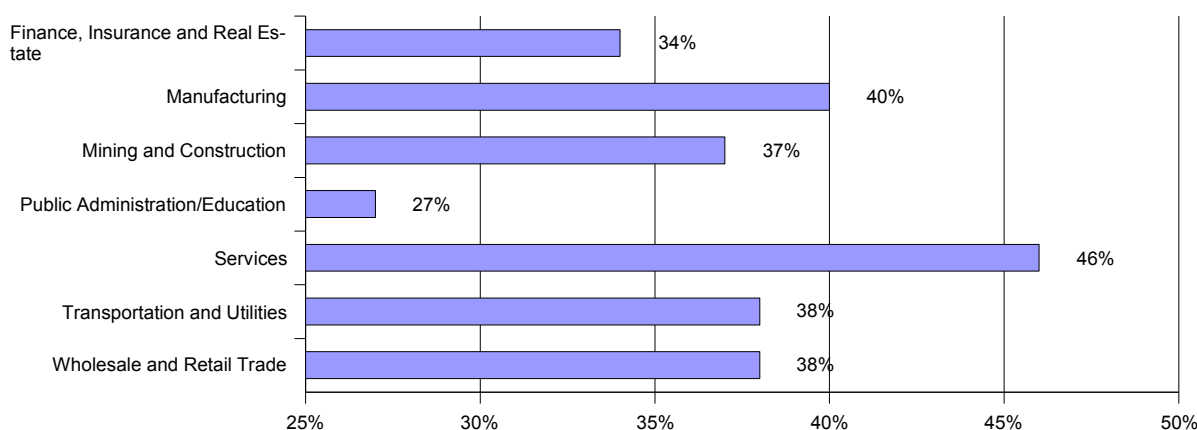


Empowering New Age India

# 1 Of Growth, Market Failure and Skills

With the new wave of economic development and an aspired growth rate of over nine percent, India is one the fastest growing economy in the world. Industry has lined up investments worth USD 400 billion. These investments are expected not only in the services sector, but also in sectors like manufacturing.<sup>1</sup>

The key to this growth is a sustained and competitive work force and fortunately GDP growth projections are matched by solid job creation<sup>2</sup> and consumption. Studies reveal the positive hiring intentions for 2007 of corporates across sectors (see box<sup>3</sup> on below).



- Jobs in manufacturing sector are set to double from existing 41.5 million by 2010

- IT and ITES continue to be the biggest job generator with over 1.5 lakh new jobs this year.

- In the next few years, Retail will need 80 lakh professionals.

- National Building Code has specified that the 3.5 crore construction workers need to be certified in the next five years. Number of workers needed is growing at 10% annually.

On the other hand India has a median age of under 25 years and with 9.1 million new graduates every year, assuming one-third join the workforce (3.1 million), India Inc. has a huge pool to choose from. Hence, industry **seems** poised to meet the challenge.

However, India is afflicted with a market failure. There is a gap between the demand (corporates/industry) and supply (manpower). The paradox is one wherein there is coexistence of jobs and simultaneous shortage of talent. Corporate India cannot find enough construction workers, BPO staff, hospitality professionals, retail staff, Accountants, Programmers, Carpenters, etc. One of the key reasons for this paradox is that the quality of the education/skill is suspect. Hence, companies are bearing the cost of this skill up-gradation.

## 2 The Network Enterprises Fund and Skills

In order to provide access to financial services and unlock

<sup>1</sup> 'The Job Bonanza', India Today, May 7, 2007

<sup>2</sup> In 2007 alone, India Inc. will create 8.2 lakh new jobs.

<sup>3</sup> From 'Manpower Employment Outlook Survey, India', Manpower Services India Pvt. Ltd. The graph displays the net employment outlook for various sectors.

economic potential in the under served and un-reached segments of geographies and population in specified sectors, by providing focused interventions, a new Trust by the name IFMR Trust (The Trust) has been incorporated.

The Trust was conceived in October 2006 with Trustees from the IFMR (Institute for Financial Management and Research) and ICICI Bank.<sup>4</sup>

The sectors that have been identified for this intervention are Food, Crafts, Diary, **Skills** and Vocational Education, Rural BPO, Village Tourism, Energy, Education, Water etc.

**STRiVE - Skills Training and Research in Vocational Education (I) Pvt. Ltd.** – is an institutional response that is being incubated under IFMR Trust as part of the initiative of bridging missing market links and also building rural infrastructure within the area of skills.

Hence, STRiVE has been created with the following Vision:

***"To provide livelihood opportunities to youth from under served and un-reached segments of population geographically and economically, so as to bring them into main stream economy by enhancing their inherent capacities and integrating the skill sets to the needs of the market in a viable and sustainable manner"***

STRiVE aims to facilitate any of the stages involved to make the person from the market get into a viable livelihood activity.

