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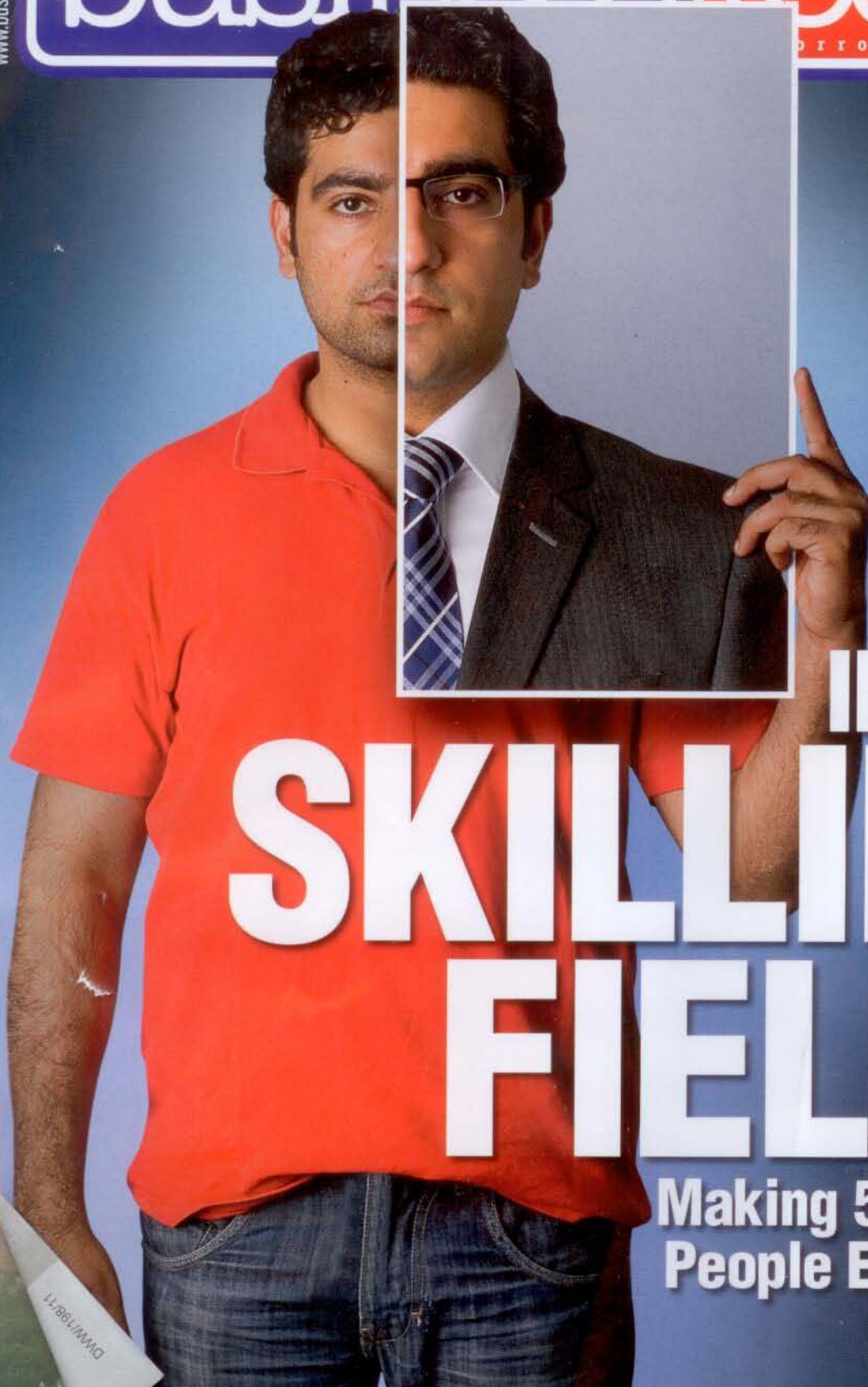
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INDIA'S SKILLING FIELDS

