

MEMORANDUM OF AGREEMENT

AMONG

THE PRESIDENT OF INDIA;

THE GOVERNOR/ADMINISTRATOR

OF

THE STATE /UT

AND

INDUSTRY PARTNER

NAMELY.....

IN CONNECTION WITH

“ UPGRADATION OF 1396 GOVERNMENT INDUSTRIAL TRAINING

INSTITUTES (ITIs)

THROUGH

PUBLIC PRIVATE PARTNERSHIP ”

Name of ITI.....

District.....

State/UT.....

DRAFT MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is made on this day of between the President of India acting through Shri, Director General/Joint Secretary, Ministry of Labour & Employment, Government of India, Shram Shakti Bhawan, Rafi Marg, New Delhi(hereinafter called **'THE FIRST PARTY'**); the Governor/ Administrator of the State/UT of..... acting through Shri..... Secretary/Principal Secretary, Government of(address) (hereinafter called **'THE SECOND PARTY'**) and the Industry Partner/ namely M/s through Shri/ Smt.....(designation)(who also acts as IMC Chairperson)(complete address)(hereinafter called **'THE THIRD PARTY'**).

WHEREAS it has been the policy of THE FIRST PARTY that skills imparted by the Industrial Training Institutes (ITIs) must keep pace with the qualitative and technological demands of the industry & expanding universe of knowledge;

AND WHEREAS in pursuance of the aforementioned policy, it is proposed to take up a Scheme for **"Upgradation of 1396 Government ITIs through Public Private Partnership"** (hereinafter called **THE SCHEME**) with the main objective of improving the quality of training leading to better employability of trainees.

AND WHEREAS all the three above named PARTIES commit to upgrade the Industrial Training Institute..... (name and full address)(hereinafter called **THE ITI**) under this SCHEME.

THE PARTIES HEREOF AGREE AS FOLLOWS:

SECTION A: ROLE OF THE FIRST PARTY

1. THE FIRST PARTY have provided interest free loan of upto Rs 2.5 crore to the Institute Management Committee (IMC) of THE ITI, as referred in Para 1 of Section B, based on the Institute Development Plan(hereinafter called THE IDP) developed by the Institute Management Committee and approved by the State Steering Committee (hereinafter called THE SSC).
2. THE FIRST PARTY shall establish a National Steering Committee (hereinafter called 'THE NSC') which will be an Apex body for guiding the implementation and monitoring of THE SCHEME. It shall comprise the following members:
 - i) Secretary, Ministry of Labour & Employment, Government of India as the Chairperson.

- ii) Director General of Employment & Training, Ministry of Labour & Employment, Government of India as the ex-officio member Secretary.
- iii) Financial Adviser, Ministry of Labour & Employment as member.
- iv) Three representatives nominated by Industry Associations
- v) Three representatives nominated by the Central Government
- vi) Three representatives of State Governments (by rotation)
- vii) Three Chairmen of IMCs nominated by the First Party.

SECTION B: ROLE OF THE SECOND PARTY:

1. To participate in THE SCHEME, THE SECOND PARTY has constituted/reconstituted an Institute Management Committee (hereinafter called THE IMC) in THE ITI and registered it as a Society under the relevant Societies Registration Act. THE IMC has been entrusted with the task of managing the affairs of THE ITI according to the terms and conditions set out in this Memorandum of Agreement and spelled out in the Memorandum of Association and Rules and Regulations of the Society so formed.
2. THE IMC Society consists of the following members :
 - i) A representative nominated by THE THIRD PARTY to act as the Chairperson
 - ii) Four other members from the local industries nominated by THE THIRD PARTY
 - iii) Five representatives nominated by THE SECOND PARTY.
 - iv) The Principal of the ITI, as the ex-officio Member Secretary.
3. THE IMC acts as the Governing Council of the Society. It may associate additional members in the society as per need.
4. Having undertaken the activities as per above mentioned paras, THE SECOND PARTY now agrees and undertakes to:
 - a) Establish THE SSC with the following composition:
 - (i) The Secretary/ Principal Secretary, Department of Labour/ Technical Education/ Secretary (dealing with ITIs, as applicable) as the Chairperson;
 - (ii) Financial Advisor/ Financial Controller/any other authority dealing with the finances of the concerned Department, as member;
 - (iii) Chief Engineer of the State PWD or other State approved agency for construction works or his nominee not below the rank of a Superintending Engineer, as member;
 - (iv) Three Industry representatives nominated by major Industry Associations, as members;

