Istanbul International Center for Private Sector in Development

UNDP

Empowered lives.
Resilient nations.

HOW THE PRIVATE SECTOR DEVELOPS SKILLS

NATIONAL SKILL DEVELOPMENT CORPORATION: CREATING VOCATIONAL SKILLS THROUGH PUBLIC-PRIVATE PARTNERSHIP

NATIONAL SKILL DEVELOPMENT CORPORATION: CREATING VOCATIONAL SKILLS THROUGH PUBLIC-PRIVATE PARTNERSHIP

Editing: Beyond Jargon LLC

Design: Greta Lusoli, UN Online Volunteer

SUMMARY

AUTHOR	Prof. Suku Bhaskaran, GD Goenka World Institute, Haryana, India, Lancaster University, UK
SUMMARY	The National Skill Development Corporation (NSDC) is a joint venture between the Government of India and the private sector to facilitate quality skills provision, provide financial resources to build viable businesses in this area and introduce the necessary support systems. The goal of NSDC is to have led the delivery of quality vocational training by the private sector to 150 million individuals by 2022 across different industry sectors throughout India.
KEY FEATURES	• Systematic identification of skills gap • Available financing for private skills providers towards scale • Strenghthening skill value chain through incubating industry-managed Sector Skills Councils that develop standards, quality control and certification • Advocacy towards making skills 'aspirational' • Special funding schemes for trainees • Technology-based innovation funding
RESULTS	• Provided vocational training for nearly 6 million individuals across 33 industry sectors • Increased training capacity for 80 million people • Forged relationships with 266 partners • Established 2,009 training centres

Summary

The National Skill Development Corporation[1] facilitates the development of vocational skills by the private sector. Established in 2008 as a not-for-profit public-private partnership between the Government of India and the private sector, and headquartered in New Delhi, NSDC fosters the private sector-led skills business ecosystem; provides finance to private skills providers through loans, equity or grants; and enhances skills development value chain for all ecosystem players. NSDC is progressing towards achieving its target of facilitating the provision of world-class vocational training to 150 million individuals, as part of the government's goal of providing skills to 400 million by 2022[2].

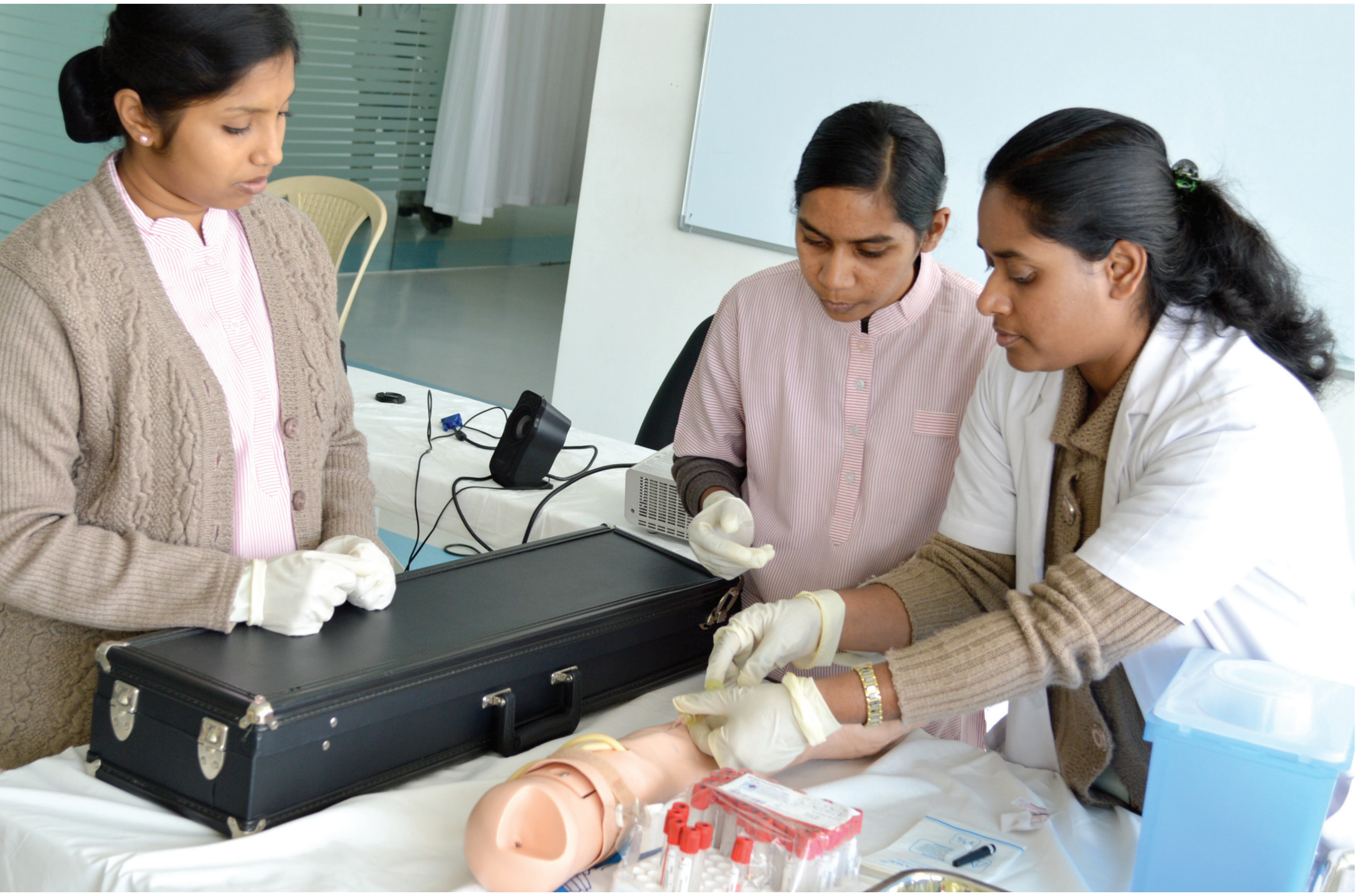
Operating as the nodal agency, NSDC also incubates Sector Skills Councils (SSCs) across different industries throughout India (see Box 1). SSCs engage with training organizations to deliver vocational training, establish occupational standards, develop competency measures, provide 'train-the-trainer' programmes, conduct skill gap analyses, create labour market information systems (LMIS), and evaluate and certify vocational qualifications.

