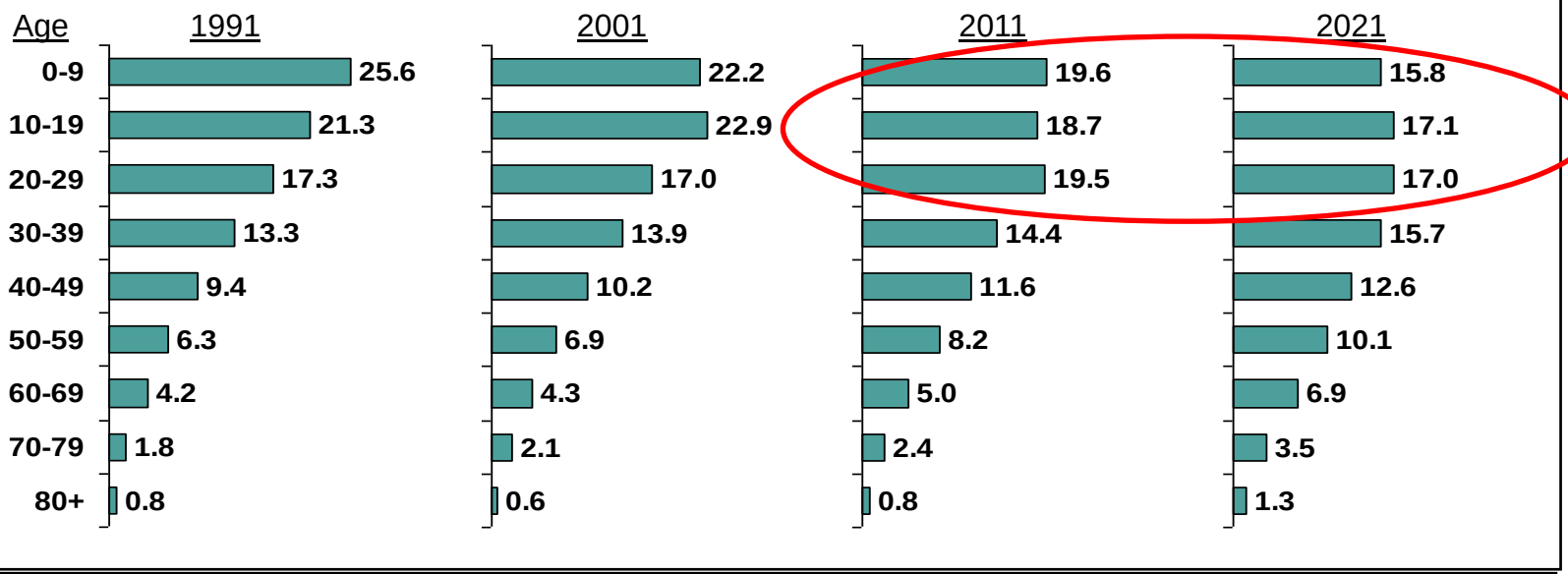
Pathway and modality of Private Sector Participation
National Skill Development Corporation
Dilip Chenoy
MD& CEO

India: Land of World's Largest Young Population



47.8% of India's population is below 29 years increasing to 49.9% in 2021

- India will add significantly to its labor pool, even as the median age rises by FY2026E, it will be relatively young
- India should ensure that working population are skilled to meet requirements of the industries.

Source: United Nations Government Census

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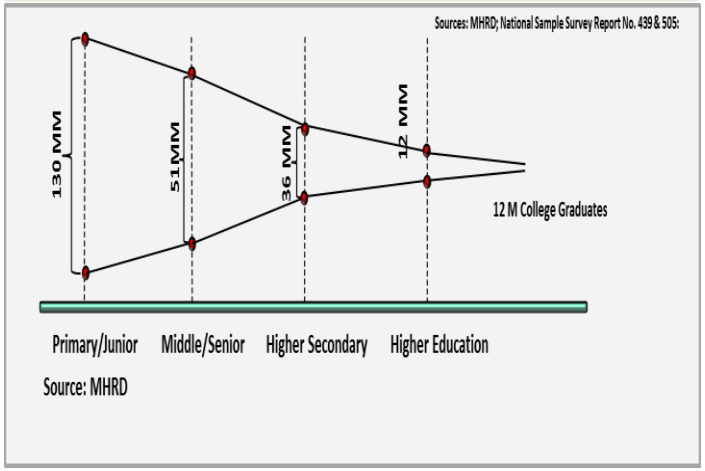
However, Plagued by Inadequately Skilled Manpower

1 High drop outs in the education space



2 Employability of the skilled a challenge

Only one in four engineering graduates in India Is employable, based on their technical skills, English fluency, teamwork and presentation skills and of the 4 lakh odd engineering graduates, who graduate each year, only about 20% is good enough for India Inc.

