

Talent Mobility Good Practices

Collaboration at the Core of Driving Economic Growth

Prepared in collaboration with Mercer



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REF 301211

National Skill Development Corporation (NSDC)

Skill Training Programmes

Context

Author(s)

- Business
- Government
- Academia
- NGO
- International Organization

Stakeholder(s)

- Business
- Government
- Academia
- NGO
- International Organization

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Good practice in brief

The National Skill Development Corporation India (NSDC) is a unique, public-private partnership in India. It aims to promote skill development by catalysing creation of large, quality, for-profit vocational institutions. NSDC facilitates skill development by providing capital for start-ups that will set up skill development facilities and skill training programmes.

What type(s) of talent mobility?

- Moving people within an organization
- Moving people across occupations
- Moving people across countries
- Moving unemployed to employed
- Moving jobs to people
- Virtual mobility

What was the problem?

- India has many unemployed persons who have the basic education but lack sufficient skills to get jobs.
- A growing economy like India's requires a large, skilled workforce. But the lack of quality trainers and training institutes has choked growth. A skill shortage is evident in every sector of the economy. NSDC seeks to fill the gap between the growing demand for and scarce supply of skilled personnel across sectors by funding training programmes.
- The skill development industry has not received focus in India. Only 5% of total school and college graduates opt for vocational training compared to other developed countries, where it is 50%. Such a biased approach has led to low employability of youth and lack of skilled workers.

What type(s) of good practice?

- Education and training
- Employment
- Fostering knowledge/skills circulation
- Inclusion and diversity
- International assignment programme
- Job creation
- Leadership development
- Moving youth into employment
- Migration and visas
- Skills recognition
- Workforce planning
- Other

What was the solution?

- NSDC acts as a catalyst in skill development by providing viability gap funding to enterprises, companies and organizations that provide skills training.
- NSDC has a phased, detailed due diligence process to select proposals for viability gap funding for vocational training.
- Detailed evaluation is done across six sets of criteria:
 - Employer view of demand for the specific skills
 - Alignment with NSDC's mission
 - Robustness of overall plan and operating model
 - Ability to leverage partnerships
 - Ability to leverage financial requirements
 - Ability to leverage management capability
- After the funding is granted, NSDC continuously monitors the use of funds, the progress of the project and the impact on skill development.
- In addition, NSDC is developing an enabling ecosystem to foster the growth of sustainable skill development entities. NSDC is setting up Sector Skill Councils that are employee and entrepreneur bodies responsible for defining the requirements of the country for competency standards for various job and functional roles. This attempts to address the demand side requirements and also quality. These are being created as per the National Skills Policy.

Scope of the good practice

Location:

- India – 153 districts

Number of people:

- The goal is to train 150 million people by 2022.

Occupations:

- 20 priority industry and service sectors

Time horizon:

- The NSDC was created in 2008.

What was the impact of the good practice?

- Most firms have identified manufacturing and services sectors as key areas of growth. The emphasis is on creating blue-collar professionals. They aim to create talent pools from small towns and rural hinterlands. Hence, most training institutes will be situated in those geographies. While companies invest large sums on on-the-job training for blue- and grey-collar workers, they are beginning to realize that employing skilled workers saves both time and money.
- NSDC partners have trained 20,000 people in over 165 districts (as of 31 March 2011).
- In the first full year of operation, NSDC partnered with 25 organizations and three Sector Skill Councils. When these organizations are fully operational three years from now, NSDC will have an annual skills training capacity of over 8 million. These skill centres should be capable of training close to 45 million people in a diverse range of skills over a 10-year span.
- NSDC has so far approved 39 proposals, including six proposals for setting up Sector Skill Councils, involving a total financial commitment of INR 1,020 crore (approximately US\$ 209 million). Out of these, NSDC has so far funded 21 proposals, involving a total financial commitment of INR 550 crore (US\$ 112 million). NSDC has disbursed INR 115 crore (US\$ 23.6 million) so far.

Economic and political context

- NSDC is a not-for-profit company set up by the Ministry of Finance. It has an equity base of INR 10 crore (US\$ 2 million), of which the private sector holds 51%, while the Government of India controls 49%. This makes NSDC a unique public-private partnership in education in India.
- The corporation has a tiered structure – a 12-member board and the National Skill Development Fund, a 100% government-owned trust that work together to fulfil NSDC's strategic objectives.

Why has it worked?

- NSDC requires a structure and governance model that provides it with autonomy, stature and continuity. The organization has a tiered decision-making structure comprising the board of directors, board subcommittees, an executive council, and the National Skill Development Fund.
- NSDC has a robust monitoring framework comprising internal and external monitors to ensure that the training imparted is relevant and in sync with industry requirements.
- NSDC conducts detailed reviews of training facilities to ensure quality.

About the author(s)

NSDC is a first-of-its-kind public-private partnership in India set up to facilitate the development and upgrading of the skills of the growing Indian workforce through training programmes. Most of its efforts are directed at the private sector and toward developing the skills in India's non-unionized sector.

What are your recommendations for others?

- Public-private partnerships are the key to closing the skills gap.
- The biggest issue is student mobilization. The emphasis on skilled jobs must begin right from schools.
- "The culture and the thought process of the society have to change towards such skilled jobs. People consider blue-collar as failures in the mainstream," says Tahsin Zahid, director and CEO of GRAS Academy, which plans to start 250 training centres and 75 mini-ITIs in the provinces of Uttar Pradesh, Uttarakhand and Punjab.
- NSDC has planned pan-India communication campaigns to help people take pride in being a skilled worker. It is engaging with advertising and communications professionals to develop a campaign that will focus on how a skilled workforce is critical for India and can leverage its demographic advantage.