Individuals who pursue vocational jobs predominantly come from lower-income segments of society. Vocational jobs are not the first career choice of individuals from middle- and higher-income backgrounds. Even without a specific social agenda, vocational skilling would predominantly benefit disadvantaged groups. Further, NSDC has implemented programmes such as the Standard Training and Assessment Reward (STAR) and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) schemes to incentivize certification and Udaan to support the needs of unemployed persons, especially youth and those from less developed and politically unstable regions.

> *The National Skill Development Corporation (NSDC) is a joint venture between the Government of India and the private sector to facilitate quality skills provision, provide financial resources to build viable businesses in this area and introduce the necessary support systems. The goal of NSDC is to have led the delivery of quality vocational training by the private sector to 150 million individuals by 2022 across different industry sectors throughout India.*

NSDC has a complex and demanding mandate. There are large numbers of target trainees, large numbers of stakeholders, differing stakeholder objectives, divergent and conflicting financial versus 'public good' objectives, and diverse industry sectors. Within five years of its inception, NSDC has overseen the completion of vocational training to 5,928,474 persons, of whom 2,456,170 have been placed in jobs as of November 2015[3]. The pace of activities has gained momentum with greater numbers of SSCs starting up, more corporations channeling 'corporate social responsibility' allocations to skilling, and more intense support from multilateral organizations and bilateral donors to facilitate private sector engagement in skills development.

NSDC is a good example of a successful public-private partnership that delivers quality programmes efficiently and cost-effectively for the benefit of millions of individuals.[4] Of NSDC, Shri Narendra Modi, Honourable Prime Minister of India, has said, "Our image should be 'Skill India' … We need better skill, greater scale and faster speed."[5]



Source: NSDC

Context

NSDC acts at the ecosystem-level to improve the climate in which skills businesses operate, ensuring that private training providers have access to the necessary financing, know-how and expertise to thrive both in terms of scale and impact. It was formed as a comprehensive response to four key challenges in the skilling space. The first was the absence of the necessary capacity on the private sector side to develop viable and profitable businesses in skills delivery. The existing models were neither profitable nor scalable. A related challenge was the absence of financing to test and develop new models. The private sector faced significant problems in terms of mobilizing venture capital for skills development enterprises and barriers, such as the lack of self-financing by students, hampered scalability. A third challenge was the disconnection between education and work: knowledge and skills gained throughout the education cycle did not necessarily correspond to those required to succeed in the world of work. Lastly, negative attitudes and perceptions about vocational jobs were evident in the lack of ambition towards receiving skills, especially among youth. Fostering ambition would be important for enhancing the skills business. [6]

Organizational setting

NSDC facilitates the involvement of the private sector in industry-relevant vocational skills training in all 29 states and seven territories in India. It undertakes its functions through engaging with diverse stakeholders across industry sectors throughout India.

Table 1: Private shareholders/equity partners of NSDC

TEN PRIVATE SECTOR ORGANIZATIONS HOLD EQUITY IN NSDC.

Three nationwide industry associations/chambers of commerce:
- Federation of Indian Chambers of Commerce and Industry
- Associated Chambers of Commerce and Industry of India
- Confederation of Indian Industry

Seven sector-specific industry organizations:
- National Association of Software and Services Companies
- Society of Indian Automobile Manufacturers
- Confederation of Real Estate Developers' Associations of India
- Gem and Jewellery Export Promotion Council
- Confederation of Indian Textile Industry
- Council for Leather Exports
- Retailers Association of India

History and development

Responding to skill needs in India

For many years, the publically owned Industrial Training Institutes (ITIs) and Industrial Training Centres (ITCs) had been the principal providers of vocational training in India. However, rapid population growth and increasing diversity in vocations meant that ITIs had not been able to meet India's need for vocationally qualified individuals. Consequently, India is experiencing an acute shortage of skilled, vocationally qualified individuals. In contrast, India has an oversupply of degree-qualified individuals vis-à-vis the labour market needs.