- NASSCOM

Skilling should Become a major Policy Focus going forward

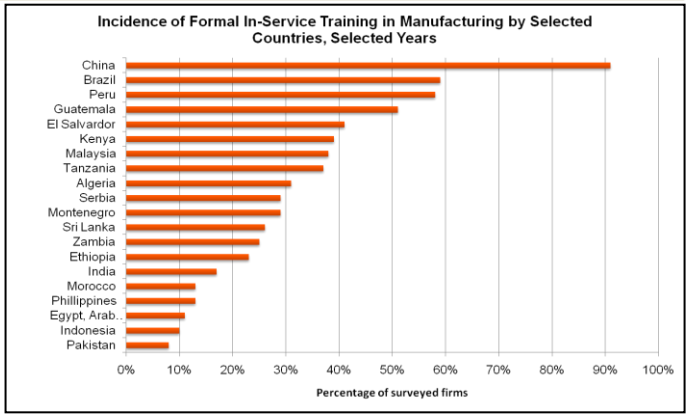
3 Very low enrolments for VET

Vocational education: How India compares

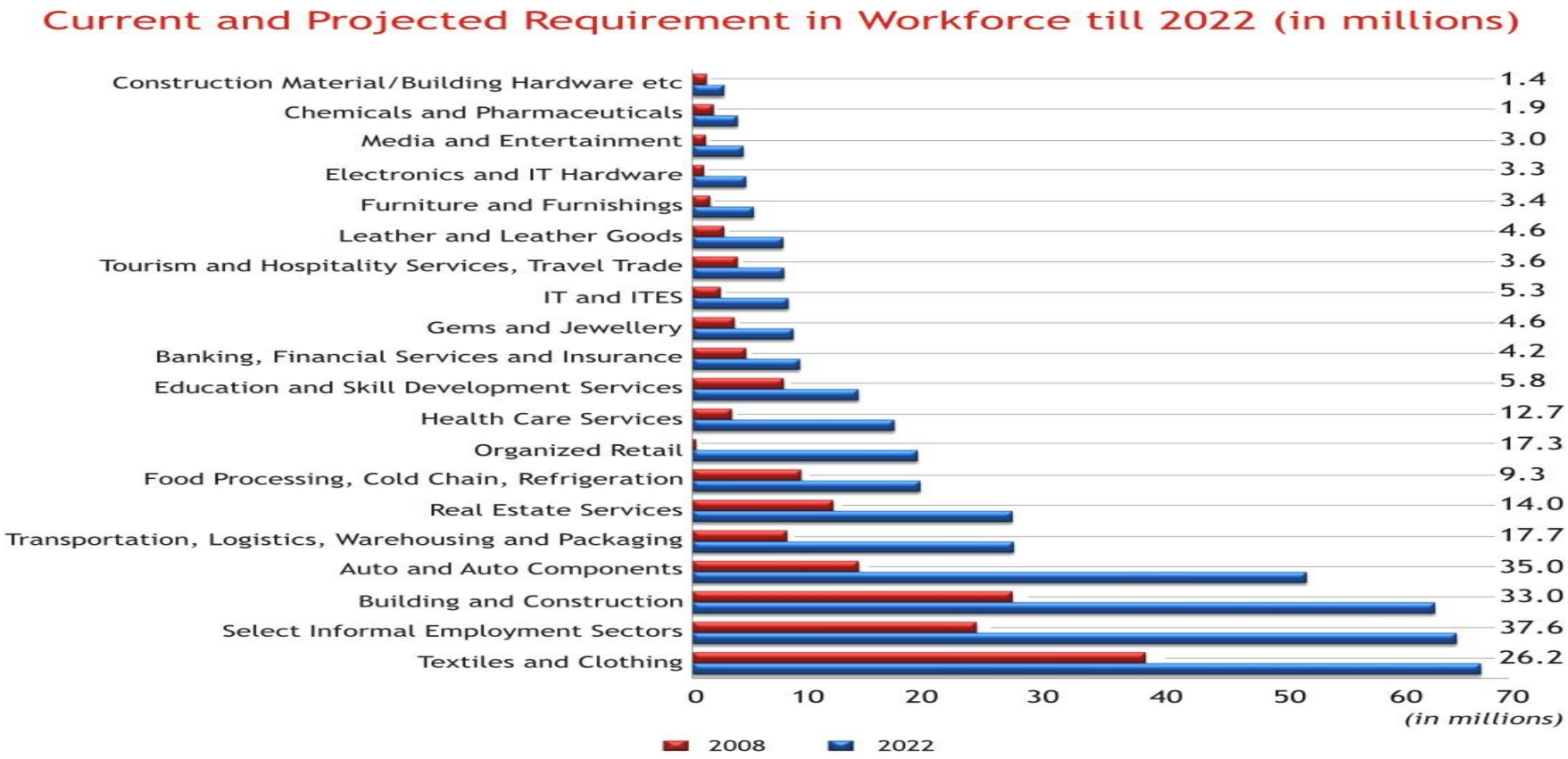
	Pop (million)	GDP ($ per capita PPP)	Literacy (% over age 15)	Higher education (% of age group)	VET net enrolment (million)
USA	300	41,890	99	72.6	11.3
China	1,300	6,760	91	7.5	90
Germany	82	29,460	99	46.3	2.85
Japan	127	31,270	99	47.7	NA
Brazil	186	8,400	89	16.5	NA
Russia	144	10,845	99	64.1	2.28
India	**1,100**	**3,450**	**61**	**10.5**	**3.5**

Source: The Human Development Report 2007-08; Unesco; iwatch

4 In service training levels very low in India



Estimated skill gap of 240Mn across 21 key sectors



The above graph indicates incremental skill gaps across several high growth sectors from 2008 till 2022.