Making 500 Million
People Employable



DMM/188/11

COVER STORY Employability

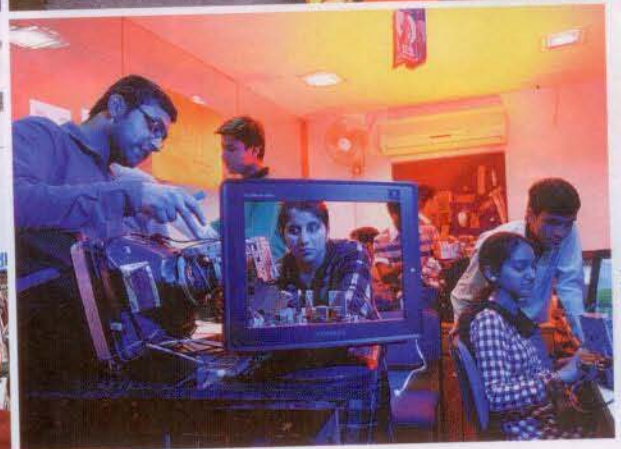
SAPTARSHI BISWAS



MONEY SHARMA

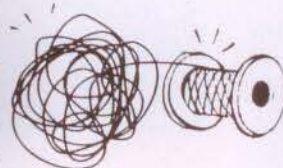


VIVAN MEHRA



SHEKHAR GHOSH

Clockwise from bottom left:
 ITI-trained employees work at the Maruti Suzuki plant in Gurgaon
 Students at a Global Talent Track Centre in Bulandshahr, UP
 DMRC staff learns safety from IndiaSkill's trainers
 Students attend a workshop at the IJIT centre in Chandigarh





MAKING 500 MILLION EMPLOYABLE

Dozens of businesses and a concerned government get down to training India. SAUMYA BHATTACHARYA and SHAMNI PANDE join the dots on India's skilling revolution.

India faces a curious dilemma. In the next two decades, it will add over 200 million people to its working age — between 18 to 60 years — population. Much more than any other country in the world. Even China, seen as the mother lode of the global economy this century, will see its workforce shrink by about 100 million by 2030.

For India, more working people means more income. More income means a more prosperous nation. For a country that will become a middle income nation — per capita annual wages of \$1,200, translating into ₹4,500 a month — by the end of 2010/11 after more than a century of penury, its young population presents a never-before opportunity for transition.

That is, if it can get its people readied for work. If it can train its young to man global standard factories. If it can get its young to be smart accountants. If it can turn its young into efficient yet friendly front office staff at super markets. If it

can have its young tell the difference between a dovetail joint and a lap joint in a well-crafted wooden table. If it can produce enough nurses and doctors to charm and heal the world's increasing old. If it can...

If you are among those sceptical of India's capacity to do so, *Business Today* has news for you. There are the beginnings of a trend of India starting to train its people on a scale large enough to alter the nation's future. Dozens of training companies with ambitions of training millions in engineering, construction, manufacturing, retailing, insurance, banking services including micro-finance, accountancy, hospitality, health care and other vocations are sprouting up around India.

Nitesh Kumar Chaurasia, an arts graduate from Gorakhpur, a town in eastern Uttar Pradesh, is one among the thousands of young Indians flocking to these institutes. Enrolled at a four-month module on business accounting at IIT, a skill training provider and part of India's

MEETING THE
500
Million
CHALLENGE

TRAINING GOALS:

NATIONAL SKILL
DEVELOPMENT
CORPORATION

150 mn

LABOUR MINISTRY

100 mn

MINISTRIES UNDER
NATIONAL SKILL
DEVELOPMENT BOARD

250 mn



“Scale is critical and players such as Centum, IIJT and Everonn, among others, have the ability to deliver scale”

biggest staffing company TeamLease Services, the 21-year-old’s logic for paying ₹28,000 for the programme is simple: “I would rather work in a comfortable office environment.” Among the several jobs Chaurasia has pursued in the past is a position in the Uttar Pradesh police force.

The draw of a higher probability of landing a job is strong and many pay the ₹30,000 to ₹50,000 course fees even if it is more than half a year’s income in a lower middle class family. IIJT, across its 123 centres in India, has 12,000 trainees on its rolls. In an economy where even multi-billion dollar companies are growing revenues at 15 to 30 per cent annually, demand for talent is such that many among the neo-trained are getting jobs.