- (v) Three Chairmen of IMCs nominated by the Second Party;
 - (vi) Three members having knowledge, expertise and interest in vocational training nominated by the State/UT Government, as members:
 - (vii) The State Director dealing with ITIs shall be the ex-officio member, and shall act as Secretary of THE SSC.
- b) Establish and maintain a State Implementation Cell (hereinafter called 'THE SIC'), with adequate staff to discharge its functions.
- c) Delegate to THE IMC adequate administrative and financial powers to
- i) assess emerging skill requirements in the region and suggest changes in training courses being run in THE ITI.
 - ii) start short-term training courses and charge suitable fees for the same;
 - iii) review training needs and approve training of instructors, and of administrative/office staff;
 - iv) facilitate placement of ITI graduates;
 - v) generate, retain and utilize the revenue;
 - vi) appoint contract faculty as per need.
 - vii) make recommendations to THE SECOND PARTY on the funds provided by it to THE ITI out of its Annual Budget.
 - viii) make expenditure out of the interest free loan received from THE FIRST PARTY under THE SCHEME as per the prescribed terms and conditions.
 - ix) determine admissions in upto 20% of the total number of seats available in the ITI, whether upgraded through scheme or otherwise, in every admission cycle including supernumerary seats.
 - x) fix and collect fee at minimum rate of Rs. 5,000/- per candidate per year for at least 10% of the total number of seats in the ITI under the provision specified in para 4(c) (ix) above of this section.
- d) Encourage and provide all assistance to THE IMC to establish training-cum-production centre and to start a second / third shift in THE ITI.
- e) As the owner of the ITI, continue to regulate admissions and fees for the regular training courses except upto 20% of the total number of seats which are to be determined by THE IMC.

- f) Assist the IMC in any other manner to help achieve the objectives of improving quality of training and thereby provide better employment opportunities to the trainees.
- g) Ensure that the sanctioned strength of instructors in THE ITI is always filled up and in no case the vacancies shall exceed 10 percent of the sanctioned strength at any point of time.
- h) Ensure that all additional positions required by THE ITI in accordance with its IDP are sanctioned and filled up on priority
- i) Continue to have administrative control over the staff of THE ITI and pay their salary and other emoluments.
- j) Ensure the provision of funds to meet office, administrative and other recurring expenses. However, THE SECOND PARTY is free to provide funds for any additional activities recommended by THE IMC for upgradation of THE ITI.
- k) Ensure that faculty instructors taken on contract etc are paid minimum of Rs. 14,000/- per month from the year of signing this Memorandum of Agreement and which shall be increased by at least 5% every year thereafter.
- l) Ensure that reports are collected from all the IMCs of the State, examined, compiled and submitted to the first party in the format 1 to 3 as per frequency prescribed, within one month of end of the period under consideration.

5. The SECOND PARTY may change the THIRD PARTY for:

- a) breach of terms and conditions spelled under this Memorandum of Agreement and spelled out in the Memorandum of Association and Rules and Regulations of the Society.
- b) undertaking any activities falling under criminal offence,
- c) causing financial irregularities, and for reasons specified at Section F (10) (iii) of this Memorandum of Agreement.
- d) replacing the THIRD PARTY with another Industry Partner for improving the upgradation activities of the ITI with approval of the FIRST PARTY.

SECTION C: ROLE OF THE THIRD PARTY

1. To participate in THE SCHEME, THE THIRD PARTY has :

- i) nominated a representative as a member of THE IMC to act as Chairperson.
- ii) nominated four other members from the local industries in such a way that THE IMC becomes broad based.
- iii) ensured that THE IMC has at least one woman representative preferably from Industries as member.

2. Having undertaken the above actions, THE THIRD PARTY agrees to provide training to faculty members and on the job training to trainees of THE ITI in industrial establishments. The Third party also agrees to train at least 40 candidates every year under Skill Development Initiative Scheme (SDIS) if the total number of units is less or equal to 4 in the ITI and 80 candidates per year, if total numbers of units are more than 4 or a higher target as set by the SSC.
3. The THIRD PARTY may contribute financially and /or in terms of machinery and equipment which may be instrumental in furthering the objectives of THE SCHEME.