Reports are available on www.nsdcindia.org/knowledge-bank/index.aspx

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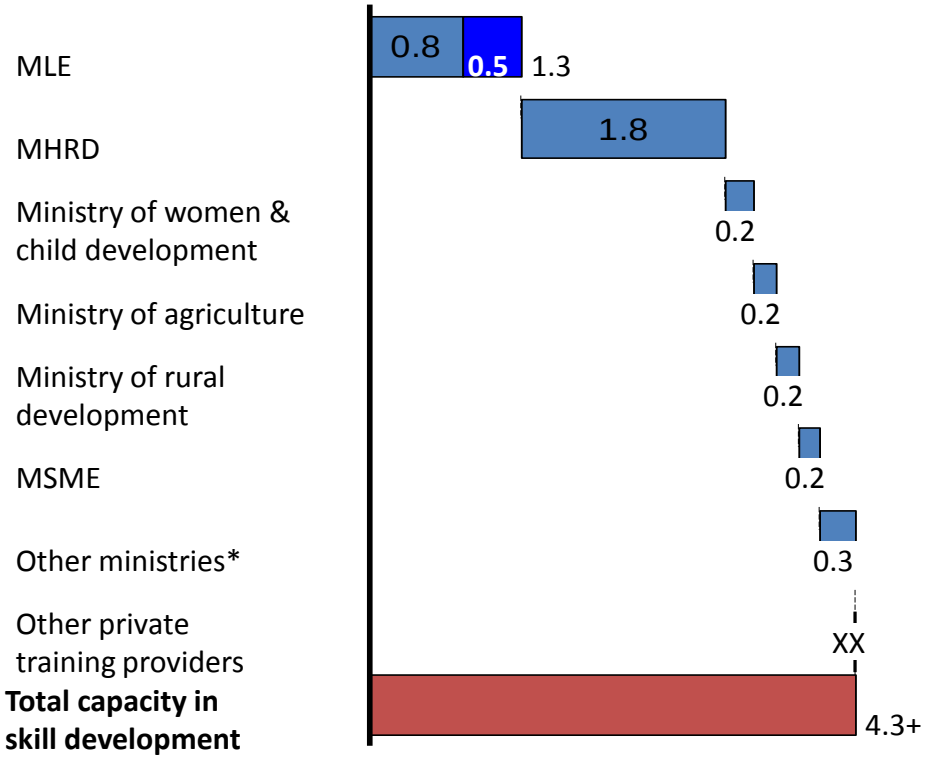
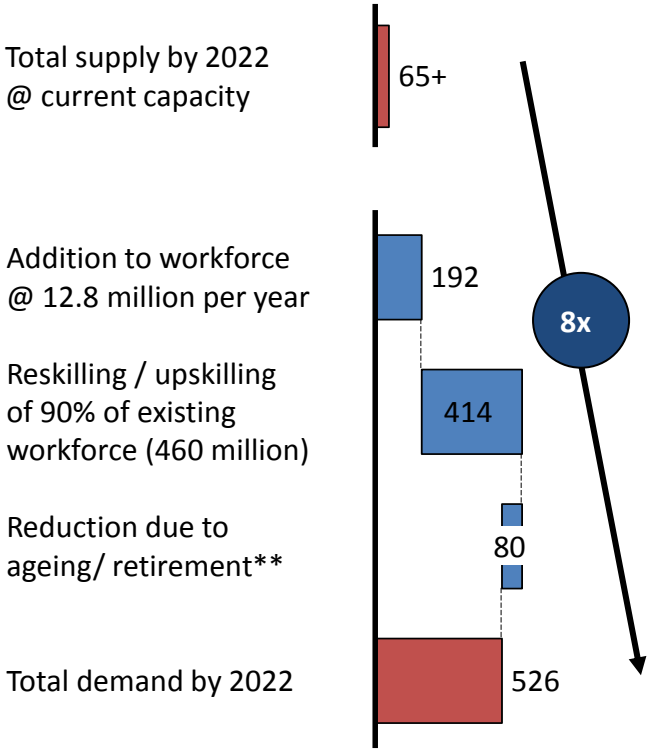
Source: IMacs Study

Current Landscape needs drastic capacity addition to meet future demand

Current capacity in skill development under various schemes, 2008-09



Eight-fold increase in capacity is required to meet aspiration



Business opportunity of ~ 1 20 Bn USD

Privately owned ITCs

*Includes ministry of housing and urban poverty alleviation, textile, health and family welfare, food processing industries, and others
**Assuming that the existing workforce in the age group of 45-59 will not be re-skilled
***Assuming training fee of Rs 2000 per student for the total demand estimated