The story resonates across India, as *BT* writers and photographers who travelled to Bulandshahr, Chandigarh, Pune, Mysore, and Manesar, besides big cities such as New Delhi and Hyderabad, found. In the capital’s Shastri Park, Delhi Metro Rail Corporation is training its managers and line workers. It has roped in multiple private players to train its workforce.

Among various modules, IndiaSkills, a joint venture between Manipal Education and the UK’s City & Guilds, trains the technical staff (mostly diploma holders) from Industrial Training Institutes (ITIs) in safety and maintenance. The centre is to train 2,000 in batches of 200 a week; already 800 have completed their training. This is just the beginning, says Hari Menon, CEO,

National Skill Development Corporation, or NSDC, a partnership between the Union government and industry associations. The National Skill Development Policy puts the need for skilled hands in India at 530 million. NSDC has been entrusted the task of producing a 150-million-strong skilled workforce by 2022, or some 13 million a year. (The remaining 350 million, it is expected, will be covered by the current crop of colleges, ITIs and other institutions.) That’s a big jump from the three million skilled workers India produces annually today. NSDC has committed ₹667 crore to support private and government-aided skill initiatives and has given its nod to 26 projects to date (See *NSDC’s Project Partners*). Several more are in the pipeline.

With a huge addressable market for skill development and active government support, many are joining the bandwagon, including corporates such as Centum Workskills and IIFL, first time entrepreneurs such as Edubridge and iStar, NGOs like Pratham, and private players NIIT, Global Talent Track, or GTT, and Basix’s B-ABLE. India is also poised to get its first vocational education training university in Gujarat to be set up by the state government and TeamLease.

The range of training runs from shop-floor to software. At an office on Pune’s Dholey Patil Road, around 40 students are learning dotNET, a Microsoft Windows technology, at a lab set up by GTT. This is the latest centre of GTT, set up in 2008, adding to a chain with a presence in 15 states, including far-flung Assam and Jammu and Kashmir.

GTT works on a hybrid model: it sets up its own training centres, works with colleges and universities, and services employers who tell it their needs. GTT then selects, trains and assesses talent for them. “Companies are looking for domain specialists. At the Pune lab, we will create experience learning for creating domain specialists,” says Uma Ganesh, GTT’s CEO. And, if the pedigree of her backers — Intel Capital and Helion Ventures — is any indication, it may seem that there is money, plenty of it, to be made.

But international experts point to the



DILIP CHENOJ,
CEO, National Skill
Development Corporation

IndiaSkills. “Over the next five years, we plan to skill and facilitate employment of one million learners through 500 skill centres covering 50 per cent of districts of India,” he says.

Aiding that effort is the

danger of a government-led nationwide training programme. Karan Khemka, partner at Parthenon Group, a London advisory firm specialising in education, believes hiring companies are running their own training. Pointing to Wal-Mart, the biggest retailer in the United States, or Infosys Technologies closer home — both have made training a fine art — he asks: “If vocational training had such tremendous potential, why is it that there are no large vocational training companies operating successful businesses?”

Yet, there is no denying India’s crying need for skills, the genesis of which lies in its faulty education system. Government programmes such as the Sarva Shiksha Abhiyan and the growing prosperity of citizens means higher enrolment — near 100 per cent in many parts of the country today — in primary schools, but competency tests of students show how poor the quality of education is. A survey of rural schools in 2010 by Pratham, a non-governmental organisation engaged in education, showed that more than half the students in Class V could not read beyond Class II textbooks. In urban India, some eight million drop off from the education system between Class X and graduation, according to one estimate. (About two million graduate in India every year.) Such dropouts make for customers of what is being touted as the next big business opportunity: NSDC estimates India’s training market at \$2.2 billion.

It was a 2005 study by software lobby Nasscom and consultancy firm McKinsey & Co. that jolted India out of its reverie on employability. The study focused the spotlight on what employers knew — just one in four engineers was employable, or could be trained for a job. Profiles in other industries were no better. The employability situation has worsened since then. Nasscom says employability in technology in 2011 is still 26 per cent, while in business process outsourcing services, it is between 10 and 15 per cent. “It’s not that needs have changed or the industry requirement has gone up; it’s just that the input quality has dropped,” says Sandhya