SECTION D: THE ROLE OF THE IMC

1. THE IMC agrees and undertakes to, interalia,;
 - i) develop the IDP for the ITI in the Format issued by THE FIRST PARTY and revise it necessarily three months before the expiry of the approved IDP or whenever required with the approval of SSC. THE IDP shall define the long-term goals of the institute, the issues and challenges facing the institute and the strategies for dealing with them. It shall set targets for institutional improvement, ensure to achieve key performance indicators, and detail the financial requirement with year wise break up to meet the needs.
 - ii) obtain short term, medium term and long term requirement of skilled work force and take steps to produce graduates accordingly.
 - iii) identify training needs of faculty and depute them for training in associated industries/ other institutes;
 - iv) ensure implementation of various activities of the scheme in time bound manner so as to adhere to the time schedule agreed in the IDP;
 - v) monitor the progress of implementation of the scheme at the Institute level ,furnish periodical reports to the SSC as per the format prescribed by the NSC and the SSC from time to time and send a copy of reports directly to the NSC also .
 - vi) set up suitable mechanism to obtain feedback from the trainees and industry about quality of training and use the feedback for improvement in the training delivery;
 - vii) set up placement cells in THE ITI to guide/help the graduates in employment/self employment and develop suitable sustainable mechanism to trace the careers of the graduates for at least three years;

- viii) ensure the admissions in THE ITI upto 20% as provided in section B of this Agreement;
- ix) ensure re-affiliation of trades in THE ITI if due as per the guidelines of DGET;
- x) take steps for revenue generation as per the set target.

1.1 These responsibilities have been included in the Memorandum of Association and Rules and Regulations of THE IMC/ Society.

SECTION E: MONITORING MECHANISM

All the three stakeholders shall be responsible for monitoring the implementation of the scheme. The responsibilities of all the PARTIES are as under:

- i)** With the broad objective of improving the quality of training leading to better employability, all the three parties have jointly agreed that (a)percentage of candidates appearing in the examination vis-à-vis intake capacity including supernumerary seats ,(b) percentage of candidates passing out vis-à-vis candidates appearing in the examination, (c) percentage of passed out students employed/self-employed within one year of pass out (d) revenue generation and (e) re-affiliation of the trades of the ITI, if due would be the Key Performance Indicators (KPIs) . The agreed KPIs in format enclosed at Annex ‘A’ and signed by the IMC Chairman on behalf of IMC and THE SECOND PARTY shall be appended to this Memorandum and shall be deemed to be an integral part of this Memorandum.
- ii)** THE IMC shall develop monitoring mechanism to review the performance of THE ITI under THE SCHEME and submit quarterly reports to THE SSC.
- iii)** THE SSC shall also monitor the implementation of THE SCHEME on the basis of reports submitted by THE IMC on quarterly basis and furnish a consolidated report to THE NSC for all the ITIs being upgraded in the State under THE SCHEME.
- iv)** In case, KPI of an ITI falls below 70%, a special report shall be submitted by the IMC to the SSC explaining reasons for the same and steps proposed to be taken to improve the same.
- v)** THE SSC while submitting periodical report to THE NSC shall make special mention about such IMC and enclose copy of the report of the IMC along with comments of SSC. The NSC shall carefully examine such reports and ensure that necessary action including if required asking IMC to prepay some loan amount or change of IMC is taken.

SECTION F: RELEASE OF FUNDS, ITS UTILISATION & REPAYMENT OF LOAN

1. The interest free loan received by THE IMC shall be kept in a separate bank account opened in the name of THE IMC. Any private contributions, special grants received from State Government etc and revenue generated by THE IMC shall also be deposited in this bank account.
2. The loan amount may be used for the following purposes :
 - i) Any additional requirement of civil works in the ITI, which shall not exceed 40% of the total loan amount received.
 - ii) As seed money kept in a corpus fund, which shall not exceed 20% of the total loan amount received.
 - iii) For procurement of machinery and equipment.
 - iv) For activities directly related to upgradation of training infrastructure under THE SCHEME such as, engaging consultants for preparation of IDPs, hiring contract faculty for running training courses, etc.
3. Any deviation from the above pattern of use of funds has to be justified in the IDP and has to be approved by THE SECOND PARTY on case to case basis and as per the guidelines issued by the first party from time to time.
4. In no case shall the loan amount be used for paying salaries to faculty and staff for the existing courses and also meeting office, administrative and other running expenses related to existing facilities in the ITI such as electricity dues, water charges, municipal dues, etc.
5. The interest free loan received by the IMC Society and any revenue earned by it shall be deposited in a public sector bank only. The funds of the IMC Society shall not be utilized for acquiring any stocks, bonds or securities.
6. For the repayment of loan, there shall be a moratorium of ten years from the year in which the loan is released to THE IMC. After the moratorium, the loan shall be payable by THE IMC in equal annual installments over a period of twenty years, the first installment repayable from the 11th anniversary of the day of drawl;
7. In case of default in payment of installment of the loan in accordance with sub para 6 above of this section, THE NSC shall have power to impose penalty on such overdue payments or take any other action deemed fit.
8. The FIRST PARTY shall have power to issue other instructions in respect of utilization of funds of THE IMC from time to time.
9. IMC while planning and executing various activities shall ensure that the balance fund including seed money and interest available does not exceed Rs. one Crore or such amount as decided by the first party after 31st March 2016 and any balance beyond this amount may be prepaid to the Central Government.