Source: 11th five year plan; NCEUS report; McKinsey analysis

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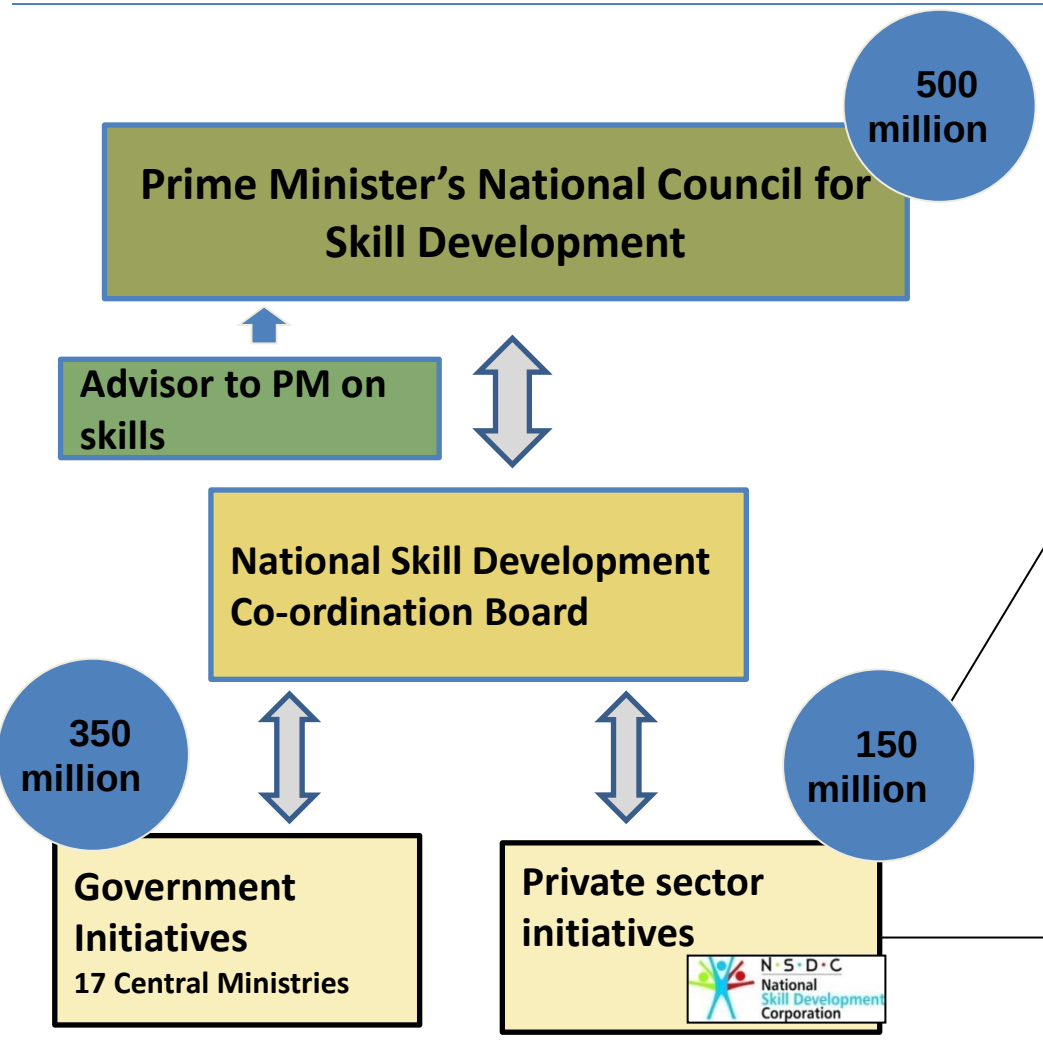
Government's Co-ordinated Action in Skills Space



NSDC structure

NSDC is a Public Private Partnership

- 51% stake by industry
- 49% stake by GOI

Initial funding of ~ $200 mn received from the GOI and parked with the NSDF for use of NSDC; additionally $110mn committed in budget for 2011-12

Private sector shareholders :

- Associated Chambers Of Commerce And Industry Of India
- Confederation of Indian Industry
- Federation of Indian Chambers of Commerce and Industry
- Council for Leather Exports
- Confederation of Indian Textile Industry

Target skilling / up skilling 150 million people by 2022 by fostering private sector participation