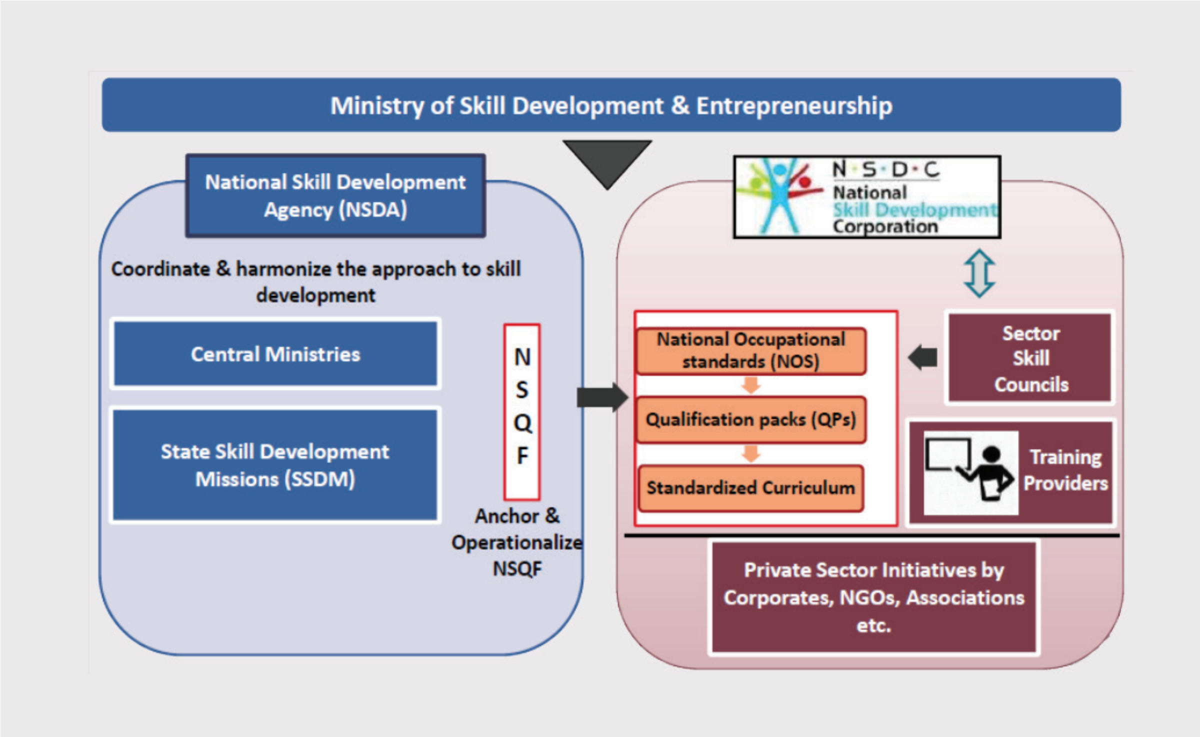
NSDC was established in October 2008 as a not-for-profit organization in pursuance of the Government of India's National Skill Development Mission. Its establishment was a response to the skill needs in India and, in particular, the intense dialogue between key stakeholders at the Prime Minister's Council on Trade and Industry.[7] The private sector was unable to achieve the requisite skills needed for operations. It lacked participation in the process of qualification development as well as the financial resources to act, which were the key challenges NSDC was to overcome.

The development of NSDC was an evolutionary but systematic process arising from deliberate and concerted action by key stakeholders to map skill needs and develop actions to make available personnel with appropriate vocational skills and competencies to meet India's current and future development needs. Two entities share responsibilities with NSDC for fostering the skills ecosystem:

National Skill Development Fund (NSDF): This fund was established as a repository of funding for NSDC, compiling the contributions of different government units, donors and agencies, as well as bilateral and multilateral organizations. It operates under the Ministry of Skill Development and Entrepreneurship with the task of mobilizing financing for the skilling market. The NSDF also undertakes supervisory and regulatory roles for NSDC, including oversight over the work plan, budgets and performance evaluations.[8] In turn, NSDC works as an investment manager of the NSDF. A board of directors makes decisions regarding the skilling-related projects in which it will invest.[9]

The development of NSDC was an evolutionary but systematic process arising from deliberate and concerted action by key stakeholders to map skill needs and develop actions to make available personnel with appropriate vocational skills and competencies to meet India's current and future development needs.

National Skill Development Agency (NSDA): To enhance the coordination and synergy of the skills development endeavors of the public and private actors, the National Skill Development Agency was founded in 2013. The NSDA's efforts towards improved coordination target NSDC, as well as the private sector. The institution is also responsible for activating the National Skills Qualifications Framework (NSQF) to bridge the industry standards and training quality, while supporting the establishment of certification bodies.[10]



Source: NSDC PowerPoint

Key objectives

To meet projected needs by 2022, some 400 million people will need to undergo vocational training and gain competencies to find a job and/or advance in their careers. This will also contribute to the needs of the country's national development agenda.[11] Towards achieving this target, the mandate of the National Skill Development Corporation is to foster delivery of skills to 150 million people by the private sector.

India's population is large and predominantly young, a situation linked to improved health care, reduced infant mortality and the consequent rapid increase in population. It is poised to benefit from what is popularly termed the 'demographic dividend.' To maximize the benefits of this demographic dividend, however, the focus of training and development and the type and quality of training must align with the country's immediate and longer-term needs. The NSDC mission is to:[12]