NSDC's Project Partners

	TRAINING TARGET	LOCATION	BUSINESS MODEL	PROJECT COST
BASIX Academy for Building Lifelong Employability Ltd (B-ABLE)	1 million in 10 years	Pan India	Students fee model	₹33.18 cr
Centum Learning Ltd. and Workskills	11.57 million in 10 years	383 centres in 11 states	Enrollment revenue, placement	₹16.27 cr
Edubridge Learning Pvt. Ltd	0.70 million in 10 years	Pan India	Placement fee model	₹5.40 cr
GRAS Hospitality Services Ltd	1.3 million in 10 years	Pan India	Students fee model	₹ 80 cr
Gram Tarang Employability Training Services Private Ltd	21,000 in 5 years	Orissa, Andhra Pradesh	Students fee driven model	₹14.50 cr
Indian Institute for Gems and Jewellery	18,000 in 10 years	Rajasthan	Students fee driven model	₹11.14 cr
Red Hat Investments Private Limited and Indigram Skill and Knowledge Initiatives Private Ltd (I-SKILL)	0.74 million in 10 years	Pan India	Students fee driven model	₹22 cr
IL&FS Cluster Development Initiative Ltd	1.95 million in 10 years	100 skill schools across India	Students fee driven model	₹216.82 cr
ISTAR Skill Development Private Ltd	0.13 million in 10 years	10 centres in 10 states	Students fee driven model	₹1.32 cr
Pratham Education Foundation and Pratham Institute	1.69 million in 10 years	100 institutes, 1,500 training	Students fee driven model	₹23 cr
International Association for Human Values	128 students	Pune	One-of-its-kind initiative	₹51 lakh
TMI Input & Service and TMI e2e Academy	0.53 million in 10 years	Tier-II, III cities in India	Students fee driven model	₹29.21 cr
Empower Pragati Vocational & Staffing	2.1 million in 10 years	Pan India	Placement-driven model	₹25.97 cr
Construction & Real Estate Developers Association of India	97,920 over 12 years	12 centres	Revenue streams from student fees	₹18.53 cr
Managerial Excellence Resource Centre	96,665 in 10 years	10 centres in Maharashtra, Gujarat	Students fee driven model	₹3 cr
Indian Institute of Skill Development	0.24 million in 10 years	50 centres	Course fee, placement	₹16.35 cr
Globsyn Technologies and Globsyn Skill Development	0.35 million in 10 years	5 centres in West Bengal	Students fee driven model	₹12.51 cr
Laqsh Job Skills Academy Private Ltd	1.05 million in 10 years	420 centres in eight states	Students fee driven model	₹10.10 cr
Laurus Edutech Private	1.11 million in 10 years	546 centres	Students fee driven model	₹33.18 cr
Fides Global Academy Private Ltd and JobAbility Solutions Private Ltd	1.74 million in 10 years	11 centres in Tier I, II cities	Students fee driven model	₹24.54 cr
Everonn Skill Development Ltd	11.70 million in 10 years	217 centres	Students fee driven model	₹153.76 cr
IJIT Computer Education Private Ltd	1.80 million in 10 years	1349 centres in Tier I to Tier V cities	Company-owned, franchise	₹83.61 cr
Talent Sprint Education Services Private Ltd	0.52 million in 10 years	Pan India	Students fee driven model	₹15 cr

ON COURSE
Five
Years
AFTER

ANUP CHANDEL

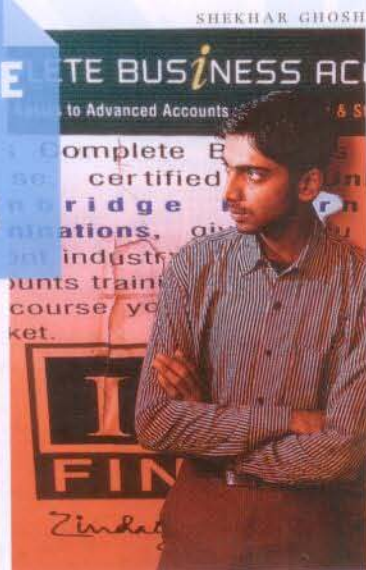
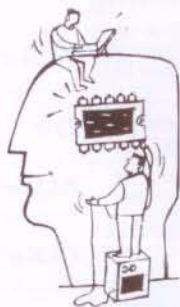
AGE: 23

