No. DGET- 35(1396)/Guidelines /2007- NIC
Government of India
Ministry of Labour & Employment
Directorate General of Employment & Training

Shram Shakti Bhawan,
New Delhi, November 5, 2007

To

All State Principal Secretaries/Secretaries dealing with Craftsman Training Scheme.

Subject: Guidelines for operationalisation of the Scheme 'Upgradation of 1396 Government ITIs through Public Private Partnership' – regarding.

Sir/Madam,

In the Budget Speech 2007-08 Union Finance Minister announced a scheme for upgradation of 1396 Government ITIs into centres of excellence in specific trades and skills through Public Private Partnership. In pursuance of this announcement wide/ranging discussions were held with State Governments, Industry Associations and other stakeholders and a Scheme named **"Upgradation of 1396 Government ITIs through Public Private Partnership"** was formulated. The **Cabinet Committee for Economic Affairs (CCEA) of the Union Cabinet** in its meeting held on 25.10.2007 has approved this Scheme 'in principle' for the XI Five Year Plan period and has given financial approval for one year for upgradation of the first batch of 300 ITIs at a cost of Rs. 774.5 cr.

2. The various documents to be used in this Scheme have been drafted and finalised in consultation with all the stakeholders from time to time during last few months. These documents have been forwarded to State Governments and Industry Associations through the following letters of DGE&T:

i)	**Memorandum of Agreement** to be signed among the Central Government, the State Government and the Industry Partner	No. DGET-35(1396) (MoU) (1)/2007-NPIU dated 26.9.07
ii)	**Model Memorandum of Association and Rules and Regulations** for the IMC Society	No. DGET -35(1396) (MoA-)/ 2007-NIC dated 9.10.07
iii)	**Format for Institute Development Plan**	No. DGET -35(1396) (IDP-1)/ 2007-NIC dated 4.10.07

While giving approval to the Scheme, the CCEA has directed that the term of the interest free loan be kept at 30 years and the Institute Management Committees be allowed to determine upto 20% of the admissions in the ITIs. The necessary changes in the Memorandum of Agreement and Model Memorandum of Association and Rules and Regulations resulting from these directions have been communicated to all the State/UT Governments vide this office letter No. DGET - 35(1396)/ (MoU)(1)/2007-NPIU dated 5.11.2007.

Various features of this Scheme have been made clear through these documents. However, salient features of this Scheme have been summarized and are enclosed as **Annex-I**

3. The steps required to be taken by State/UT Governments for operationalisation of the Scheme for the first batch of 300 ITIs to be covered in 2007-08 are as follows :

Step 1) For each ITI to be covered under the scheme, one Industry Partner has to be identified by the State Government in consultation with the Industry Associations. For 2007-08, the numbers of ITIs to be taken up from different States/UTs have been tentatively allocated in proportion to the existing number of ITIs in the States/UTs. Some State Governments have completed the exercise of identification of ITIs and Industry Partners. The remaining are requested to complete the same at the earliest. The ITIs selected should be other than those already covered or proposed to be covered under the other scheme for upgradation of 500 ITIs into Centres of Excellence - 100 through domestic funding and 400 through World Bank assistance.

Step 2) If IMC does not exist in the selected ITI, it has to be constituted as per the composition given in the Memorandum of Agreement. If IMC already exists, it may have to be reconstituted in view of the fact that under this scheme the Chairperson of the IMC will be Industry partner or its representative. The other four members from the industry will also be nominated by the Industry Partner in such a way that the IMC is broad based. The five members to be nominated by the State Government shall be as follows:- i) District Employment Officer, ii) One representative of the State Directorate dealing with ITIs, iii) One expert from local academic circles, iv) One senior faculty member , v) One representative of the students.

Step 3) Once the IMC is constituted/reconstituted, it has to be got registered as a society under the Societies Registration Act applicable in the State. For registration of the Society, the modified model Memorandum of Association and Rules & Regulations of the Society as discussed in para 2 above may be used after incorporating any changes which may be necessary in view of the requirements of the respective State Acts.

Step 4) After registration of the IMC as a society the Memorandum of Agreement has to be signed among the Central Government, State Government and the representative of Industry Partner (who will sign on behalf of Industry Partner as well as on behalf of the IMC as its Chairman). For this purpose the Memorandum of Agreement modified as per the directions of the CCEA and discussed in para 2 above should be used. Simultaneously, a bank account should be opened in the name of the IMC Society in a Public Sector bank so that the loan amount sanctioned to the IMC may be directly deposited in it.