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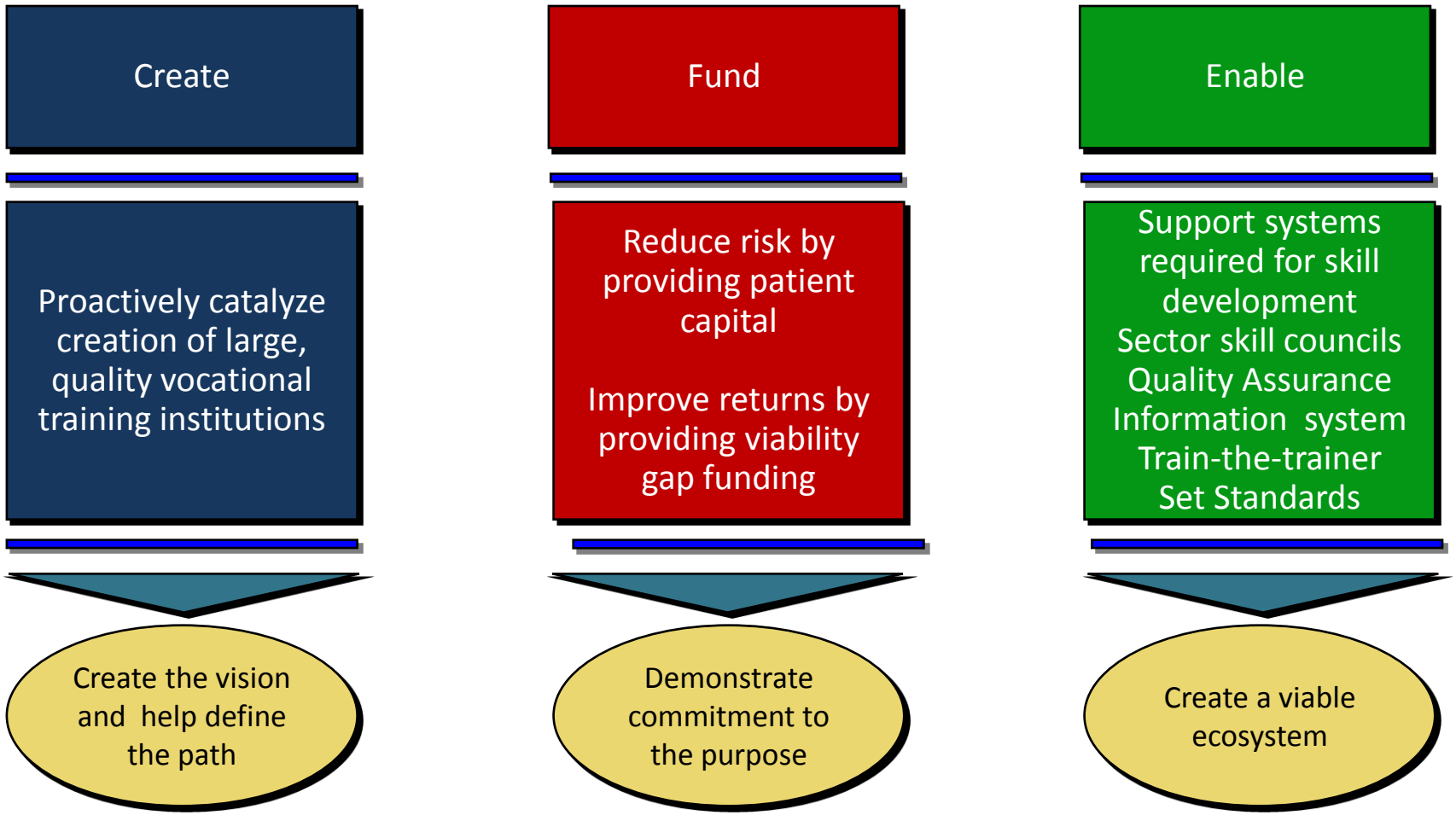

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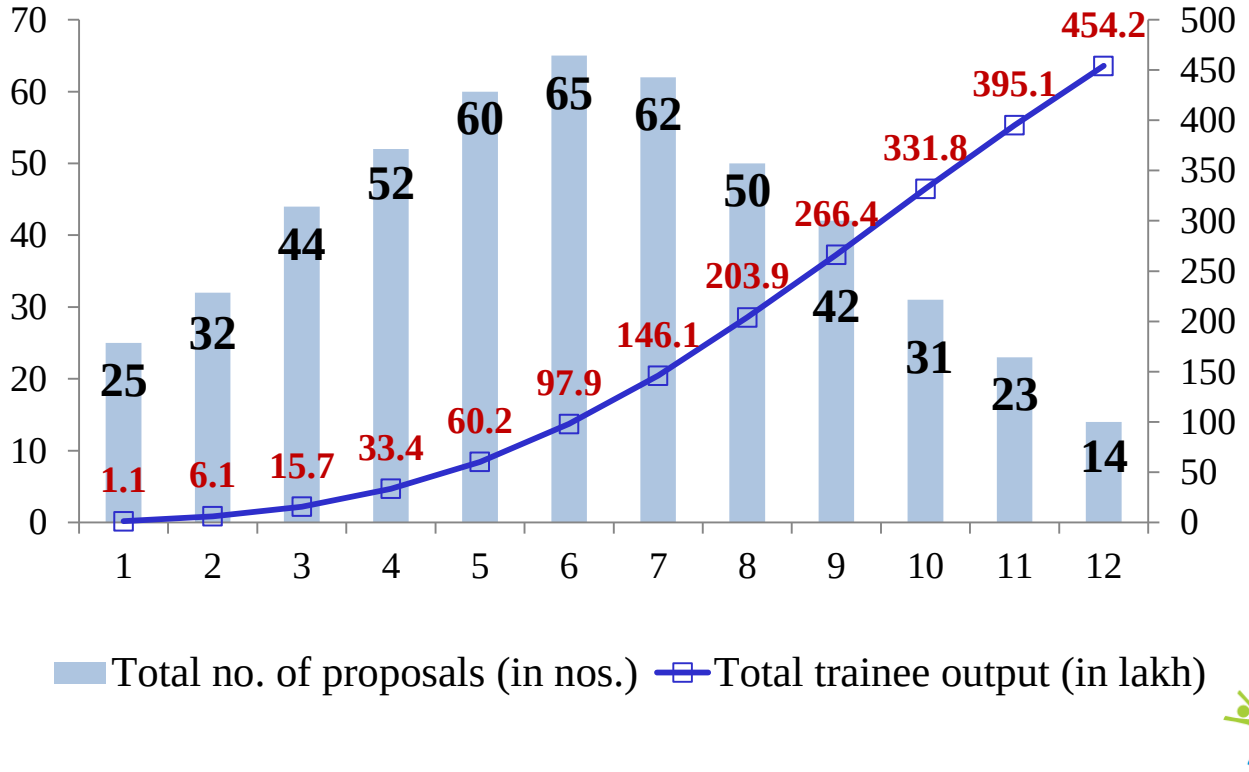
Snapshot of 10 year NSDC Targets

