

Role of National Skill Development Corporation (NSDC) in Skill Development and Promotion

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Abstract

This study defines the relationship between NSDC and their role in today's high skilled education which is being developed and promoted by these NSDC. It shows how these institutions enhanced the need for developing higher skilled education among the upcoming generation through technological and innovational changes. Studies find that productivity increases may lead to additional employment creation, thus highlighting NSDC potential to promote high-productivity jobs. Moreover, it appears that NSDC are most likely to generate jobs and benefit the poor through interventions directed at improving access to finance, infrastructure, investment climate and training. This study is focused at analyzing the need of skill development in India and the initiatives taken by NSDCs in this regard and its activities. In the end the conclusion is given to find out how well NSDC has worked and what are its upcoming challenges and favorable matters as well.

Keywords: National Skill Development Corporation, Skill Development, Promotion

Introduction

India faces a daunting challenge: by 2022, the country will see a manufacturing skills gap of nearly 90 million workers – almost twice the current figure – and some 500 million workers across all skilled sectors. India's National Skills Development Corporation (NSDC), a non-profit company, aims to help solve this problem. Over the next 10 years, the NSDC aspires to create 150 million skilled labourers across 21 sectors that meet or exceed international standards. A main thrust of the NSDC's mission resides in the promotion of skill development through the funding – either through loans or equity – of large, quality, for-profit vocational training institutions, programmes that are proposed by way of private (both for profit and not for profit) sector initiative. It is truly a demand-led model, designed to develop and supply the talent needed by the private sector to grow. India has more than 1.4 million schools and more than 35,000 higher education institutes. India has one of the largest higher education systems in the world and there is still a lot of potential for further development in the education system. India's online education market size is expected to touch US\$ 40 billion by 2017. The RNCOS report titled, '**Booming Distance Education Market Outlook 2018**' expects the distance education market in India to grow at a compound annual growth rate (CAGR) of around 34 per cent during 2013-14 to 2017-18. Moreover, the aim of the government to raise its current gross enrollment ratio to 30 per cent by 2020 will also boost the growth of the distance education in India. The need to train fresh graduates in new skills and ensure that they remain employable is important since the US\$ 118 billion Indian information technology (IT) industry added about 180,000 new employees in 2013-2014, 70 per cent of which were fresh hires, according to Nasscom.

Objectives

- To analyze the need of skill development in India

- To study the role of NSDC
- The initiatives taken by NSDC in this regard
- What are the targets of NSDC for skill development?
- Achievements of NSDC

Role of NSDC

NSDC is a first-of-its-kind Public Private Partnership (PPP) in India set up to facilitate the development and upgrading of the skills of the growing Indian workforce through **skill training programs**. A large part of the organization's efforts are directed at the private sector and towards developing the skills in the unorganised sector in India. NSDC supports skill development efforts, especially in the unorganised sector in India by funding skill training and development programmes. It also engages in advocacy and training programmes, in-depth research to discover skill gaps in the Indian workforce, and developing accreditation norms.

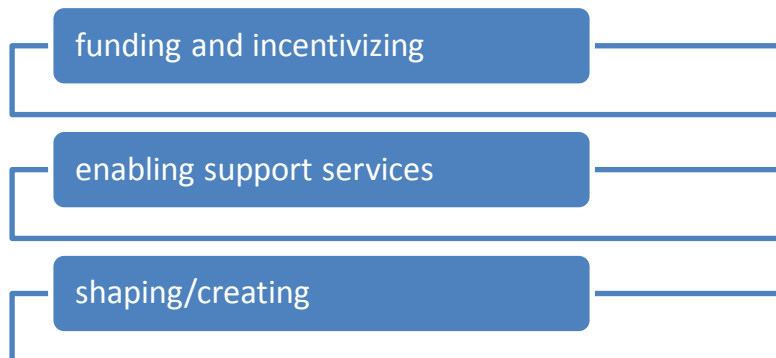
Formed in the 2008-2009 budget year, the NSDC is driven by the private sector, which maintains control of 51% of the partnership and holds eight of the 13 seats on the board. The National Skill Development Fund, which enables the NSDC's financing operations, is a government-owned trust and is run by professional fund managers. Initial funding for the NSDC was 10 billion rupees (US\$ 185 million). Current funding stands at 25 billion rupees (US\$ 462 million). Hands-on training for students on repairing security systems. When it comes to funding selected projects, the NSDC provides between 75% and 85% of total required upfront investment, depending on whether the investment is considered for profit or not for profit. The NSDC provides services for the following sectors in India:

- Automobile / auto components
- Electronics hardware
- Textiles and garments
- Leather and leather goods
- Chemicals and pharmaceuticals
- Gems and jewellery
- Building and construction
- Food processing
- Handlooms and handicrafts
- Building hardware and home furnishings
- IT or software
- ITES-BPO
- Tourism, hospitality and travel
- Transportation/ logistics/ warehousing and packaging
- Organised retail
- Real estate
- Media, entertainment, broadcasting, content creation, animation

- Healthcare
- Banking/ insurance and finance
- Education/ skill development
- Unorganized sector

Role of NSDC

The following are the role played by the NSDC in this global era:



Funding and incentivizing: In the near term this is a key role. This involves providing financing either as loans or equity, providing grants and supporting financial incentives to select private sector initiatives to improve financial viability through tax breaks etc. The exact nature of funding (equity, loan, grant) will depend on the viability or attractiveness of the segment and, to some extent, the type of player (for-profit private, non-profit industry association or non-profit NGO). Over time, the NSDC aspires to create strong viable business models and reduce its grant-making role.

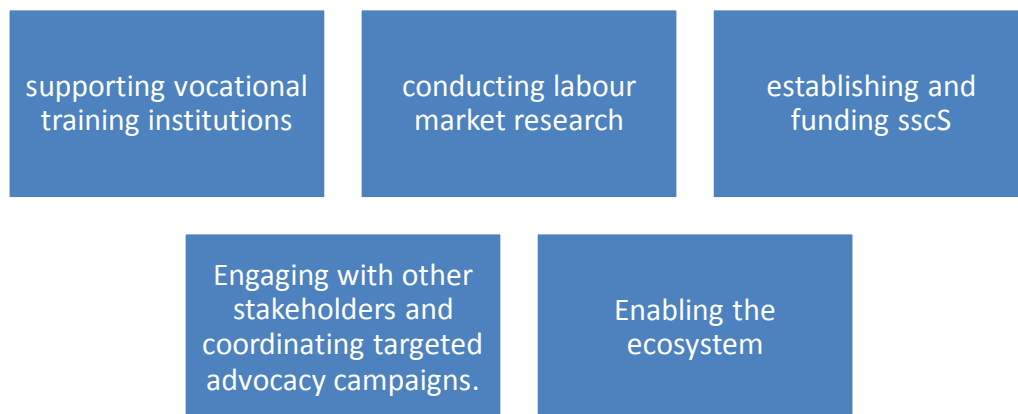
- **Enabling support services:** A skills development institute requires a number of inputs or support services such as curriculum, faculty and their training, standards and quality assurance, technology platforms, student placement mechanisms and so on. The NSDC will play a significant enabling role in some of these support services, most importantly and in the near term, setting up standards and accreditation systems in partnership with industry associations.
- **Shaping/creating:** In the near term, the NSDC will proactively seed and provide momentum for large scale participation by private players in skill development. NSDC will identify critical skill groups, develop models for skill development and attract potential private players and provide support to these efforts.

Initiatives Taken by NSDC

The NSDC's primary goal is to train 150 million people by providing catalytic funding and support for private sector initiatives. Its main activities include:

- **Supporting vocational training institutions** through soft loans, which cover up to 75% of the total project costs. The NSDC seeks to fund NGOs, businesses, social

entrepreneurs, and skill development organizations that are sustainable, large-scale, and partnership-based. These parties, known as the NSDC's partner training institutions, are expected to become self-sustainable within 3 to 5 years. As of 31st December 2013, NSDC has approved 114 loans to training partners, of which 68 are active with over 2500+ training centers spread across 352 districts in India. These partners have skilled 1.16 million people, of which 60% are already employed.