BACKGROUND:
Completed 10+2 in 2006; worked with CA for a year at ₹2,000 per month

WHEN HE TRAINED, WITH WHOM:
In 2008, he joined one-year Complete Business Accountant course with IIT Chandigarh

HOW MUCH HE SPENT ON THE COURSE:
₹30,000

EARNING NOW:
₹9,000 per month



Soon after passing out of school, Anup Chandel joined a chartered accountant's office in Ropar, Punjab as assistant in 2006. In his job, he was doing petty work which included helping the CA in preparing profit and loss accounts and balance sheets, doing tally transactions and other verification work. At ₹2,000 a month, he worked there for almost a year before a friend told him about the finance course of IIT Chandigarh. "I wanted to work in the accounts department of a reputed company which was not possible without a diploma or certificate course in finance, so I enrolled for IIT's Complete Business Accountant course in 2008," says Chandel. He paid ₹30,000 for the course, but when it got over, he could not find a job. "IIT arranged three to four interviews for me, but due to lack of qualification, I couldn't get a job," he says adding that he had to go back to the same CA in Ropar. This time, his salary was ₹6,000 a month. "While working in Ropar, I kept looking for jobs," he says. Almost after a year, he got a job offer from Chandigarh's Integral Development Engineers. Today 23-year-old Chandel works as accounts officer in the company and gets ₹9,000 per month. He is currently pursuing his graduation in commerce from Himachal Pradesh University through correspondence.

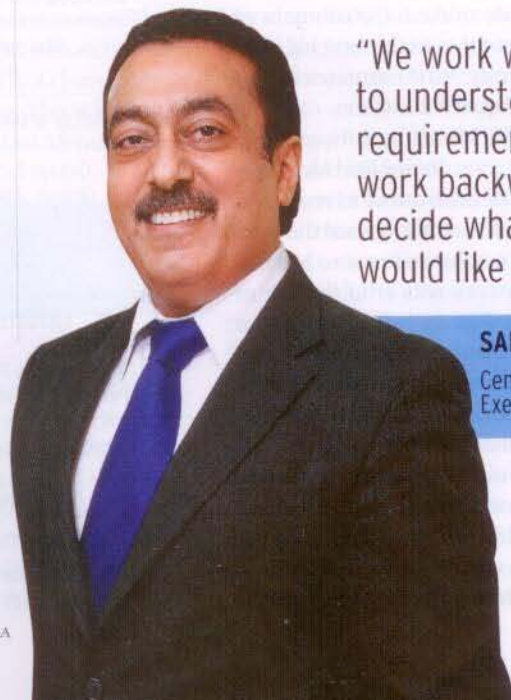
MONEY SHARMA

Chintala, Senior Director for education initiatives at Nasscom, referring to the abysmal levels of competence among students coming out of colleges.

That is bad news for the software and BPO sectors, which already spend ₹5,400 crore on training every year and are projecting a need for 10 million workers by 2020, nearly four times the current 2.54 million. "About 95 per cent of Indians coming out of the education system are not employable," says GIT's Ganesh. But "a majority of them can be made job-ready".

One way to get there is to copy what India's biggest carmaker Maruti Udyog has been doing: "adopting" IITs for talent. It has employed over 500 IIT graduates with the Maruti Service Network so far, says S.Y. Siddiqui, Managing Executive Officer, adding his company will take the number of partnerships to 35 by the end of March. Other automakers, too, follow similar programmes (See *Employability, Delivered*).

Still, training half a billion people in 11 years can be a very tall order. Dilip Chenoy, NSDC's CEO and Managing Director, says the biggest challenge before the training industry is scale. So while NSDC does promote entrepreneurs who know their local regions well and NGOs such as Pratham, it is aware of the need for roping in the big hitters. "This is imperative as players such as Centum, IIT and Everonn, among others, have the ability to deliver scale," says Chenoy. Centum Learning, part of the Bharti Group, has formed a joint venture with NSDC called Centum WorkSkills India, to train 12 million people across 11 states in 383 districts by 2022. A venture with a unit of tech-enabled trainer Everonn will be even bigger, says the NSDC head.