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Total
Total Proposals per year to be Funded (nos.)	**25**	**32**	**44**	**52**	**60**	**65**	**62**	**50**	**42**	**31**	**23**	**14**	**500**
Small ticket proposal	*6*	*11*	*16*	*21*	*24*	*25*	*22*	*18*	*15*	*11*	*9*	*6*	*184*
Medium ticket proposal	*16*	*18*	*24*	*27*	*32*	*35*	*34*	*28*	*24*	*18*	*12*	*7*	*275*
Big ticket proposal	*3*	*3*	*4*	*4*	*4*	*5*	*6*	*4*	*3*	*2*	*2*	*1*	*41*
Total Trainee Output per year (nos. lakh)	**1.2**	**6.1**	**15.7**	**33.4**	**60.2**	**97.9**	**146.1**	**203.9**	**266.4**	**331.8**	**395.1**	**454.2**	**2011.9**



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Key Elements of NSDC Funding

Elements	Description
Who gets funded?	• Any organization with scalable, sustainable business model that ensures employability of the resources trained • Including start ups
Amount of funding	• ~Up to 75% of the project cost
What is the form of funding ?	• Debt at subsidized rates ; other features like moratorium built in depending upon nature of project • Equity • Grant funding (only in very select cases)
Is there special focus?	• NSDC is looking to fund businesses that seek to create employable people across all sections of the society

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Funding Proposals Approved

(As on Dec 8th 2011)

Number of proposals approved	44*
Training organisations	36
Sector skills councils	8
Financial commitment	$222mn
Per annum Training Capacity created at full scale	11.7 mn
Number of people to be trained over 10 years through 34 projects	58.7 mn

* This excludes one proposal viz. Managerial Excellence and Resource Centre (MERC)

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Our 33 Partners till Date

Training providers

In the education business

In unrelated businesses

Start ups

Large established corporates

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Geographic coverage across 311 districts of India

(Districts that would be covered in the next ten years by 17 of the 30 proposals by 2012)

States	Districts	Covered
AP	23	23
Arunachal	16	1
Assam	27	4
Bihar	38	7
Chattisgarh	18	4
Delhi	9	5
Haryana	21	10
HP	12	11
GOA	2	1
Gujarat	26	20
J&K	22	1
Jharkhand	24	8
Karnataka	30	17
Kerala	14	3
MP	50	22
Maharashtra	35	31
Manipur	9	1
Meghalaya	7	2

161 districts covered through centres set up till March 2011

States	Districts	Covered
Mizoram	8	2
Nagaland	11	2
Orissa	30	20
Pondichery	4	1
Punjab	20	16
Rajasthan	33	17
Sikkim	4	4
TN	32	22
Tripura	4	1
UP	71	35
Uttranchal	13	8
WB	19	11
Andaman	3	0
Chandigarh	1	1
Dadra	1	0
Daman&Diu	2	0
Lakshdweep	1	0
Total	**640**	**311**

Creating Sector Skills Council

SSCs are autonomous bodies under industry sectors responsible for assessing and fulfilling industry sector talent needs in terms quality and quantity