- **Conducting labor market research** to better understand the skills gap facing the nation. So far, the NSDC has already mapped skills gaps across 26 states in India, with remaining 3 in progress. NSDC is also conducting revised skill gap studies for 22 high growth sectors in India, which are expected to be completed by 31st March 2014.
- **Establishing and funding Sector Skill Councils (SSCs)** to strengthen the labor market in high growth industries through grant-based seed funding to cover start-up costs. As on 31st December, NSDC has approved 28 SSCs, of which 17 are already operational, with 2747 Occupational Standards already in place. These SSCs are industry and employer-led organizations that are responsible for sector-specific activities such as analyzing needs in the labor market, developing occupational standards and curriculum for training, and certifying training institutions. SSCs are expected to become self-sustaining within 5 to 7 years.
- **Engaging with other stakeholders and coordinating targeted advocacy campaigns.** Partners include the Centre for Civil Society (CCS), Indian School of Business (ISB), World Skills Competition, Federation of Indian Chamber of Commerce and Industries (FICCI), and India@75 etc. The NSDC also works with ministries and state governments to foster greater local and sector-specific initiatives and research. In addition, NSDC continues to work with organizations which focus on skill development for Women and/or People with Disabilities (PWD).
- **Enabling the ecosystem.** NSDC is also operating one of the world's largest skills incentive program, called the National Skill Certification and Monetary Reward Scheme, or STAR. This program encourages youth to enroll in and complete

programs run by training providers approved by the SSCs. Once these youth obtain a certificate, they are conferred a monetary reward of an average of Rs. 10,000 (\$161). The scheme was rolled out across India in September 2013, and in its first four months has enrolled more than 100,000 people across 16 sectors.

Target Areas

The NSDC will adopt a differentiated approach to supporting private sector initiatives depending on the target segment. Based on the marketability of the skill group and income level of the student population, there are three segments across which the NSDC will focus:

- **Skill development:** The challenge of skilling / up skilling 500 million by 2022 will require both fundamental education reform across primary, secondary and higher education and significant enhancement of supplementary skill development. In the near term, the NSDC will focus primarily on supplementary skill development and strive to create seamless tracks within the education system.
- **Foster private sector initiatives:** In strengthening supplementary skill development, NSDC will focus on fostering private sector led efforts that will include both non-profit and for-profit initiatives with the goal of building models that are scalable.
- **Attractive segment:** Given that the market automatically works, the NSDC will only play a reactive role and support the scale-up by various players.
- **Viable segment** but with marginal economics or involving high risk/uncertainty: This will be a key focus area of NSDC particularly in the near term, with the aim being to make this segment much more attractive for private investment.
- **Completely unviable segment:** Over time, NSDC will aspire to work in this segment in collaboration with government departments and help develop innovative business models which can move players from this segment to the viable segment.

Achievements of NSDC

- **Skilling India – The creation of Ministry of Skill Development**
National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), National Skill Development Fund (NSDF) and 33 Sector Skill Councils (SSCs) were brought under the Ministry of Skill Development. The thrust of the Ministry is the co-ordination of all skill development efforts across the country, removal of disconnect between demand and supply of skilled manpower, building of new skills and skill up gradation, and encouraging entrepreneurship. Overall approximately 58,72,800 people were trained by Central Ministries/Departments in the financial year 2014-15. To create further convergence between the Vocational Training system through ITIs and the new Skill Initiatives of the government, two vertical from Directorate General of Employment and Training (DGET) – DDG (Training) and DDG (Apprenticeship Training) have been transferred to the Ministry of Skill Development and Entrepreneurship on 16th April, 2015.

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

The first meeting of the Steering Committee was held on 28.04.2015 under the Chairmanship of Secretary, Skill Development and Entrepreneurship. It was decided that National Skill Development Corporation (NSDC) will be the implementing agency. A Sub-Committee has been formed under chairmanship of CEO, NSDC responsible for day to day implementation of the scheme.

- **Capacity Building of Private Training Providers and Involvement of Industry**

By end of March 2015, the NSDC Board had approved 203 skilling proposals and 37 Sector Skill Councils with total financial commitment of over INR 2500 cr. In the last year, for the important sectors of Green Jobs, Persons with Disabilities etc, Sector skill councils were approved for focussed industry led approach in skilling in these sectors.

