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NSDC looking to partner with more banks for loans to trainees

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Hyderabad

National Skill Development Corporation, the public private partnership initiative with a mandate to train youth on employable skills, will explore partnerships with banks to provide loans to trainees, according to a top official.

“We are in talks with Indian Overseas Bank and State Bank in select states. We look to identify more banks,” said NSDC chief executive officer and managing director.

The effort is to make funding available to youth who want to get enrolled for the vocational training courses. NSDC will indemnify some of the loans given by the banks to the candidates. This will reduce the financial burden on the candidates. There will be a moratorium for six months for repayment after getting employed.

This will be akin to educational loan- collateral free and is based on the future earning potential of the candidates and not the present financial condition of the trainee.

Currently, it has a tie up with Central Bank of India, which pioneered a loan product exclusively for trainees of NSDC affiliated training institutes. It gives

almost 80 per cent of the course fee as loan. So far, about 55 people have availed the loan in the last one month.

“We will indemnify some loans given by the banks. We do not know the default ratio in this yet,” he said.

NSDC is keen on assisting 32 skill development projects this year. NSDC is planning to set up 28 sector skill councils and has already approved councils for automotive, retail, energy, media, entertainment and animation. It now has a corpus of Rs 400 crore and will look to increase the corpus depending on the proposals it will get during the year.

NSDC, depending on the project, has so far taken six to 27 per cent equity in the partnering institutes in return for loan it extends for skill development sector. Among others, it is now pursuing projects that will train the trainers. Availability of trainers, particularly in rural areas, is a key challenge that NSDC is faced with, he said.

To deal with the shortage of trainers, NSDC is now keen on evolving a hub and spoke model where a string of training institutes will depend on one full fledged training center for teaching inputs. The lessons from the hub will be broadcast to smaller centers, he said.

Meanwhile, TalentSprint, a skill development services company, has entered into an agreement with Andhra Pradesh Society for Knowledge Networks (APSFKNW) that runs Jawahar Knowledge Centres (JKCs) to offer skill development programmes to graduates on the same hub and spoke model.

It will train 1,000 graduates identified by JKCs in 12 months, said Santanu Paul, chief executive officer and managing director of TalentSprint.

TalentSprint, which took a Rs 10 crore loan from NSDC, which holds a six per cent equity (in TalentSprint), will cater to the manpower requirements in information technology, IT-enabled services and banking, financial services and insurance. It tied up with 50 companies to provide placements for the trained candidates and

has training centers in Hyderabad, Chennai and Anantapur with capacity to train 3,000 candidates.

The Hyderabad centre at the International Institute of Information Technology here would train 260 students per batch for the three months course. The course fee is Rs 45,000 for the urban students and Rs 25,000 for the students from rural background.