"We work with companies to understand their skill requirements. We then work backwards and decide what courses we would like to launch"

SANJEEV DUGGAL,
Centum CEO and Executive Director

Seasoned players like Centum bring to the table both backward and forward linkages. "We work with companies to understand their skill set requirements over a period of time. We then work backwards and decide what courses we would like to launch and where we should be opening our training centres," says Sanjeev Duggal, CEO and Executive Director.

There are start-ups in the wings, too. Intex Technologies, an IT hardware, mobile phone and electronics company, based in Delhi, is working on a solution based on third generation mobile phone technology where a phone handset can be used by instructors and students. Bangalore's iStar Skill Development, an NSDC partner, was founded by two batchmates from the Indian Institute of Management, Ahmedabad, to focus on training for the financial services industry.

The quality and the availability of trainers is a challenge too. "Creation of trainers is one of the major issues before the country," says Labour Secretary Prabhat Chaturvedi. To address the problem, the Labour Ministry is assessing trainer requirements. The ministry has given a mandate to the Noida-based VV Giri National Labour Institute to conduct a study on trainer requirements. "We will work on the future course of action once the report is submitted to us March-end," says Chaturvedi. The news is not likely to be good, given how underpaid teachers and trainers are in India.

The next challenge is the lack of standardisation and certification in an industry that is more motley than organised today. Even as the likes of IndiaCan, a partnership between Educomp and Pearson, or IndiaSkills have been quick to embrace international certifications, NSDC's Cheney says he prefers sector-specific skill councils that will "set up



"Companies are looking for domain specialists. At the Pune lab, we will create experience learning for creating such specialists"

UMA GANESH,
Global Talent Track CEO

DEEPAK G. PAWAR



EMPLOYABILITY, Delivered

**SATISH
LAKSHMANAIAH**

AGE: 21

BACKGROUND:
Parents were farm labourers

WHEN HE TRAINED, WITH WHOM:

Toyota Technical Training Institute, Karnataka, completed in 2010

HOW MUCH HE SPENT ON THE COURSE:
IT WAS FOR FREE

EARNING NOW:
₹ 7,000 per month



After completing tenth standard with a good 82 per cent marks from his village school at Anedoddi, 50 km from Bangalore, in 2007, Satish Lakshmanaiah was unsure about the future. His parents, both farm labourers, were too poor to send him to college. On a friend's advice, he applied to the Toyota Technical Training Institute at Bidadi, off the Bangalore-Mysore highway. He got selected. Lakshmanaiah, now 21, earns about ₹7,000 a month at Toyota Kirloskar Motor. His salary will go up by a few more thousand rupees after he completes his one-year probation.

The three-year residential course at the Bidadi institute, for which he was not charged, taught him skills in a range of automobile activities and made him an assembly specialist. He and 63 classmates can speak fluent English and basic Japanese, and command the respect of other colleagues for their problem-solving abilities. Says Lakshmanaiah: "My parents don't have to work in farms for a livelihood now, though they are into sericulture."

Toyota started the institute after a 2005 survey showed one-tenth of Class X pass-outs don't study further for affordability reasons. The course emphasises more on attitude development, says T. Somanath, the institute's principal. "Toyota observes people's attitude rather than skills while hiring."

SKB Opticals



RAVINDER SINGH PANWAR

AGE: 19

BACKGROUND:
Father is caretaker at a farm house

WHEN HE TRAINED, WITH WHOM:
B-ABLE in Dehradun, For three months July-September 2010

HOW MUCH HE SPENT ON THE COURSE:
₹ 9,900

EARNING NOW:
₹ 4,000 per month

UPWARDLY Mobile

When Ravinder Singh Panwar finished his schooling in Pipri village in Tehri Gadhwal in early 2010, all he wanted was to acquire a skill that will help him earn. Eldest of three siblings, Panwar heard about the B-ABLE learning centre at Vasant Vihar in Dehradun, Uttarakhand, from his maternal uncle and promptly came to the city to do a course of his choice in mobile repairing. "I chose to do this course because I can work on my own in case I do not get a job," he says. But that has not happened. Panwar works in a shop at a shopping complex on Rajpur Road and takes home ₹4,000 a month. Not that it is enough to sustain him – a fourth of his salary goes as rent for a room he shares with two others. "I work from 9 a.m. to 9 p.m., but I have not started sending money home," he says. He has also enrolled himself for a degree course at the local DAV PG College. "The degree is a formality, but has to be acquired," he says. His long-term plan is to open his own mobile repairing shop in Dehradun in a couple of years. He will need at least ₹1 lakh for this dream. "I will manage; probably I will take a loan," he says.