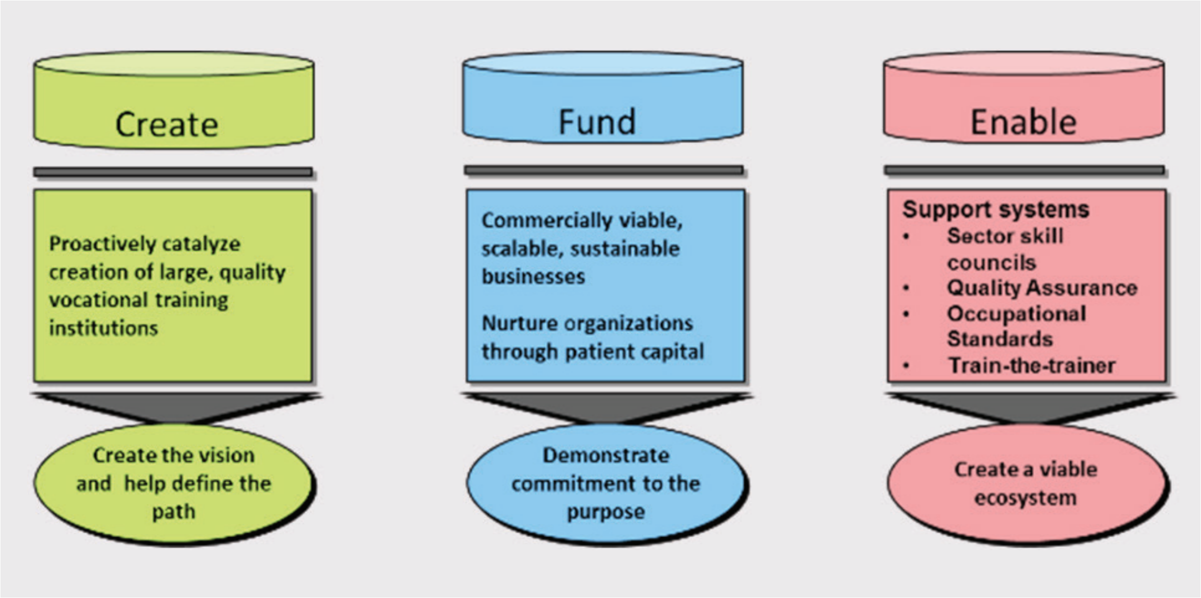
- Foster the development of cost-effective, innovative and solid business models for skilling;
- Mobilize private investments in the skills development sphere;
- Ensure that the funding offered has a recirculating character, meaning that loans or equity are utilized, rather than grants;
- Establish a leverage for the organization through the financing mechanisms;
- Form a strong structure for including the private sector in all stages of skilling.

To carry out this mission, NSDC has three complementary work streams to 'create,' 'fund' and 'enable' private training providers. It takes a proactive role in the development of quality private skilling institutions that can deliver quality programmes, offering capital to help them attain commercial viability, scale and impact. It also fosters an enabling environment through the necessary frameworks, including the SSCs, occupational standards and training of trainers.[13]

Source: NSDC

Business/operational model

NSDC was established as a public-private partnership between the Ministry of Finance, Government of India, and private-sector industry associations and business chambers. With 10 industry associations and business chambers each contributing 5.1 percent of the equity, the private sector is the majority shareholder, at 51 percent equity, in NSDC. An executive board of 16 members governs NSDC: six representatives from the Government of India and 10 from the private sector.[14]



Source: NSDC presentation, 12 August 2014

The basic functions of NSDC are to create, fund and enable private sector-led skills development. Under the 'create' function, NSDC catalyzes the formation of large-scale operators, offering the necessary long-term perspective and guidance to succeed in skilling. For the 'fund' pillar, NSDC offers financing to private skills providers in the form of loans, equity or grants based on the viability and potential of the target group for the business and its type. This venture capital helps the businesses achieve sustainability and scalability. Under the 'enable' stream, NSDC ensures that the operators obtain the necessary inputs from the skills business ecosystem, such as forming SSCs, ensuring quality and compliance with standards and accreditation, developing occupational standards, and delivering training of trainers, each in close cooperation with the industry. It goes beyond the financing of initiatives to create a market for skills and skill development.[15]

Box 1: About Sector Skill Councils

SSCs are autonomous, industry-initiated organizations for steering skill development and training in different sectors. They are initiated by the major industry associations and chambers for the particular industry and each SSC also witnesses the involvement of the corresponding government ministry in its functioning.[16] NSDC assists with their establishment. SSCs are vital to ensure that the skills business ecosystem is participatory to all, from the public authorities to industry and business support organizations, business community leaders and training organizations. As of June 2014, NSDC had assisted the incubation of 40 SSCs and was providing financial support to 19 of them.

Sector Skill Councils serve many functions, including to:

- Identify job roles in their respective sector;
- Establish National Occupational Standards (NOS) in line with industry needs and practices;
- Develop competency thresholds;
- Undertake train-the-trainer programmes;
- Affiliate with vocational training institutes for delivery of training programmes;
- Conduct skill gap analyses;
- Create labour market information systems;
- Assess and certify that trainees undertook programmes that aligned with NOS.[17]

SSCs have been established in a variety of industries, in sectors considered priority by the Planning Commission, as well as in the informal or unorganized sectors.[18]

Financial support offered to SSCs by NSDC takes the form of a three-year grant for a total of INR 50 million ($730,000).[19] After the three-year incubation period, SSCs are expected to become financially self-sustainable through providing assessment and certification services and training-of-trainers programmes. This differs from the government-funded models of SSCs, which often face sustainability challenges when public resources are strained.[20] In addition to financial support, when an SSC is being formed, NSDC provides assistance in a variety of ways, e.g. conducting research, such as sectoral skill gap studies; coming up with a roadmap; employing methodologies for occupational standards and qualification pack development; and communicating and coordinating with the relevant stakeholders, such as public authorities and vocational schools.