### 3 Environmental Analysis

An environmental analysis of the current situation and issues from the perspective of each of the stakeholders, when examined, reveals that each of the components in the whole system is working, but not in a collaborative mode. Though educational institutions are turning out trained students into the market by millions, employers and corporate houses are still struggling to find people suited for their jobs. A brief analysis of issues of each of the stakeholders is given below:

#### 3.1 Training Institutions

- A large number of training institutions are certifying millions of students year after year
- Majority of the training programs are unable to cater to the demands of employers
- Quality is a critical issue not being addressed

<sup>4</sup>

Mr. Narayanan Vaghul, Chairperson, Board of Governors, Institute for Financial Management and Research (IFMR) and Dr. Nachiket Mor, Member, Board of Governors, IFMR are the Settlers of the IFMR Trust.

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## 3.2 Manpower – Supply Side

- The supply side refers to the students/trainees.
- Most of them are not trained during their academic years to take up employment in a specific sector. Additionally, those that are concentrating on specialisations, are not being taught the relevant skills.
- There is also the problem of lack of information on opportunities available.

## 3.3 Industry/Corporates – Demand Side

- This side represents the sectors that are showing robust growth and are in need of a vast pool of employees.
- Availability of the appropriately skilled human resource is a major constraint.
- Corporates resort to hiring raw talent and training them on the job thereby, diverting resources of time and money.
- Scarcity of skilled manpower is pushing the attrition levels up as well as the compensation packages thereby increasing the manpower costs of companies.

## 4 The STRiVE Approach



STRiVE proposes to approach the current situation by moving from the existing system of supply led approach which entails creation of a pool of talent and leaving them in the market to find jobs for themselves, to a demand led approach wherein people get trained for a specified sector or a company within a sector.

### 4.1 Identification of Geography

Specific geographical locations would be identified keeping in mind the requirements of corporates, availability of raw talent, and STRiVE's vision. Initially STRiVE would concentrate on B & C class cities and then expand to other parts of the country.

### 4.2 Training Center

In the identified geographies, a '**Hub and Spoke**' model will be followed. The Hubs, which would be managed by STRiVE,

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would specialise in:

- Strategic alliances,
- Training support, and
- Quality control

The Spoke will be a STRIVE partner in the area of operation and would:

- Source local students, and
- Become the training institution

This partner can be a large education institution, an NGO, government set-ups, small community centers, or STRIVE may support a local entrepreneur to create a Spoke.

However, STRIVE may have a few fully owned Spokes in various regions and incubate these as demonstration centers for its franchisees.

## 4.3 Content Design and Customisation

This is a **key differentiator** in STRIVE's demand led approach. Since the initiatives objective is to impart relevant skills, it becomes essential to replicate the training that a company would itself have provided to the student. In order to do this, STRIVE will source/develop the training material from/with the corporate and in turn will endeavour to train its own trainers or those of the training partner. Hence, STRIVE intends to house resources exclusively tailored to specific industry/companies.

## 4.4 Sourcing of Raw Talent



Strategic partnerships will be forged with local educational, vocational trainings institutions, and community based organisations. These centres, with access to and understanding of the local population will be able to efficaciously source candidates as per the pre-defined requirements of the various verticals.

### 4.4.1 Pre-Selection Process

This process ensures that unless the student fails to acquire the desired proficiency, the student gets employed at the end of the training. This process will be designed in consultation with corporate partners. It ensures that training is imparted only those people who have the relevant traits and fulfill the eligibility criteria as required by the corporate partner.



## 4.5 Funding Options

There is a need to structure funding options to students to enable them to access those skills which are not affordable by them, but can increase their employability. Conventional educational loans being offered by the Banks are not designed to serve this target segment. Local financial intermediaries like Microfinance Institutions could become the correspondents of Banks to reach out to these educated unemployed. Additionally, STRiVE proposes to facilitate the process of acquiring skills loans for eligible students directly from ICICI Bank. For eligible Training Institutions, an infrastructure development facility from the same funding partner can also be facilitated.

## 4.6 Placement

On successful completion of the training, the student is placed in the company for which trained.

## 5 The Value Proposition

For each of the three stakeholders (Student, Training Partner and Corporates), STRiVE proposes to bring the following value through our network model:

For Students	For Training Partner	For Corporates
A skill that is relevant for the market as well as the ability to acquire that skill. Further, there is the added value of an assured placement .	Sourcing of Content from the corporates and providing their students with the market linkages	Manpower with relevant skill sets that delivers from day one. Thereby reducing significant amount of time and money.

## 6 Outreach

Over the next five years, STRiVE intends build a network that would have trained and placed close to a million people from under-served and un-reached geographies.



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## 7 Contact Information

For further details, please contact:  
Mr. S.G. Anil Kumar  
Email: [anil.kumar@striveindia.com](mailto:anil.kumar@striveindia.com)  
Phone: +91 9940190422