

DO YOU KNOW?

NATIONAL SKILL DEVELOPMENT CORPORATION

What is the National Skill Development Corporation (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 programmes. The NSDC was set up as part of National Skill Development Mission to fulfil the growing need in India for skilled manpower across sectors and narrow the existing gap between demand and supply of skills. A large part of the organisation'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. The objective of NSDC is to contribute significantly (about 30 percent to the overall target of skilling 500 million people in India by 2022), mainly by fostering private sector initiatives in skill development programmes and providing viability gap funding.

Why is there a need for an organisation like NSDC?

A growing economy like India requires a large and skilled

workforce. However, the lack of quality trainers and training institutes has created roadblocks to growth. Skills shortage is evident in every sector of the economy. NSDC seeks to fill the gap between the growing demand for, and the scarce supply of, skilled personnel across sectors, by funding skill training programmes. The primary goal is to foster private sector and industry participation in skill training and development.

How does NSDC function?

NSDC is a not-for-profit company set up by the Ministry of Finance, under Section 25 of the Companies Act. It has an equity base of Rs 10 crore, of which the private sector holds 51 percent, while the Government of India controls 49 percent. This makes NSDC a one-of-its-kind public private partnership in education in India.

The corporation has a tiered structure - a 12-member Board and the National Skill Development Fund (NSDF), a 100 percent government-owned trust - which work in sync to fulfill the NSDC's strategic objectives.

Who manages NSDC?

NSDC is a Public Private Partnership (PPP), and is managed by a team of experienced professionals. It has a team of professionals and an end-to-end decision-making process in place. A tiered decision-making structure - a Board, Board Sub-Committees and

the Executive Council - helps the organisation formulate strategies and run it effectively.

Which sectors does NSDC provide services for?

The NSDC provides services for 21 sectors including

1. Automobile/auto-components
2. Electronics hardware
3. Textiles and garments
4. Building and construction
5. Food processing
6. IT or software
7. Media, entertainment, broadcasting, content creation, animation
8. Healthcare
9. Banking/ insurance and finance
10. Education/skill development
11. Unorganised sector

What is the role of NSDC?

NSDC's key roles are:

- Funding and incentivising
- Enabling support services Shaping/creating

NSDC Role

The NSDC will facilitate or catalyse initiatives that can potentially have a multiplier effect as opposed to being an actual operator in this space. In doing so, it will strive to involve the industry in all aspects of skill

development. The approach will be to develop partnerships with multiple stakeholders and build on current efforts, rather than undertaking too many initiatives directly or duplicating efforts currently underway.

To scale up efforts necessary to achieve the objective of skilling / upskilling 150 mn people, the NSDC will strive to:

- Develop ultra low cost, high-quality, innovative business models
- Attract significant private investment
- Ensure that its funds are largely “re-circulating”; i.e. loan or equity rather than grant
- Create leverage for itself
- Build a strong corpus

Keeping this in mind, the NSDC will play three key roles:

- **Funding and incentivising:** 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.

What are the Focus Areas of NSDC?

Skill development: The challenge of skilling / upskilling 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.

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:

- **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. □