10. To ensure that the objective of providing the funds to IMC is met and various parameters prescribed under this Memorandum of Agreement are followed, the need to continuously monitor performance and create disincentives for non performance is agreed by all parties. Accordingly, it is agreed that
- i. Non achievement of 70% level in the KPI prescribed at para (i) of section E of this Memorandum of Agreement, not fixing salary of contract instructor as prescribed in para (4)(k) of section B of this Memorandum of Agreement, not ensuring admission in at least 10% of total seats by charging minimum fee of Rs. 5000/- per year per candidate as prescribed in para (4)(C)(x) of section B of this Memorandum of Agreement would be considered as defaults.
 - ii. These defaults would be counted as given below:
 - a. One default for non-achievement of 70% level in KPIs every cycle of result
 - b. One default for non fixing salary of contract Instructors to the level prescribed at section B (4) (k) every year.
 - c. One default for not ensuring at least 10% of seats are filled by charging minimum fee of Rs. 5000/-per candidate per year in every cycle of admissions
 - iii. Second Party shall take all steps to ensure that defaults are kept to the minimum and in case any of the defaults in the ITI/IMC continues for more than 2 years, it is agreed that the second party shall change the third party within a period 6 months.
 - iv. If the default situation continues for two years and the State Government/SSC does not change the third party as agreed in para 10 (iii) above of this section, IMC may be asked to prepay Rs.10 lakh rupees to the Central Government for every such default every year.
11. In case, for some reason, the return of funds as at para 10 (iv) above of this section or change of IMC as at para 10 (iii) above of this section does not take place, THE FIRST PARTY shall have authority (a) to freeze the bank account(s) of IMC in which money received under the scheme is kept and (b) to issue instructions with respect to utilization of the fund in the manner deemed appropriate.

SECTION G: MISCELLANEOUS

1. For effective implementation & monitoring of THE SCHEME as envisaged in the Memorandum, Director General Employment & Training will be the Nodal Officer on behalf of THE FIRST PARTY; the State Secretary dealing with vocational training in the Government of will be the Nodal Officer on

behalf of 'THE SECOND PARTY' and the(designation and address) will be the Nodal Officer on behalf of 'THE THIRD PARTY'.

2. In order to ensure sustainability of THE SCHEME 'THE SECOND PARTY' and THE IMC shall:
 - (a) ensure availability of sufficient funds for purchase of consumables and material for training.
 - (b) undertake measures to generate sufficient revenue not only for running of THE ITI but also for repayment of the loan taken under THE SCHEME.
3. THE IMC shall maintain regular books of accounts as required under THE SCHEME/relevant Societies Registration Act. THE FIRST PARTY may call for its accounts relating to any accounting year and authorize an officer for inspection of its books.
4. This Memorandum of Agreement shall be effective upto the repayment of the loan provided to THE IMC.
5. THE KPIs for the first five years have been set out in Section E of this Memorandum. However, THE KPI target may be set in agreement with THE IMC & THE SECOND PARTY in the block of next five years till the period of repayment of loan.
6. The efforts of all the parties shall be to resolve the issues, if any, amicably. However, in case of disagreement, the matter shall be placed before Minister for Labour and Employment, Government of India, whose decision shall be final & binding on all the three parties.
7. Through this MEMORANDUM OF AGREEMENT, all the three parties affirm their commitment to carry out the activities and achieve the objectives as mutually agreed upon herein in true letter and spirit.
8. For successful implementation of THE SCHEME, this Memorandum may be amended by deleting, adding or revising the clauses during implementation of THE SCHEME, in consultation with all the three parties.

Signed at New Delhi on..... this day of20..... .

For and on behalf of
The Governor/
Administrator
State/UT Government
of

For and on behalf of
The Industry Partner
and
For and on behalf of
IMC as Chairman

For and on behalf of
The President of India

(.....)
Secretary
Government of

(.....)
(Shri /Smt.....)