Step 5) State/UT Government has to take steps to delegate powers to the IMCs as mentioned in Para 4(c) of Section B of the Memorandum of Agreement. For this purpose, necessary Government orders may be issued urgently.

Step 6) The State/UT Government has to constitute a State Steering Committee (SSC) and setup a State Implementation Cell (SIC) for management, monitoring and evaluation of this scheme as provided in the Memorandum of Agreement. The guidelines for formation and funding of the SSC and SIC are enclosed as **Annex-II.**

Step 7) The newly constituted/reconstituted IMCs, under the leadership of the Industry Partner, have to prepare the Institute Development Plan (IDP) and have to decide their target Key Performance Indicators (KPIs) for next five years as given in Annex-A of the Memorandum of Agreement. The IDPs have to contain details about how much money shall be kept as seed money in a corpus fund and how much will be utilized for different components such as civil works, purchase of machinery/equipment and other miscellaneous activities. The year wise break up for these components will also be required to be given. IDP should be prepared after careful consideration of the available resources and requirements of the ITI. A proforma in which the IDPs should be submitted has been circulated vide letter no. (iii) mentioned in para 2 above.

Step 8) The IMCs will have to send the IDPs to the State Steering Committee who will examine them in terms of their feasibility and overall requirement of the State. The target KPIs for next five years will also have to be examined by the SSC. The target KPIs for each ITI have to be jointly signed by the IMC and the State Government in the format given in Annex-A of the Memorandum of Agreement and will be appended to the already signed Agreement. The approved IDPs and KPIs will be forwarded to the DGE & T by the SSC at the earliest for expeditious release of funds.

Step 9) The IDPs and KPIs target will be scrutinized and approved by the Central Government and the sanctioned loan amount will be released to the IMC Society directly.

Step10) The released amount will be utilized by the IMCs for upgradation of their ITIs and the courses in the upgraded facilities will be started from the Session commencing in August, 2008.

Step11) The utilization of funds and performance of the ITIs will be monitored regularly as per the monitoring mechanism set out in the Memorandum of Agreement.

4. These steps are interlinked to each other and some steps can be taken up only when other steps are completed. However, it is requested that to expedite the process some of the steps may be carried out simultaneously. It is requested that, **after completing all the requirements, the IDPs for the ITIs of your State to be covered in 2007-08 should be submitted to the National Implementation Cell**

(NIC) in DGE&T on or before 31.12.2007 so that there is sufficient time for scrutinizing them for release of funds to the IMC Societies.

5. The salient features of this Scheme and copies of the three relevant documents mentioned in para 2 above are available on the DGE&T website www.dget.nic.in. For any information and clarifications regarding this Scheme, you may please contact the following officers in DGE&T at any time:

1. Shri R.P. Dhingra
Deputy Director of Training, DGET
Sixth Floor, Shram Shakti Bhavan
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2. Shri Hukam Singh,
Joint Director of Training, DGET,
Fifth Floor Shram Shakti Bhawan,
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3. Shri Sunil Mathur,
Director (Admn.), DGET
Third Floor, Shram Shakti Bhawan,
Rafi Marg, New Delhi-110001.
Ph : 011-23715008, Fax: 011-23711007
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4. Shri Sharda Prasad,
Director General of Employment & Training,
First Floor, Shram Shakti Bhawan,
Rafi Marg, New Delhi-110001.
Ph - 011-23710446, Fax : 011-23351878
Email : shardaprasad81@nic.in

6. I am sure that with your active cooperation, we will be able to achieve the target of covering the first batch of 300 ITIs in 2007-08 and launch the process of upgradation of Government ITIs in a big way.

(Sharda Prasad)
Director General/Joint Secretary

Encls.: As above.

Copy to: All State Directors dealing with Craftsman Training Scheme.

Annex-I

Salient features of the Scheme "Upgradation of 1396 Government ITIs through Public Private Partnership".

SELECTION OF ITI AND INDUSTRY PARTNER

1. For each ITI to be covered under this Scheme, one Industry Partner will be associated to lead the process of upgradation in the ITI. The Industry Partner will be identified by the State Government in consultation with Industry Associations.

FORMATION OF IMC AND ITS REGISTRATION AS A SOCIETY

2. An Institute Management Committee (IMC) will be constituted / reconstituted for each selected ITI. The IMC will be converted by the State Government into a Society under relevant Societies Registration Act. The IMC registered as a society will be entrusted with the responsibility of managing the affairs of the ITI under the Scheme.