Skilling value chain

1. Sourcing

To improve the understanding of skills needs in India and enable investors to make data-based decisions, NSDC commissioned sector-wide and state-wide, district-level skill gap studies. These reports helped private skills providers tailor their training offers in accordance with demand and supply.

The sectoral studies were conducted for the industries[21] that have been rapidly growing in India. They also outlined the career desires of youth.[22] The reports include sector- and sub-sector-level analysis of human resource needs, demand-supply projections of labour, forecasting of manpower needs for 2013-2017 and 2017-2022, main employment clusters, and SWOT analysis to identify strengths, weaknesses, opportunities and threats. The reports also take into account insights from various stakeholders such as the SSCs and representatives of sub-sectors about industry trends, skills requirements and necessary interventions. The studies include recommendations for main stakeholders, such as the private sector, training providers, government and NSDC itself.[23]

A second set of skill gap analysis reports were prepared for location-based decision making. NSDC has provided these reports for almost all states—the last one is in progress—at the district level. These studies have established the necessary basis for the next stages of the skilling value chain, including development of curriculum, delivery, and scaling up of training and assessment and certification.[24]

After identifiying demand and supply, the second step is the mobilization of trainees. To this end, NSDC is running a large-scale advocacy campaign to tackle the low reputation associated with vocational skills and jobs.[25] The campaign uses television, print ads and radio, and is delivered in local languages.[26] The campaign is called *Hunar Hai To Kadar Hai*, "If there is skill, there is respect," and aims to demonstrate the value of skills training. A nationwide call centre has been established to provide potential trainees with information on available programmes. NSCD leads India's participation in the WorldSkills competition, where challenges put the skills of youth under age 23 to the test, allowing India to compare its achievements in the skills sphere with other countries.[27] These activities increase the number of people trained and also mobilize more quality training partners to join the skills business ecosystem through NSDC.[28]

2. Training standards and content

Sector Skill Councils are the key organizations responsible for formulating occupational standards according to private sector needs; accrediting skills providers; offering training of trainers; and undertaking assessment and certification of workers. National Occupational Standards are determined with industry participation through SSCs. NOS stipulate performance standards associated with job roles and the knowledge required to ensure that employees meet these benchmarks. Each NOS pertains to a central employment task, and a set of NOS associated with a job role are called Qualification Packs (QPs). Thr-ough SSCs, NSDC has helped develop 8,302 National Occupational Standards and 1,507 Qualification Packs.[29]

NSDC is also charged with benchmarking course content and pedagogy in India against that in developed countries. It has partnered with various countries and institutions, such as technical and further education (TAFE) and Australian Council for Private Education and Training, in order to introduce international standards that foster skills mobility and build further capacity in terms of assessment, training of trainers and curriculum development.[30] The organization also monitors, analyzes and adopts internationally validated training content and best practices.

Source: NSDC

3. Financing training provision

The main function of NSDC is to provide financing for private training providers to enable them to achieve scale and impact. Different modes of financing include loans, equity and grants. Loans are offered at a discounted rate of 6 percent simple interest and borrowers are granted moratorium on repayment of the principal and interest for up to three years. Loan terms are typically up to 10 years from the initial disbursement of the loan.[31]

Applicants for NSDC funding are required to submit a 10-year business plan as the first step of the funding process.[32] External partners verify the proposal to confirm the first stage requirements on responsiveness, technique and finance. Next, the Proposal Evaluation Committee (PEC) assesses these requirements in more depth before passing the proposal to the Proposal Approval Committee (PAC). The PAC works as a consulting body that passes a suggestion about the outcome of the proposal to the NSDC Board. At the last stage, the NSDC Board makes the final decision about the proposal. The process is planned to take less than three months.[33] When NSDC rolled out its programme, it targeted training providers able to conduct training programmes for at least 50,000 individuals over a 10-year period. Training providers also needed to demonstrate the ability to place at least 70 percent of individuals who have completed training programmes.[34]

NSDC's strategic goal is to increase its capital reserves, mobilize greater private sector contributions for its operations, and adopt funding modalities that increase recouping of funding to training organizations.

Disbursing loans with subsidized interest rates is preferred over equity participation or the provision of grants. Nearly 80 percent of NSDC disbursements are interest-bearing loans, 20 percent are grants and 2 percent are equity.[35] Grant funding is provided based on certain social parameters. NSDC is already covering its operating expenses out of interest earnings. Also, foreign governments and multi-lateral agencies are working with NSDC as the nodal agency for channeling funding for vocational training projects in India. Legislation now requires industry to allot 2 percent of annualized profit over three years to corporate social responsibility schemes, which means increasing numbers of corporations are now channeling funding for vocational training to the SSCs. Positive indicators that the NSDC's training target will be met include the scaling-up of operations (e.g. growth in the number of training organizations and SSCs) and funding availability (e.g. loan repayment, interest earnings, and funding from corporate CSR initiatives, multi-lateral agencies and developed countries' governments).

Additionally, through its Innovation Fund, NSDC provides financial support for novel skill development initiatives, including these recent ventures:[36]

- Students Fuel: Career counselling for lower-income, marginalized groups focused on confidence-building and life skills (winner in the category of awareness creation);
- Skillveri: Scalable simulation platform for multiple vocational skills (winner in the category of training platforms and technology);
- JCPL Jagbros (Youth4work): Online pre-assessment and index platform focused on the student population (winner in the category for placement/industry linkages/open innovation);
- Tamul Plates: North-east livelihood initiative focused on training women and providing market linkages (winner in the category of training/value chain models).

