundance of training institutes — 17 ministries are involved in training programmes, and there are 5,114 Industrial Training Institutes (ITIs), plus thousands of polytechnics, vocational schools and so on. Yet the skilled labour is poor in quality and inadequate in quantity. How does the NSDC propose to address this issue?

The basic thing is that employability in this country is low. Almost all the skills in this country have been passed on from father to son. Sixty years ago, when we started industrialising and communities moved out of villages, the father-to-son training stopped. People thought education was the right thing and sent their children to schools. Unfortunately, our schools were all meant to meet Macaulay's needs, so for two or three generations we thought we had to get a degree and go for a *babu's* job in the government or in an office. Partly because of this, self-esteem at the lower levels of skills has been lost.

Now, with the economy developing, you have people moving away from farms to industry and construction — but whether it's plumbers, electricians or masons, people are not trained and this results in shoddy work. So, we're suffering for want of skilled labour all around — whether it's construction,

fashion or drivers. No one is applying their minds to this — and this is only one aspect of the issue.

The other aspect is that, from the government's point of view, there are huge unemployment and social problems, and something must be done to make people employable. With both issues having taken centre stage, the finance minister decided to form the NSDC under his ministry two years ago, involving the private sector to use this problem as an opportunity.

How will the NSDC be different?

I think the government now realises that all those 17 ministries and institutions have not produced results. So the question is how do we increase the speed and how do we increase the numbers. If you see, the closest example of this is infrastructure, in roads where they introduced the PPP concept, suddenly there has been an opening up of roads. The NSDC will be like the private equity fund or a venture capitalist. We've put up calls for proposal on the web and anybody can submit a proposal — it could be an NGO or an entrepreneur. We will evaluate them and give them grants, soft loans or some sort of funding support, depending on what they need. While most of the government schemes are rigid, we will use different schemes to achieve our aims. Also, the government puts a lot of money into brick and mortar where-



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as we want to put money into the actual vocational training.

Here's what we are looking at: A business house, for instance, goes to a local village school and hires a classroom from 5 to 8 pm to run a training programme; during the day it might use those people in the field. That's fine.

What are you doing right now? We have received about nine pro-

posals of which we have signed letters of intent with two. One is Self Employed Women's Association (Sewa) in Gujarat, for which they will bring in designers to help handicraft makers upgrade their creative skills, and the other is from the gems and jewellery industry in Jaipur.

As a facilitator, NSDC must have an elaborate evaluation and monitoring set-up ...

so we've outsourced all these functions. We got McKinsey to do the formats for governance and calls for proposals, and the evaluation is being done by an ICRA subsidiary.

NSDC's target of training 115 million people by 2022 means 11 million people a year. Isn't that ambitious considering that the current set-up produces just over 3 million people a year?

If you take just the organised sector, yes, it's ambitious but not when you consider the unorganised sector. Take just the drivers. We need something like 2 million drivers every year. Now, we have a fund in NSDC for innovation. What we're saying to young people is why not train a driver using a simulator just like they do for pilots. If that sort of proposal comes up, we would be willing to fund it and then

we will give a royalty over a period of time and get people to use that model. That way, we would have developed curriculum as well as helped people develop accreditation methods to do these kinds of things. Once you do that, the 11 million is easy. True, the initial two-year period will be slow.

But since it's a new paradigm, we don't want to take on too much before learning to chew, or we will be in trouble. In the private sector, we take a long time to plan and then we deliver fast. If you give me two or three years to plan and set up the process, the execution will happen in no time.

But that 11 or 12 million will start appearing from the third or fourth year. If we think those numbers will appear in the first three years, we'll only be fudging the issue.

There's a whole lot of high-tech emerging skills — in the metro rail, for example — that we don't have workers for, and have to import workers from places like China. How do you plan to address this issue?

What we're doing in the diamond industry is exactly that. At one time, they trained workers on cutting and polishing and so on. Now, they've got to design a complete jewel. So they're retraining them so that they not only become gem cutters and polishers but setters and designers as well.

One of the problems of skilling labour is that literacy levels are low and the new labour policy did mention bringing about a convergence of the school education system and skill development programmes. Do you have plans to address this issue?

Well, take a plumber or an electrician. Today, our curriculum is outdated and we say they should at least be Class 10 pass. Why should that be the case? All he has to do is write a language and add and subtract. If he learns that in Class 8 and is a dropout, why not enrol him on a three-month programme on the basics of plumbing or electrical engineering — then you can have 10 levels of skills starting from ordinary pipe-laying to the highest level which is oil refineries which requires tremendous skill. There is career progression possible in almost every job and that's what we're trying to develop.

We've already got nine proposals for funding and have signed Letters of Intent with two — one is with Sewa in the handicrafts sector and another is in the gems and jewellery industry