

Public-private bond crucial to talent growth

Policy initiatives to encourage ties between formal and non-formal institutions need to be taken to develop skills

NIIT chairman and co-founder Rajendra S Pawar is a prominent proponent of the need for a strong partnership between the formal and the non-formal sectors in education. Of late, warnings of a manpower shortage have grown louder—not just in the IT industry but in other areas of the economy, as well. Pawar talks to FE's Sanjay Anand on ways to spread education and disseminate skills to tap the global job opportunities. Excerpts:

The IT industry has been very concerned about the manpower shortage in the country. How serious is the issue?

We conducted a study some years ago, which looked at the demographic changes taking place across the world. It showed that by 2020, India will have a surplus working population of about 47 million, whereas developed countries will have a shortfall of 40 million because of an ageing population. This is an overall talent shortage and not just in IT. So, there is a mammoth opportunity for India. These jobs will not come towards India automatically but will happen only if the work force is educated and skilled. There are many other studies that show that only 10-15% of the graduates are employable. The rest are not skilled enough. Similarly, at the industry level, particularly in the IT and ITeS sectors, there is an acute shortage as predicted by Nasscom.

So, what can we do about it?

First, time should not be wasted on debating whether there is a shortage or not. It is there and the reality is that, there are enough well-paying jobs to get, provided we can gear up for them. While the formal system produces over 3 lakh engineers and 20 lakh graduates, the mismatch exists. On the one hand, we have been saying that the formal sector alone can't cope with this shortage/skills situation on its own. On the other, we know that private institutions in the non-formal sector have shown the way by creating talent for the IT and ITeS industries. For instance, we are often told

that NIIT has not only created a training industry in the IT sector, but that it also created enormous pressure on the formal sector to respond to the changing needs by introducing courses like BCA, B.Sc computer science, B.Sc IT and so on. Today, nearly one lakh engineering students from the formal sector do a course from NIIT every year. So, we see an interesting interplay, but that has more to do with the entrepreneurial activity rather than a planned action of policy formulation. If entrepreneurial ventures in the private sector work in harmony with the formal sector through a policy framework that meets the need of the land, just think of the impact it would create.

Why is the tie-up between the government and private sector so important?

The formal sector has all the assets—land, buildings, infrastructure and students. The non-formal sector has the innovativeness, creativity, research, speed and the entrepreneurial spirit. These two are now meeting in the market not because of a supportive policy but in the absence of it. There is a compelling logic, therefore, to create a supportive policy framework which would eliminate all inefficiencies and create a vibrant private sector, to lend a helping hand to the formal sector, which is struggling both on the quantitative as well as the qualitative fronts.

What is holding this partnership back?

The absence of a policy. There is enough lip-service though. There are many within the government who want that change, but still there is a larger number who either do not comprehend the need or are at a loss as to how to create a workable policy.

What is the argument of those not in favour?

There is some anecdotal evidence of poor



quality in the private sector, which is used as a beating stick. It should be noted, however, that there are equal if not more number of cases of poor quality in the formal sector, but they are always forgiven. The argument is that the formal sector doesn't have a profit motive, while the private sector has a profit motive. So, no one is taking a rational view that there is a need to address the weakness in both sectors. Instead, what get talked about are the pluses of the formal sector and the minuses of the private initiative, giving an unbalanced view. However, members of bodies like the Knowledge Commission, who are more detached from day-to-day operations of either sectors, are increasingly realising that we have to introduce policy changes that leverage the fantastic opportunity of the public-private partnership.

So, how do we go forward?

The Planning Commission has developed the idea of a Skills Development Mission. The government is putting substantial seed capital into this effort. So, we see that some of the ideas that were being discussed over the past couple of years are now being factored into the policy framework. The feeble voices within the formal sector that were seeking such reforms for partnership with the private sector are now getting stronger and stronger.

That will surely take care of some funding?

Funding is only one part. However, the more important issue has always been that, the formal sector has not taken due cognisance of the importance of the private or non-formal sector because of which there have been no serious efforts. We are now seeing policy planners take a more comprehensive view of the ground realities and that should initiate reforms in the right direction.

How is industry coping?

They are grappling it, with a lot of difficulty. Employers end up investing time and money in re-training the output of the formal system.

Why do you say it is not an industry responsibility?

Well...because the role of the education system in every country is to prepare work-ready people. If industry is finding that only 15% of the people are work-ready, then it indicates a serious gap between expectation and delivery in the education system. One way to bridge the gap is to build a policy framework that accelerates public-private partnerships. So, we are asking the government to create a framework for the formal and the non-formal sector to work together so that we can reach out to more students. NIIT, for instance, has various joint initiatives with the likes of ICICI, IIMs and IIFT, which show industry-industry and industry-academia partnerships in talent development.

So what are the main points that you are seeking in the policy?

First, The Private University Bill, which is pending in Parliament, should be enacted so that private universities can be set up in an open and transparent way. Secondly, the level of student-financing to be enhanced through scholarships and the voucher system should be implemented effectively. Ideas like the voucher system which gives students the choice of where to spend the money (formal/ non-formal education) could put a lot of pressure of improvement on the system.