NSDC has established an outcome-focused monitoring framework that assesses a funded project at different phases of its lifecycle. Assessments capture sector-wide training results, social impact, financial performance of business models, and states where the model has exhibited success or been less successful. Knowledge capture helps inform actions to further improve operations and programme delivery.[37]

4. Training for impact

NSDC has a subsidiary mandate to empower individuals from disadvantaged segments to become job ready. The target beneficiaries include persons with disabilities, economically and socially disadvantaged individuals, drug addicts who have been rehabilitated, ex-militants, and individuals incarcerated for committing crimes.[38]

Udaan initiative: Several programmes focus on disadvantaged groups, such as the Udaan initiative, which offers employability skills to youth in the conflict-ridden Jammu and Kashmir area. In this region, 600,000 - 700,000 individuals join the workforce every year, but with very limited job prospects. The project's goal is to train 40,000 youth and place them in partnership with the leading corporations of India. Training and placement initiatives under Udaan cover 13 cities in India. NSDC has three key roles in this initiative: mobilizing corporate partners, raising awareness on the need for skills training, and ensuring smooth operations from trainee selection to logistics.[39]

Udaan has generated 52,000 registrations, and 6,000 of those registered have already pursued training programmes; 3,000 participants have completed their training programmes; and 2,000 of those that completed training programmes have received job offers. Annual salaries offered to those who had completed the training programme ranged from INR 120,000 to INR 170,000 ($1,750 to $2,480). Sixty-six major corporations have committed to providing training for 77,000 candidates.[40] Corporations such as Bajaj and Cognizant have established an innovative 'hire-and-train' model. Forty-five companies have incorporated visits to Jammu and Kashmir as part of their annual on-campus recruitment programmes. The private and public sector corporate partners represent a variety of industries including retail, information technology and information technology enabled services (IT and ITES), manufacturing, telecommunications, sports, banking, motorcar manufacturing, education and electronics.

NSDC has been able to cover 28 states and five union territories with a total coverage of 697 districts. This includes difficult terrains such as Himachal Pradesh, Jammu and Kashmir; and north-eastern states such as Assam, Sikkim, Manipur and Tripura. NSDC has also implemented a Special Industry Initiative (SII) for Jammu and Kashmir funded by the Ministry of Home Affairs.[41] In terms of sectors, the top five are IT and ITES; telecommunications; organized retail; banking and financial services; and building, construction and real estate.

5. Assessment and certification

SSCs play an instrumental role in assessment and certification. Accreditation from SSCs increases the employability of the trainee, as a mark of endorsement by the industry of the skills acquired by the trainee. Every certificate highlights the job role for which the trainee has undergone training and is aligned to the specific National Skill Qualification Framework level. NSDC has been actively working with ministries such as the Ministry of Rural Development, Ministry of Housing and Urban Poverty Alleviation, Ministry of Human Resource Development, Ministry of Minority Affairs and Ministry of Food Processing Industries, as well as state skill missions of all the leading states, including Kerala, Punjab, Rajasthan, Uttar Pradesh and West Bengal. In these engagements, NSDC and its SSCs also provide resources for holding regular workshops, training of trainers, capacity building through training partners, and course curriculum alignment for achieving complete alignment to the industry-recognized standards.[42]

In addition to the SSCs, NSDC uses the Skill Development Management System, described below, to link the assessment agencies to other relevant stakeholders, including training providers and prospective employers.

STAR is another initiative to mainstream training and certification. STAR is a framework linking national skills certification with monetary benefits. Curricula vary across India and NSDC is working on qualification packs and national occupational standards to increase standardization. At the same time, the value of skills is not fully appreciated due to the widespread public view that many jobs can be done without training. In this context, STAR aims to highlight the benefits of getting a training and certification as well as to overcome the reluctance to pay for trainings. Under the STAR scheme, trainees go through training and assessment, and successful individuals obtain a monetary reward of INR 10,000 ($146). To further facilitate participation of the disadvantaged, a unique, multi-wallet facility is used, which allows the training fees to be deducted from the monetary reward at the end. This way, the trainees do not need to pay in advance, eliminating an important financial barrier to participation.[43]

The PMKVY scheme also mainstreams training and certification. The PMKVY scheme funded by the Ministry of Skill Development and Entrepreneurship is a skill certification and monetary reward scheme that provides formal skills to deserving youth. PMKVY's target is to cover 2.4 million individuals with a focus on disadvantaged groups (e.g. school dropouts, people with disabilities and youth from the North East of India) and recognition of prior learning. The scheme is not a free one: It gives talented youth monetary rewards upon successful completion of training, after assessment of their skills by independent assessors appointed by respective SSCs. Under PMKVY, training, assessment and certification happen according to industry-recognized standards approved by the training partners and SSCs. As of October 2015, the total training number reported under PMKVY was 394,763 youth.

6. Placement

As noted above, private training providers are required by NSDC to achieve a 70 percent placement rate, meaning those selected by NSDC must conduct training programmes for at least 50,000 individuals over a 10-year period. These requirements demonstrate the organization's focus on results and impact. The Skill Development Management System facilitates progress and convenes the necessary stakeholders to this end.