3. The IMC will be lead by the Industry Partner. In the IMC, the members will be as follows:

- Industry Partner or its representative as Chairperson
- Four members from local Industry to be nominated by the Industry Partner in such a way that the IMC is broad based.
- Five members nominated by the State Govt. [i) District Employment Officer, ii) One representative of the State Directorate dealing with ITIs, iii) One expert from local academic circles, iv) One senior faculty member, v) One representative of the students].
- Principal of the ITI, as ex -officio member secretary of the IMC Society.

SIGNING OF MEMORANDUM OF AGREEMENT

4. A Memorandum of Agreement (MOA) will be signed among the Central Government, State Government and the Industry Partner in which the terms and conditions for participating in this Scheme and the roles and responsibilities of different parties will be set out. This MOA will be signed by the Industry Partner or its representative on behalf of the IMC also as its Chairman. The MoA shall be effective upto the repayment of the loan provided to the IMC.

5. An interest free loan of upto Rs. 2.5 crores will be given by the Central Govt. directly to the IMC for upgradation of the ITI into a centre of excellence. The IMC will be delegated the power to determine upto 20% of the admissions in the ITI. The specific functions and responsibilities of the IMC for upgradation of the ITI will be spelt out in the MOA and included in its Memorandum of Association and Rules and Regulations while registering it as a society.

ROLE OF INDUSTRY PARTNER

6. Though financial contribution by the Industry Partner will not be a pre condition to participate in the Scheme, however it will be desirable if Industry Partner contributes financially in the upgradation of the ITI. The Industry Partner may contribute machinery and equipment which may be instrumental in furthering the objectives of this Scheme. It will arrange to provide training to the faculty members and on the job training to the students of the ITI.

ROLE OF STATE GOVERNMENT

7. The administrative control of the staff of the ITI will remain with the State Government and it shall continue to pay their salaries and other emoluments. The State Government will be required to ensure that the sanctioned strength of the instructors in the ITI is always filled up and in no case the vacancies shall exceed 10% of the sanctioned strength at any point of time. They will be required to ensure that all additional positions required by the ITI are sanctioned and filled up on priority. It has to ensure provision of funds to meet office, administrative and other running expenses of the ITI. The State Government, as the owner of the ITI, will continue to regulate admissions and fees except upto 20% of the admissions which will be determined by the IMC.

MONITORING AGENCIES

8. The Central Government will constitute a National Steering Committee (NSC) with adequate representation from industry, State Governments and other Central Government Departments to act as an Apex body for guiding implementation and monitoring of the Scheme. It shall also set up a National Implementation Cell (NIC) at the Central level for management, monitoring and evaluation of the Scheme.

9. To monitor implementation of the Scheme at the State level, the State Government will set up a State Steering Committee (SSC) with adequate representation from the Industry. The SSC will be assisted by a State Implementation Cell (SIC) with sufficient staff for management, monitoring and evaluation of the Scheme at State level.

INSTITUTE DEVELOPMENT PLAN

10. The interest free loan will be released to the IMC directly on the basis of an Institute Development Plan (IDP) prepared by it. The IDP should be developed in such a way that it leads to upgradation of the ITI as a whole. Simultaneous upgradation in a particular trade sector may also be taken up. The IDP will define the long term goals of the Institute, the issues and challenges facing the Institute and the strategies for dealing with them. It will set targets for institutional improvement, define Key Performance Indicators and detail the financial requirement with year-wise break up to meet the needs. The IDP will be submitted to the State Steering Committee (SSC), which will scrutinize it and forward to the Central Government for release of funds.

CONDITIONS FOR USE OF FUNDS OF IMC

11. The interest free loan received by the IMC shall be kept in a separate bank account opened in the name of the IMC in a public sector bank. Any private contributions, special grants received from State Government and revenue generated by the IMC shall also be deposited in this bank account. The loan amount may be used for providing additional civil work in the ITI, which shall not exceed 25% of the total loan amount; for use as seed money, which shall not exceed 50% of the total loan amount; for procurement of machinery and equipment and for other activities directly related to upgradation of training infrastructure in the ITI. Any deviation from this pattern of use of funds has to be justified by the IMC and prior approval obtained from the NSC.

REPAYMENT OF LOAN AND BOOKS OF ACCOUNTS

12. For the repayment of loan, there will be a moratorium of ten years from the year in which the loan is released to the IMC. After the moratorium, the loan will 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. In case of default in payment of installment of the loan the NSC may impose penalty on such overdue payments or take any other action deemed fit.

13. The IMC will maintain regular books of accounts, get them audited and prepare annual reports and statements of accounts as required under the relevant Societies Registration Act. The Central Government may call for its books of accounts, vouchers, documents, etc. relating to any accounting year and also authorise an officer for their inspection.