RAHIV KALA



SHEKHAR GHOSH

SHARAD TALWAR,
IndiaCan CEO

"It is an 'international' certificate as it involves third-party, external verifiers who come from the UK"

a competence matrix". Education and training firm IndiaCan's CEO Sharad Talwar holds a different view. "It is an 'international' certificate as it involves third-party, external verifiers who come from the UK. These are experienced people who have tested across different markets," he says.

Sooner than later, it is clear that certification will become the norm. That pressure is felt even at rural, mid-size training ventures. Take Gram Tarang Employment Training Services, which operates in the Naxalism-affected areas of Orissa and Andhra Pradesh. It was forced to get certification from the National Council of Vocational Training and has also tied up with Merittract of Australia that does third-party testing, as also the Indian Institute of Welding. New Delhi-based B-ABLE, part of the microfinance organisation BASIX, has tied up with industry leaders for certification: Larsen & Toubro for construction and Tata Motors for the auto sector.

India's newfound push on skilling could help it follow the South Korean or even German models where an intense vocational focus in education and training helped the countries rapidly expand their economies. If the dozens of training institutes mushrooming in India can deliver it a skills edge, the country could reap benefits of its demographic dividend. Else, India better get ready to deal with a demographic disaster. ♦

ADDITIONAL REPORTING BY

K.R. BALASUBRAMANYAM, RAHUL SACHITANAND,
MANU KAUSHIK AND KAKOLY CHATTERJEE



Mismatches Vitiating Employability Challenge

Only a small section of our educated youth is readily employable. About 58 per cent are impaired by some sort of skill deprivation — last mile, interventional or structural. The gaps are most in the areas of spoken English and soft skills, functional skills and industry skills. Unfortunately, demand and supply as far as employable youth are concerned have become parallel universes. Curriculum and pedagogy at teaching institutions are increasingly being set by people who do not understand what companies want. Also, curricula get outdated. For example, we still teach a mechanic about carburettors even though no car in India has them any more.

Scale of employability challenge:

I would say we are in an education emergency. The obvious challenge is the so-called demographic dividend. But that only focuses on the flow — the one million young people who will join the labour force every month for the next 20 years. The more subtle challenge is the labour stock — there may be another 300 million people who are stuck in low-productive jobs. The employability challenge is complicated and compounded because of three mismatches. There is geographic mismatch (over the next 20 years jobs will be in a different state from where the labour force hails from), sector mismatch (people currently employed in sectors that will not see the high job and salary growth) and skill mismatch (people have skillsets different from what investors are looking for). The only sustainable way to reduce poverty is by tackling the 3Es — education, employability and employment.

Employability buckets: Obviously, the highest leverage is in education reform because you cannot teach someone in six

months what they should have learnt over a period of 15 years. But the three solutions are much more closely linked than we think. Most people who need re-skilling do not have the money to pay for it. The government will have to innovate in skill financing. Increasing private privatisation in this task is also difficult unless we increase the share of organised employment. This needs labour reforms. Making college education more relevant or creating the concept of community colleges requires a radical revamp. So, fixing the problem needs a shift that physics made from classical physics (discrete systems) to quantum physics (everything is interrelated). So, the 3Es needs to be reformed, pursued and expanded simultaneously.

Solution to skill development problem:

The entire ecosystem — assessment, counselling, curriculum, teacher training, apprenticeships and placements — should be job oriented. State policies need to figure out how to make public money available for private delivery — evolve some kind of skill voucher. There is also need to link financing to outcomes rather than inputs. Finally, regulations around school and higher education need to be made flexible for new models of delivery and creation of vertical mobility between certificates, diplomas, associate degrees and degrees. This vertical mobility is the key to multiple exits and entry ramps in the vocational system, as well as remove the impression that vocational training is dead end. Finally, we need to address the issue of labour reforms because 93 per cent employment in the unorganised sector sabotages sustainable and scalable skill development. ♦

The author is a member of the National Skill Development Council

You cannot teach someone in six months what he should have learnt over a period of 15 years