Skill Development Management System: SDMS acts as the main repository bringing together skilling institutions, trained candidates, employers, third party assessment agencies, SSCs and others. SDMS was developed to track the number of candidates trained in terms of their background, locations and sectors. The system is used throughout the country, including as an employer-employee platform.[44] NSDC is now developing 'Skillpedia,' a cloud-based platform that will facilitate employers wishing to connect with prospective employees.[45]

Source: NSDC

Financing

The government and private sector organizations contributed the start-up capital for NSDC. After this initial contribution, the private sector has not contributed additional funding to NSDC. However, the government has substantially increased its contribution via budgetary allocations channeled through the NSDF.

NSDC is currently operationally fully self-funding. It meets all operating expenses through interest earned on loans that it has disbursed to different stakeholders.

Challenges and solutions

NSDC aims to be India's premier organization, in strong cooperation with the Government of India, for promoting and facilitating the development of vocational skills by the private sector; however, it is challenged by a number of constraints:

Making vocational jobs a first-choice career goal

India is experiencing an acute shortage of qualified personnel for vocational jobs. However, as a generalization, vocational qualifications and careers are not the first choice of most individuals in India. This is a result of cultural inhibitors, such as community perception of a lower 'status' of vocational pursuits, as well as insufficient knowledge of career options, career growth paths and more advanced educational opportunities that vocational qualifications could provide.

This constraint could be addressed by fostering knowledge and showcasing the many benefits that vocational qualifications could offer. Greater community awareness can be created through targeted promotional and advertising campaigns that showcase success stories.[46] Through advocacy and communications, NSDC takes a proactive approach to fostering greater awareness of the value and opportunities to be gained from completing vocational training programmes. The aim of these marketing campaigns is to make vocational training and careers an aspirational goal among young people. NSDC promotes the value of vocational training and qualifications via television commercials and through social and print media. Recent initiatives include the *Hunar Hai Toh Kadar Hai* campaign; promoting a help line to counsel and guide individuals with queries; conducting the WorldSkills India competition; participating in the WorldSkills competition in other countries; and sponsoring a television reality show that promotes the value and prestige of completing vocational qualifications.[47]

Schools and colleges are taking steps to align their courses and curriculum to vocational education programmes, and NSDC is supporting their efforts towards mainstreaming skill development with formal education. In the past two years, NSDC has worked with the governments of 10 states reaching out to 1,200 schools and collaborated with 25 universities and 1,500 colleges to ensure that education is connected with employability skills and students have a feasible career path.[48]

Promoting mobility

Many people in India are reluctant to pursue training and career opportunities outside their own home states or regions. For example, NSDC's Udaan scheme was not fully subscribed to because students from Jammu and Kashmir were reluctant to accept jobs in other parts of India.[49]

Assisting individuals in adapting to socially and culturally alien environments can help overcome this constraint. Publicity and stories of the satisfying experience of working in culturally different contexts could also help address this problem. As part of its Udaan initiative, NSDC has established partnerships with 63 leading corporations, including Accenture, Bajaj Allianz, BHEL, BSNL, Canara Bank, Cognizant, Genpact, HAL, HCL, Holiday Inn, IL&FS, Indian Overseas Bank, Infosys, McGraw-Hill Education, NTPC, ONGC, Religare, Tata Motors, TCS, Wipro and Yes Bank. It is highly probable that over time, work experience with premier business corporations in other parts of India will help overcome the reluctance of target trainees to study and work outside their home states.[50]

Training infrastructure, resources and capacity

Many parts of India, particularly areas outside the major cities, experience serious constraints. They lack uninterrupted power supplies; appropriately qualified and experienced trainers; executives with appropriate experience in project management; and financial, technical and physical infrastructure. The 'brick-and-mortar' and 'chalk and talk' training frameworks are more common outside cities, with students wanting to physically attend classes rather than partake in technology-enabled distance education programmes. Low Internet access, particularly in rural areas, is a barrier to delivering training via online or videoconference modalities. Further, 95 percent of vocational jobs are in the informal, low-technology and small-scale sectors. This limits the level and intensity of industry participation and the capacity to operationalize in-house training programmes. Consequently, NSDC experiences challenges in increasing the scale of vocational training to incorporate the whole of India.

NSDC engages with international organizations and development agencies to draw on funding and technical assistance for private sector-led skilling. In May 2012, the European Union funded the Support to Skills Development in India initiative to enable NSDC to consolidate and scale up vocational training programmes. In July 2013, the UK's Department for International Development (DFID) initiated capacity-building activities to enable NSDC to accelerate its activities in the State of Meghalaya, where NSDC's initiatives have not gained momentum.[51]

Financial sustainability of SSCs

A key thrust of the NSDC's business plan is for NSDC and other stakeholders, such as SSCs, to be financially independent. Thus, NSDC and the SSCs need to maintain lean and cost-efficient operations through effective strategies, including:

- Outsourcing activities to carefully screened intermediaries;
- Developing capacity and competency of key intermediaries;
- Creating demand and positive community perception regarding the value and benefits of completing vocational qualifications;
- Facilitating job placements for vocationally qualified individuals;
- Targeting delivery of training programmes on a large and national scale to meet India's need for skilled workers;
- Maintaining quality and standards of vocational training programmes.[52]

NSDC also partners with multilateral agencies to strengthen the SSC framework. In January 2012, the Asian Development Bank (ADB) provided $1.1 million in technical assistance grants to assist NSDC in establishing two new SSCs in the areas of health care and infrastructure.[53]

Conclusion

NSDC's value is its capacity to lead and finance mass and cost-efficient delivery of demand-driven skills training by the private sector, through cohesive partnerships with industry, public authorities, training providers, employers and third-party auditors. The business model used by NSDC enhances the skills business ecosystem in cooperation with government authorities through several actions:

- Opening up the necessary channels for financing.
- Facilitating skilling and placement opportunities for disadvantaged groups.
- Developing quality and standards of training.
- Contributing to the goal of delivering training programmes on a large and national scale to meet India's need for skilled workers through the private sector's involvement.