(.....)
Director General/
Joint Secretary
DGE&T, Ministry of
Labour &
Employment,
Government of
India

Witnesses

- 1.
- 2.

Witnesses

- 1.
- 2.

Witnesses

- 1.
- 2.

Format-1

Progress report for quarter ending on _____

Figures in Rs. in Lakh

S.No	Name of the ITI	Financial Year in which the interest free loan was released	Amount released	Interest received till the beginning of current Financial Year	Revenue generated till last Financial Year	Expenditure incurred till the end of last Financial Year	Opening Balance for current financial year	Revenue generated in this Financial Year	Expenditure incurred till last quarter of current financial year	Expenditure incurred in this quarter	Total expenditure incurred	Balance fund available at the end of this quarter
1.	2.	3.	4.	5.	6.	7.	8. = 4. + 5. + 6. - 7.	9.	10.	11.	12. = 10.+11	13. = (8. +9.) - (12)
1			250.00									
2			250.00									
3			250.00									
4			250.00									
5			250.00									
6			250.00									
7			250.00									

Annual physical progress report

S.No	Name of the ITI	Financial Year in which the interest free loan was released	Candidates Appeared in the last financial year	Candidates passed in the last financial year	Corresponding intake capacity including supernumerary seats	% of appeared V/S intake capacity	% of passed V/S appeared	Total No. of seats available of admissions in last Financial Year	Number of seats for which fee fixed was more than Rs. 5000/-	Number of seats actually filled with a fee of more than Rs. 5000/-	% of admissions made with a fee more than Rs. 5000/-
1.	2.	3.	4.	5.	6.	7. = $(4 \div 6) \times 100$	8. = $(5 \div 4) \times 100$	9.	10.	11.	12. = $(11 \div 9) \times 100$
1											
2											
3											
4											
5											
6											
7											

Annual expenditure report

Consolidated statement on fund utilized for the financial year ending <.....Month.....> <.....Year.....>

Figures in Rs. in Lakh

S.No	Name of the ITI	Financial Year in which the interest free loan was released	Opening Balance at the beginning of financial year	Interest received + revenue generated during the financial year	Breakup of expenditure incurred during the financial year					Balance fund available at the end of the financial year
					Civil works	Tools, equipment, machinery and furniture	Manpower	All other expenditures including miscellaneous	Total expenditure incurred	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.= 6.+7.+8.+9.	10. = (4. + 5.) - 10.
1										
2										
3										
4										
5										
6										
7										

Target Key Performance Indicators (KPIs)

This Addendum shall become a part of the Memorandum signed amongst the Central Government, State Government and Industry Partner once it is finalized by the three parties based on the Institute Development Plan (IDP) of the Institute Management Committee (IMC) of an ITI under the scheme for **UPGRADATION OF 1396 GOVERNMENT INDUSTRIAL TRAINING INSTITUTES(ITIs)**

We the following two parties have jointly agreed to year-wise targets of Key Performance Indicators (KPIs) mentioned below for the Industrial Training Institute _____ (name and address) _____ to be achieved under the scheme UPGRADATION OF 1396 GOVERNMENT INDUSTRIAL TRAINING INSTITUTES(ITIs).

Sl. No.	Key Performance Indicators*	Base line in the year of release of loan	Target				
			Year I**	Year II**	Year III**	Year IV**	Year V**
1.	% of candidates appearing in the examination vis-à-vis intake capacity including supernumerary seats						
2.	% of number of candidates passing out vis-à-vis candidates appearing in the examination						
3	% of Passed pot students employed /self employed within one year of pass out						
	% of employed						
	% of self employed						
4	Revenue Generation***						
5	Re-affiliation if due by ****						

*KPI no. 3 will be applicable with effect from August 2015.

Initial bench mark for KPI no.1 and 2 is 70% which should be taken upto 95% in next few years. Initial Bench mark for KPI no. 3 is 50% for wage employment and 70% for overall

employment .

**Year I is the year of signing the MoA.

***Target for revenue generation is Rs. 5 lakh, Rs. 10 lakh and 15 lakh for the years 2014-15, 2015-16 and 2016-17 respectively.

**** Present target of re-affiliation if due is by August, 2015.

Signed at New Delhi on..... this day of200.... .

For and on behalf of the
Governor/ Administrator
State/UT Government of
.....

(.....
.....)
Secretary, Government of
.....

The IMC Chairman of
ITI
.....
.....

(For and on behalf of
IMC)

Director General/ Joint
Secretary DGE&T,
Ministry of Labour &
Employment,
Government of India