



DAILY EDITORIAL ANALYSIS

TOPIC

**SKILLING CRISIS IN INDIA & NATIONAL
SKILL DEVELOPMENT CORPORATION
(NSDC)**

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SKILLING CRISIS IN INDIA & NATIONAL SKILL DEVELOPMENT CORPORATION (NSDC)

Context

- The ongoing crisis like financial irregularities, weak oversight, and structural misalignment in the **National Skill Development Corporation (NSDC)** has revealed **deep flaws in India's approach to public-private partnerships (PPPs)** in skill development.

About the National Skill Development Corporation (NSDC)

- **Origins and Purpose of NSDC:** It was **established in 2008** under the **Ministry of Finance**, and **now operates under the Ministry of Skill Development and Entrepreneurship (MSDE)** as a not-for-profit public-private partnership (PPP).
 - ♦ The **Government of India holds 49% of its equity** through the Ministry of Skill Development and Entrepreneurship (MSDE), while the **private sector holds 51%**.
 - ♦ Its **initial mandate** was to **act as a financial body** supporting training institutes that could equip workers with employable skills.
- **NSDC Vision:** To become '*World's largest platform for Skills for All, Opportunities for All, Anytime, Anywhere*'.

Expansion of NSDC

- NSDC's role expanded with the **launch of the Skill India Mission** by 2015, making it the **nodal agency for a wide range of schemes**.
- **Key Schemes under NSDC:**
 - ♦ **Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** Upskilling and reskilling through 2,500+ centres.
 - ♦ **National Apprenticeship Promotion Scheme (NAPS):** Supporting training costs for over 49,000 employers.
 - ♦ **Craftsmen Training Scheme:** Operated through industrial training institutes.
 - ♦ **Overseas Placement Programmes:** Facilitating employment abroad, e.g., construction workers in Israel.
- It stretched its **limited resources** and exposed **governance weaknesses** and patchy placement records, inadequate quality assurance, and widespread dissatisfaction among trainees.

Current Crisis in NSDC

- **Operational Challenges and Skill Gaps:** A recent NSDC study revealed a staggering gap — **India needs 103 million skilled workers**, but the current supply stands at **only about 74 million**.
 - ♦ Only about 50% have found employment, despite training over 40 million individuals.
- **Structural and Strategic Issues:** Overlapping mandates (government and PPP) and lack of streamlined coordination between ministries and training partners have led to inefficiencies.
- **Information Asymmetry:** Job seekers, training providers, and employers operate in silos.
 - ♦ Individuals often lack clear guidance on which skills are in demand, while employers struggle to find candidates with verified competencies.
- **Coordination Failures:** Educational institutions and training centers frequently offer courses that don't match industry requirements, leading to a mismatch between supply and demand, wasting resources and time.
- **Present Bias:** Governments and institutions tend to **prioritize short-term metrics — like enrollment numbers — over long-term outcomes** such as sustained employment and career growth.
- **Fragmented Funding and Oversight:** Multiple ministries and agencies run overlapping skilling schemes, diluting accountability and creating inefficiencies.

Government Response

- **Skill India Digital Platform:** In response to mounting challenges, the government launched a digital platform to streamline skilling, education, and employment efforts.
 - ♦ It aims to improve transparency and ease of access for trainees.
- **Revised Skill Loan Scheme:** A new model offers financial support for higher education and skilling, including interest subvention for eligible students (**Union Budget 2024–25**).
- **National Skill Development Mission (NSDM):** The mission continues to provide strategic direction, but its ambitious target of training 300 million people by 2022 remains unmet.

What Needs to Change: Streamlining for Impact

- **Create a Unified Digital Skills Platform:** A centralized, AI-powered platform can connect job seekers, employers, training providers, and financiers. It should offer:
 - ♦ Real-time labor market insights;
 - ♦ Verified skill credentials;
 - ♦ Personalized learning pathways;
 - ♦ Transparent funding options like scholarships and grants;
- **Rethinking the PPP Model:** PPPs can bring in cutting-edge curriculum, industry expertise, and scalable infrastructure.
 - ♦ Models like the **National Apprenticeship Promotion Scheme** — where private enterprises provide direct, on-the-job training — appear more effective and sustainable than NSDC's centralised approach.
- **Standardize Credentials and Assessments:** A national framework for skill certification — recognized across industries — can improve trust and mobility in the labor market.
- **Focus on Outcomes, Not Inputs:** Shift the emphasis from enrollment numbers to employment rates, wage growth, and career progression. This requires robust tracking and feedback mechanisms.

Source: BS

Daily Mains Practice Question

Q. How do governance challenges, leadership instability, and systemic inefficiencies reflect broader issues in India's skilling ecosystem?