To date, NSDC has supported 266 training partners that include both for-profit and not-for-profit private organizations in 33 sectors. By financial year 2014-2015, 5,928,474 individuals had completed vocational skills training programmes. Notwithstanding the economic downturn, about 2.5 million of those who completed training programmes conducted by private partners and the STAR, PMKVY and Udaan schemes have received jobs. Placement outcomes increased from 54 percent in fiscal year 2012-2013 to 64 percent the following year.[54] SSCs established by NSDC have developed national occupational standards for 2,041 entry-level positions in 22 industries. As of October 2015, SSCs had approved 8,302 national occupational standards and developed 1,507 qualification packs.[55] To look at the skilling situation in the unorganized sector, NSDC has formed SSCs in domestic work as well as the handicrafts sector to initiate the process of creating job roles and bringing about standardization—part of a larger effort to formalize the vast unorganized sector, where the most marginalized communities, including women, are found.

[1] *NSDC 2014.*
[2] *The Government's initial goal of skilling was 500 million people, but the target was revised to 400 million.*
[3] *Information provided by NSDC, 11 November 2015.*
[4] *World Economic Forum 2012.*
[5] *NSDC Annual Report 2015, p. 1.*
[6] *NSDC Case Writeshop (24 February 2015).*
[7] *Ibid.*
[8] *NSDC 2014.*
[9] *Chenoy 2012.*
[10] *NSDC 2015.*
[11] *The Guardian 2015.*
[12] *NSDC 2015.*
[13] *NSDC presentation, 12 August 2014.*
[14] *Chenoy 2013.*
[15] Chenoy 2012.

[16] NSDC Case Writeshop (24 February 2015).
[17] India, Ministry of Skill Development and Entrepreneurship 2014.
[18] NSDC Case Writeshop (24 February 2015).
[19] All amounts are in Indian rupees (INR) and United States dollars ($). Conversion rate source: Reserve Bank of India Reference Rate, INR/1 USD: 68.5650, 24 February 2016
[20] NSDC Case Writeshop
[21] The sectors that are studied are: Agriculture, Auto & Auto Component, Banking & Financial Services Insurance, Beauty & Wellness, Building, Construction Industry & Real Estate, Construction Materials & Building Hardware, Domestic Help, Education & Skills Development Services, Electronics & IT Hardware Industry, Food Processing Sector, Furniture & Furnishings Industry, Gems & Jewellery, Handlooms & Handicrafts, Healthcare Services, IT & ITES Sector, Leather & Leather Goods Industry, Media & Entertainment, Retail Sector, Pharmaceuticals, Private Security Services, Telecommunications, Textile & Clothing Industry, Tourism, Travel, Hospitality & Trade Sector, Transportation, Logistics, Warehousing & Packaging
[22] NSDC presentation, 12 August 2014.
[23] KPMG 2013.
[24] Ibid.
[25] NSDC 2014.
[26] Ibid.
[27] Chenoy 2013.
[28] NSDC 2014.
[29] NSDC presentation, 12 August 2014.
[30] India, Ministry of Skill Development and Entrepreneurship. Global Engagement.
[31] NSDC Case Writeshop (24 February 2015).
[32] NSDC 2014. Funding.
[33] Chenoy 2012.
[34] NSDC Case Writeshop (24 February 2015).
[35] NSDC Case Writeshop (24 February 2015).
[36] NSDC Annual Report 2015.
[37] Chenoy 2013.
[38] NSDC "Program Development" – File provided by NSDC.
[39] NSDC Case Writeshop (24 February 2015).
[40] Chenoy 2013.
[41] Ibid.
[42] Information provided by NSDC, 11 November 2015.
[43] NSDC Case Writeshop and Skilled India website.
[44] NSDC Case Writeshop (24 February 2015).
[45] NSDC Annual Report 2014.
[46] NSCD 2014. Case Studies.
[47] NSDC "Advocacy".
[48] NSDC Annual Report 2015.
[49] NSDC Case Writeshop (24 February 2015).
[50] Information provided by NSDC, 11 November 2015.
[51] Asian Development Bank, accessed 14 March 2015.
[52] NSDC Case Writeshop (24 February 2015).
[53] Business Standard 2012.
[54] NSDC Annual Report 2015.
[55] Information provided by NSDC, 11 November 2015.

4 OCTOBER 2017

Acknowledgements:

Editing: Beyond Jargon LLC

Initial Design: Green Communication Design

We thank our UN Online Volunteer Greta Lusoli for her contribution to the design of this case study.

Contact Information:

Yilmaz Ergun Dinc, Research Analyst, yilmaz.dinc@undp.org

Empowered lives.
Resilient nations.

United Nations Development Programme
Istanbul International Center for Private Sector in Development
Key Plaza, Abide-i Hürriyet Cad. Istiklal Sok. No:11 Floor: 5
Şişli, 34381 Istanbul, Turkey
Phone: +90 850 288 2534

For more information: **www.undp.org** | **www.iicpsd.org**