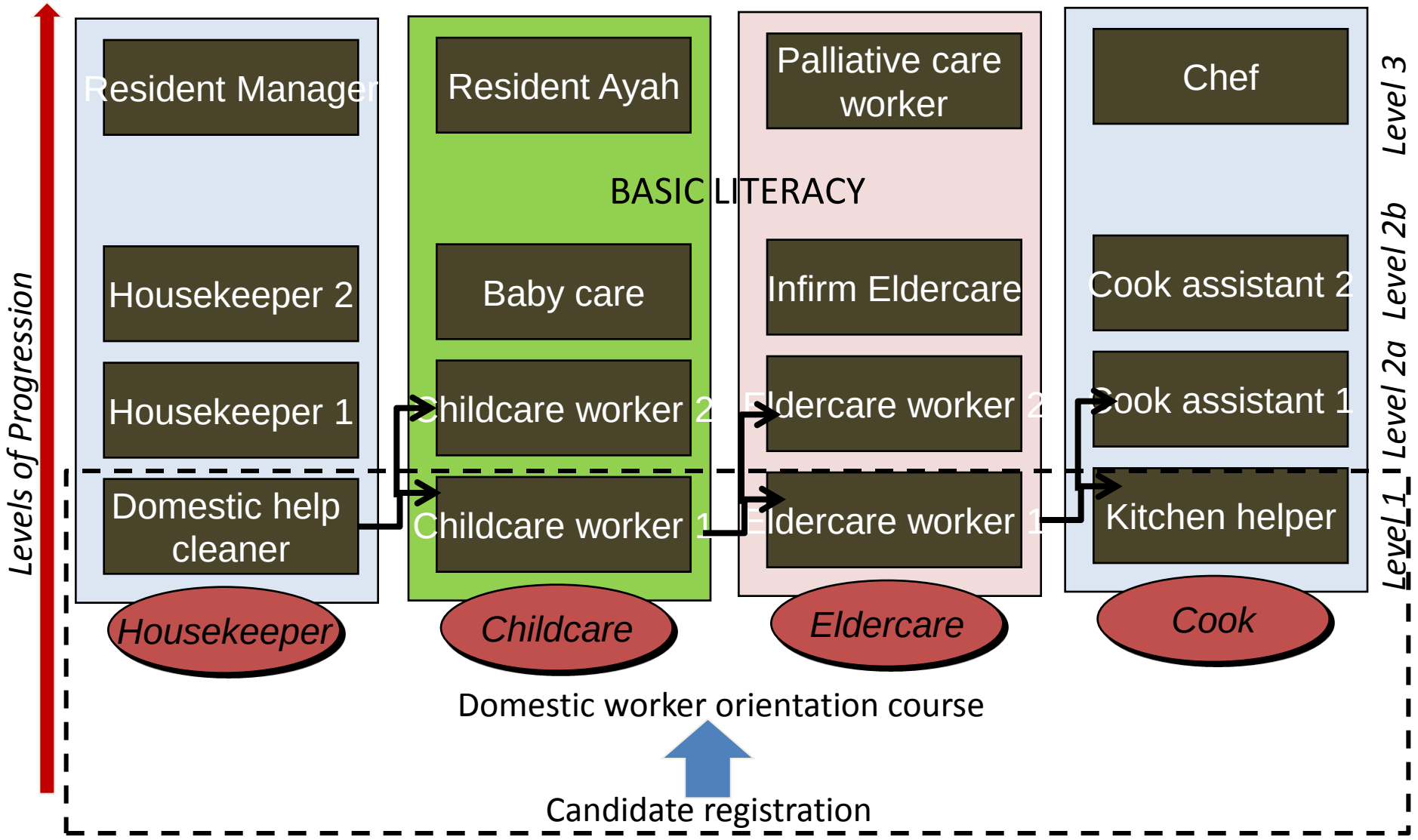
Role of Sector Skills Council:

- Research Labor Market Information to provide industry with accurate and real time inputs
- Develop the delivery mechanism for the industry relevant training
- Set up standards and QA to bring global best practices in the industry

Current Status of SSC Proposals:

- Approved 8 proposals: Auto, Security, Energy, Media, Animation, Gaming and Films, IT/ITES, Retail, Healthcare, BSFI
- 6 Proposals under evaluation: Handicraft, Foundry, IT Hardware, Gems and Jewelry, Leather, Rubber.
- 11 proposals underdevelopment by Industry
- 7 under advocacy

Opportunity through defining Life long learning paths



Creating Knowledge Database

- Sector skills gap reports met with huge acceptance from multiple stakeholders
- Studies initiated for skills gap in the Infrastructure sector
- Pilot for district wise skill gaps being initiated with IAMR
- State skill gap study being initiated for Orissa, NE and 5 other states
- Study on Train the Trainer being initiated with MART
- Study on Financing Mechanisms for Vocational Loans being done with ISB

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Creating an Enabling Environment- Skill Loans with CBI

Pilot Project

- Vocational Loan on a Pilot basis
- Loan would in the range of Rs.5000/- to Rs.1,50,000/-

Tripartite Agreement

- Operate through tripartite agreement amongst Student (Trainee), Training Provider and the Bank

Guarantee

- NSDC would stand as a guarantor for a certain percentage of the default

Discussions initiated with multiple public sector and private banks

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Making Skills Aspirational- A National Marketing Campaign to create a brand for Vocational Training

