

Non-BPL people also need job schemes

Dilip Chenoy, chairman, National Skill Development Corporation (NSDC), says lack of skills is a major issue plaguing Indian industry. While India needs about 15 million skilled people a year, only 3 million become skilled each year. When NSDC was set up in 2008, 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. NSDC has a corpus of ₹1,500 crore, of which it has earmarked ₹660 crore for 26 proposals, including two proposals for Sector Skill Councils (SSCs) that have been approved by the NSDC Board. Centum, IL&FS, CDI and Everonn Skill Development are some of these projects. The combined target of the approved proposals so far is to skill over 41 million youth in different vocations over a 10-year span. Chenoy shares his vision and the huge entrepreneurial opportunity this represents, in a conversation with Garima Pant.

How do you ensure the sustainability of NSDC's business model?

NSDC did a survey and we looked at the various interventions we could make. One axis was the income level, another was the complexity of the skill. So when you look at low income levels with low skills and then you have high income levels with high skills, you have to move people from the bottom left to the top right corner or along the axis. After analysing training institutions, we concluded that the scale of current operations do not lend themselves to rapid expansion. And if we replicate the same model, we do not get sustainability. Since the NSDC framework included 150 million from over 500 million people, we thought we will focus on the upper band and side band, where there is

a need and people are able to pay and get training that is otherwise inaccessible to them.

Who are these 150 million from the over 500 million people? How do you shortlist projects that come to you?

There are 3 issues NSDC is trying to address: quantity, quality and qualification. Of the 244 million skilled workers needed to maintain the projected growth rate, training 150 million is our mandate. And since they were all linked to a job, we had to find a business model that enabled a person, if he could not pay for the training, to do the programme and then repay us after he got a job. Once he is not seeing this as a subsidy or free thing, and the person who is training him doesn't have a commitment to place him, etc, the whole model changes. We then decided to look at certain benchmarks. Any proposal that comes to NSDC should be sustainable and have scale. Over a period of 10 years, it should train at least a lakh people. Also, one has to look at a 10-year plan along with the need to give 70% placement. Entrepreneurship, higher education and jobs are all included in placement. We planned for a 30% non-attainment rate because we can't assume 100% success. The lack of industry-ready working population is also a big concern for which we have decided to set up the SSCs, our second mandate.

How do you build scalability within NSDC?

We have an external auditor, a programme development group, incentivising and investing groups to evaluate proposals, a monitoring group, in addition to a legal due diligence and technical due diligence group. We also have a risk-management system. When a proposal is evaluated, it goes through the internal proposal evaluation committee, an exter-



nal proposal approval committee and a board comprising industry big-wigs. Our monitoring process tells us most projects are running full steam. To solve the problem of getting people to train, primarily because some of them can't pay, we tied up with Basix to provide microfinance loans in 250 sectors to people seeking skill development. We have also conducted a study with the Indian School of Business on financing mechanisms that people use to fund vocational education and we are talking about developing a vocational loan product. We are also

undertaking a pilot project with Central Bank for the loan product.

How do you ensure that your training is not sub-optimal when you are chasing such big numbers?

At this point in time, when the SSCs have not come up, we are using surrogate methods to ensure this happens. So, when we get a proposal, we enquire about the curriculum, course framework, prior experience in training and if the industry has approved the course content. If not, then industry approval is sought. Also,

they have to get us a placement commitment from industry for 50% of the first year people that they are going to train.

How can industry commit to guaranteed placements?

In most industry associations and company discussions, non-availability of people is the number one challenge. The traditional skilling model is that you set up a skill centre, skill people and then go for placements. Now one goes to companies, finds out their demand, trains people accordingly and places people there. Even the rural development ministry is employing this model. In Delhi, our sector skills gap report on the unorganised sector finds that we have actually identified the number of domestic servants required in different cities. This led to a person from an NGO and a former employee from Airtel to set up Empower Pragati. A maid or a housekeeper will be on his rolls. He will do PF, insurance, health, etc and even pay the salary for that person, and take a service charge from the employer.

This whole skilling process is so amorphous; what HUL did some years ago is Shakti Ammas, which is almost livelihood-based sales. They pick up people who are not doing much and train them to conduct sales for their company. Is that skilling, according to you?

The next skilling model may come from (one such) company. Any person who, with any level of education but without livelihood, is given formal training and gets a certificate recognised by an employer—if this person gets an opportunity to be self-employed, gets a job or an opportunity to use that certificate as a means of getting into higher education or acquiring higher skills, that is skill development.

How is this 150 million broken up into people who have no education and people who are graduates?

The majority of the people are uneducated. The problem is so large. We have not micro-managed targets for BPL people. There are many schemes for BPL people, but none for people who are not. Why can't we be agnostic to gender, to income levels and to location and education as well. You would say that this will work in urban settings. But if you look at the first 14 proposals we have got, they are setting up centres that will cover 303 districts. And if we do the next few numbers, we will go up to 400, including the Northeast.

Vocational training in the country still lacks the respect and the attention it has received globally. How do you make skills fungible?

After money, getting respect for vocational training has been the biggest challenge. We've heard about the National Vocational Education Framework. So, you're going to have the educational stream, the vocational stream and the crossovers. And the SSCs will also recognise prior learning—if you clear the competency test, you will get a certificate. You don't have to go through the entire training process. NSDC is also the coordinator for the WorldSkills competition, to be next held in London from October 5-8. India has won only one silver medal in the competition to date, which we are trying to improve. Domestically, too, we want to start a process of recognition of people in the skills sector.

Why did the PPP model not work in ITIs despite such a huge skills gap in the country?
The ITI PPP has taken off, but it's not scalable. Fungibility of skills training should also be there.