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Survival of the fattest skill set

National Skill Development Corp sees 22 companies, NGOs and MFIs rush to bridge a 500-mn skill gap

Indians may not need Warren Buffett to teach them charity any more. Charity in the country is getting a makeover anyway. A good example is the national skills drive creating a new generation of social entrepreneurs who may end up doing much better than non-profit organisations — both for themselves and others.

India needs about 15 million skilled people a year but only three million become skilled each year. The 2008-09 Budget announced the setting up of the National Skill Development Corporation, a public-private partnership between the finance ministry and industry organisations, to bridge this gap. The target was to make 150 million people skilled by 2022. The skill gap a decade later is projected to be 500 million. So, how was the corporation going to start bridging the enormous gap?

Enter new entities – scores of them – probably as good as Buffett’s organisation. These are businesses and NGOs aided by NSDC to train people. They train and find jobs for anyone, including school dropouts, for a fee.

The NSDC gives loans of up to 75 per cent of the cost. Last fortnight, NSDC signed its 22nd agreement since it started operations last February. The new partner was TMI, which has undertaken to train 500,000 youth in the next 10 years through its E-to-E (Education-to-Employment) academies. TMI has employed over 10 million people in the last two decades for various client companies. “This time it is not just for profit,” says CEO Muralidharan, an IIM-A alumnus.

The marriage with NSDC has seen many businesses and NGOs, right from Centum and IL&FS to BASIX and Pratham, morph into social enterprises. NSDC chairman Dilip Chenoy says: “We are creating a new generation of social businesses.”

BASIX founder Vijay Mahajan, who has seen his philosophy of generating wealth to erase poverty turned upside down by many microfinance institutions, can seek solace in B Able, the enterprise that BASIX founded with NSDC. The target is to train a million dropouts across the country in 10 years. The certificates come from leaders in the respective sectors such as Godrej and other companies BASIX has tied up with. For the past one year, B Able has been running courses at 18 centres in nine states in sectors ranging from construction to agriculture.

While BASIX is looking at dropouts, TMI is grooming graduates, using colleges in 40 small towns as their catchment-cum-training areas. The jobs are all in the same location and don't need migration, says MD Muralidharan.

Centum, a Bharti associate skills agency, has committed the biggest numbers as far as providing skills goes under NSDC. It would make 11.5 million people skilled in 10 years. CEO Sanjeev Duggal says they target the placement of 75 per cent people. It provides training in automobile repair, retail, sales and distribution, health care, hospitality and telecom. Duggal says: "Fifth standard dropouts taking courses in two-wheeler repair can never remain unemployed after that."

The students pay a fee of Rs 10,000 for a three-month course at Centum and get certificates from various industry organisations, he says. There is no standardised course or fee structure but partners say courses are tailor-made for an area and a particular sector's needs in the area. "NSDC partners are all credible names who would not tarnish their image at any cost," says Sushil Ramola, who heads B Able.

NSDC is setting up a Sector Skills Council to fine-tune the programme further. Running on a seed capital of Rs 1,000 crore provided by the government two years ago, NSDC is also exploring multilateral agencies to raise another Rs 15,000 crore. That is small change to provide millions of people skills for a lifetime.