- **A national awareness campaign through TV and Print to reach out to schools, colleges and training institutes in the length and breadth of the country**
- **Use of a brand ambassador who is popular with the youth to popularize vocational skilling among the youth**
- **A dedicated website to showcase the vocational training programmes and career opportunities for the Indian youth**
- **A National Skills Scholarship programme for deserving candidates**

Role of Private Sector in Skill Development

- Set up collaborative skill development centers : Partner NSDC

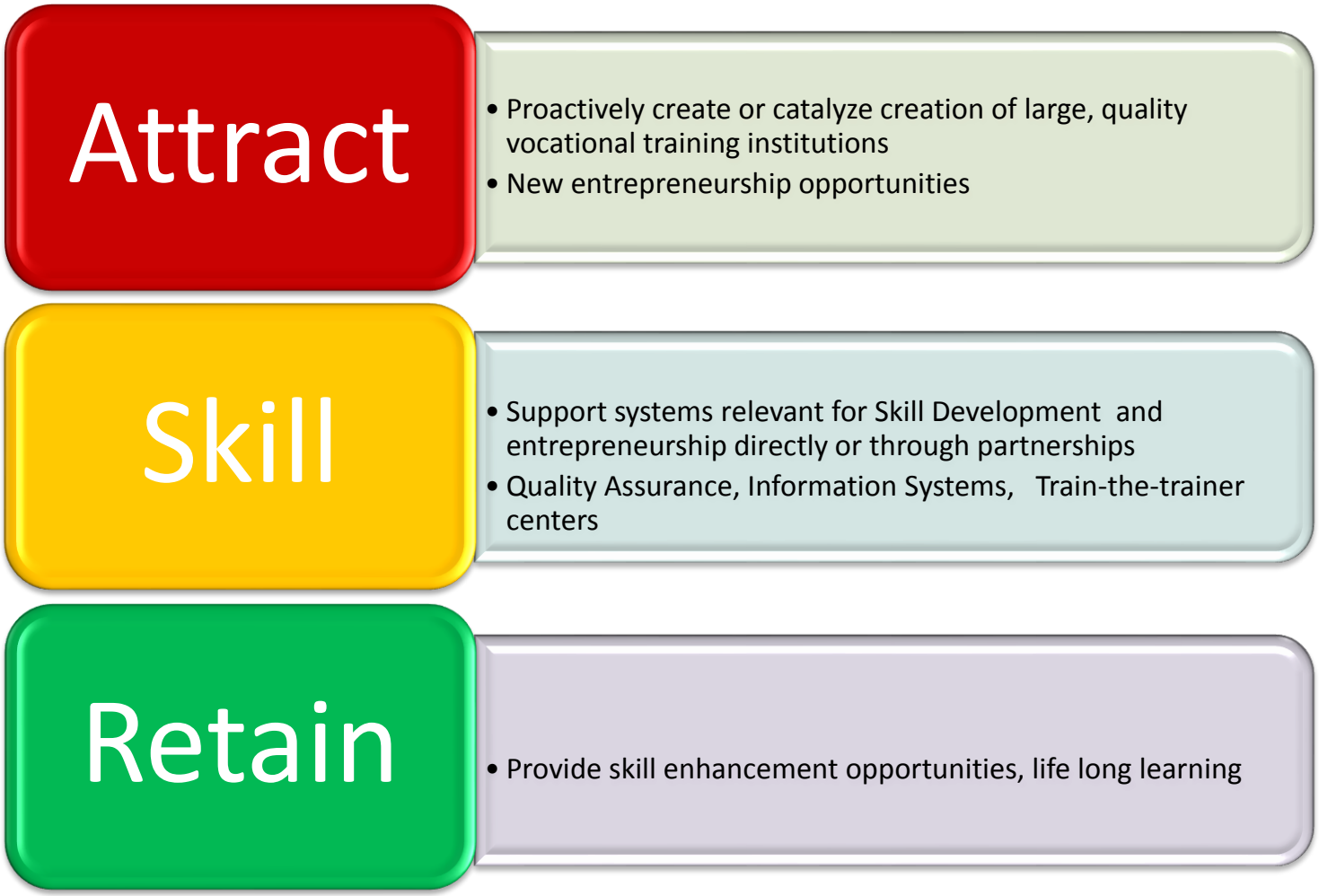
- Support existing and future skill development initiatives
  - ✓ Demand ready to work persons, Insist on certified employees,
  - ✓ Promote internships ,placement, funding – fee & loan repayment
  - ✓ Agree for payment of placement fees
  - ✓ Introduce a Employee Skill Opportunity Programme
    - Encourage employees to act as trainers, assessors
    - Reward life long leaning
    - Refund training fees to encourage retention
    - Support participation in the Sector Skills Councils

- Reach out to the skill development centers with their requirements

- Lead setting up of Sector skills Council

- Partner with NSDC partners for a ‘Train the Trainers’ program.

Skill development initiatives as a competitive advantage



Thank You

dilip.chenoy@nsdcindia.org