- **Strengthening Standards & Quality Assurance**

The process of alignment of NVEQF (National Vocational Educational Qualification Framework) and (NCVT) to the NSQF has been initiated by the Ministry of Human Resource Development and Ministry of Labour and Employment. The actual roll-out of NSQF was initiated and three qualifications of National Council for Vocational Training, four of the plumbing sector, and six of the Capital Good Sector were approved by National Skills Qualifications Committee for inclusion in the Qualifications Register. As on date across 28 Sectors, standards for 1319 Job Roles pegged at NSQF levels 1 to 8 have been defined by the Sector Skill Councils. As on date, 14 SSCs have covered development of 80% of entry level workforce QPs.

- **Multi Skill Institute Scheme**

An Approach Paper on the proposed Multi Skill Institutes in Public Private Partnership mode (PPP) has been prepared after extensive stakeholder consultations. This included a workshop held on 9th Feb, 2015 with training providers, industry representatives, State Government representatives and donor agencies. A detailed list of inputs received was incorporated into the Approach Paper and efforts to develop a model for a National Skill University were initiated.

- **National Skill Universities**

The Ministry has initiated the process of establishment of National Skills Universities. The Universities are envisioned to provide nationally recognised University degrees and certification for vocational skills, design and conduct assessment procedures, design vocational curriculum (with SSCs) customised to providing horizontal academic mobility, offer faculty training courses and conduct research in the skills landscape. A Working Group convened by JS, SDE has been created as of 31st Mar, 2015 for developing an appropriate University model, providing broad recommendations and drafting the legislation for the National Skills University.

- **Udaan**

Udaan scheme is targeted at helping the ambitious and progressive youth of Jammu and Kashmir who are seeking global and local opportunities that the state may not be in a position to offer currently. It aims to make employable 40,000 youth of J&K over a 5 year period in key high growth sectors. The programme is targeted at providing well-paying jobs to the trained manpower.

- **National Policy for Skill Development and Entrepreneurship 2015**

The draft has been prepared after several meetings of the Working Committee and internal consultation on the first and second draft of the Policy. Meetings within the Ministry have focussed on ensuring that all aspects of the 2009 Policy have been accounted for and revised as required.

- **Consolidation of Skill Gap studies**

Sector skill gap studies have been completed for 24 sectors. The objective of these skill gap reports is to understand the sectoral and geographical spread of skill requirements that exist. They were launched on 9th April by Hon'ble MoS.

- **Fostering Engagement with Corporate Sector**

MoUs between National Skill Development Corporation, National Skill Development Fund and Power Grid was signed for CSR contribution to provide skill training. A similar MoU is about to be signed with NTPC. Collaborations with other PSUs and private sector companies have been initiated.

Conclusion

It is clear that successful public sector skills development initiatives can not only help close the skills mismatch, but can play a key role in helping marginalized and disadvantaged population strengthen their income generating potential. Strong programs have the support of a variety of stakeholders in the country, and are often designed to encourage private sector participation. Indeed, it is in their best interest to be an active stakeholder in this process, as they are most aware of their own workforce needs and the gaps that exist in the market. The most successful public sector initiatives have involved private sector consultation, both in the curricula development process to ensure relevance of content and some kind of workplace experience component in the pedagogy approach. Successful public sector initiatives that wish to close the skills gap must also pay close attention to targeting the most disadvantaged populations. To avoid duplicating standard national workforce training programs already in effect, skills development initiatives that wish to ensure employability of youth must focus on those that have been largely excluded from standard education and training programs and who are therefore likely to be ill-equipped to take advantage of standard training programs. Ultimately though, if successful, government involvement can help ensure that there is a holistic, system- wide approach taken to skills development; instead of a piecemeal effort, an integrated framework for certification and training can be developed to ensure that growth is not hampered by inadequate skills. The case studies in this paper have shown that in cases

where national governments have been able to harmonize training programs and create national qualifications frameworks, it provides participants in the workforce with viable, transferable skills that allow them to successfully enter the workforce and contribute to economic growth.

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