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Skill education may get bank loan facility

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Youngsters from poor families may soon be able to pay for skill development courses through loans issued at low interest rates, similar to the education loans given for professional and technical courses.

The National Skill Development Corporation (NSDC), set up to boost the country's skilled workforce, has proposed that skill development be made “an eligible category for financing from financial institutions/ banks for rural and urban youth”.

“Skill training requires limited funds as most skill training is of limited duration... Making it part of priority sector lending, reducing interest rates and providing comfort to banks through a skill training fund are methods that could be considered,” said a note prepared by NSDC, a copy of which has been reviewed by Mint.

Skill development courses typically run for 3-12 months. The fees range from `10,000 to `1 lakh.

Most skilled workers come from poor families in smaller towns, where raising such sums is a tall order, two government officials said, requesting anonymity.

Skill training should be “made eligible for credit support as the country is targeting at inclusive development and creating a 500 million-strong skilled workforce by 2022”, one of them said.

The country faces an acute shortage of skilled workers, but the government has been unable to attract enough youngsters to skill development courses. NSDC has signed agreements with 24 organizations to promote skill development across India, but less than 25,000 youths received skill training over the past year, according to official data.

The government is now planning a `100 crore advertising campaign to bring more students to vocational schools, Mint reported on 23 March.

Financing skill development remains a bottleneck, said Rituparna Chakravarty, vice-president of TeamLease Services Pvt. Ltd, a staffing firm.

“We know as a fact that there are students who want to get into skill education, but cannot pay even `10,000,” Chakravarty said. “Here, it will be a boost. From the industry perspective, it will improve efficiency and arrest high attrition of employees as the skilled manpower availability will increase.”