KEY PERFORMANCE INDICATORS

14. With the broad objective of improving the quality of training leading to better employability, all the three parties will jointly agree and finalise Key Performance Indicators (KPIs) as yearly targets for next five years, for improving the internal as well external efficiency of the ITI against the base line information. These parameters will be used to evaluate the success of the scheme during and after the project period. The agreed KPIs signed by the IMC and the State Government will be appended to the MOA.

MONITORING MECHANISM

15. The IMC will be required to submit quarterly report about the implementation of the Scheme to the SSC, which will in turn submit a consolidated report to the NSC about all the ITIs covered under the Scheme. In case of unsatisfactory performance in achieving the KPIs, the IMC will submit a detailed report to the SSC within 30 days of receipt of a notice in this regard, inter alia, indicating the reasons for failure and measures required to be taken. The SSC will forward this report to the NSC with their comments. The NSC will fix responsibility for such failure and ensure that necessary corrective action is taken.

Annex-II

Guidelines for formation and funding of State Steering Committee (SSC) & State Implementation Cell(SIC) :

The guidelines for formation, working and funding of SSC and SIC under the Scheme for 'Upgradation of 1396 Government ITIs through Public Private Partnership' are as follows :

State Steering Committee(SSC) :

State/UT governments involved in the Scheme are required to establish State Steering Committee (SSC) of ten members. The SSC will have following members:

(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 members having knowledge, expertise and interest in vocational training nominated by the State/UT Government, as members.
(vi) The State Director dealing with ITIs shall be the ex-officio member, and shall act as Secretary of the SSC.

2. The operational cost of the SSC, including sitting fees for industry representatives, are financed by the Scheme.

3. At the State level, the Scheme will be guided and facilitated by the State Steering Committee (SSC), under the Chairmanship of the Principal Secretary/ Secretary/ Commissioner for vocational training. The responsibilities of SSC would be as follows:

- Guiding overall implementation and monitoring of the Scheme at the State level.
- Assessing and recommending the IDPs of the IMCs for financing under the Scheme to the Central Government.
- Authorising submission of reports to the NSC or Central Government, wherever required, under the scheme.
- Reviewing and approving the training plans for the staff of SIC.

- Coordination with the Industry/Industry Partners/Industry Associations at the State level to solve their problems in implementation, if any.
- Performing any other specific functions as provided under the tripartite MoU to be signed amongst the Central Government, State Govt. and Industry Partner.

It is understood that for the on going Scheme of DGE&T, MoL & E for upgradation of 400 ITIs into COEs through World Bank assistance, the "State Steering Committee" has already been established in each state for implementation and monitoring of the scheme at the State level. The same Committee may be used under this scheme with the additional roles and responsibilities.

State Implementation Cell (SIC):

For management, monitoring and evaluation of the Scheme at the State level, a State Implementation Cell (SIC) has to be set up for a five year period from 2007-08 to 2011-12. The SIC would be responsible for implementation of the Scheme under the guidance of State Steering Committee. Some of the major functions of the 'SIC' will be:

i) to register IMC as Society after identification of Industry Partner.
ii) to ensure signing of Memorandum of Agreement (MoA) by Industry Partner, State Govt. and Central Govt.
iii) to guide and support of IMC Society in preparation of IDPs.
iv) to scrutinise the Institute Development Plans of IMCs, submit them to SSC for recommendations and finally forward them to NSC for approval and release of loan to the concerned IMCs.
v) to regularly monitor all the aspects of implementation of the scheme, take corrective actions and convey the same to concerned IMCs wherever required.
vi) to build capacity of the ITIs and IMCs wherever required and facilitate the sharing of information among IMCs.
vii) to ensure that accurate and timely information is fed into the IT based MIS maintained at DGE&T for the scheme.
viii) to assist and prepare documents for Joint Review Meetings.
ix) to prepare timely Progress reports and furnish to DGE&T, MoL&E.
x) to act as a secretariat for the SSC.
xi) to seek funds from Central Govt. for activities of SIC/SSC.
xii) to ensure compliance of activities conveyed in MoA on the part of State Govt.

2. The office and administrative expenses including salaries and other remuneration of the staff of the SIC will be borne out of management, monitoring, and evaluation component of the outlay of the Scheme. The funds for this purpose will be released by the DGE & T on receipt of suitable proposals from the SICs.

3. <u>SIC Structure and Composition :</u>

As the number of ITIs to be covered under the scheme will vary from State to State, the structure of SIC in each State shall be decided depending upon the number of ITIs to be covered. The SIC will be headed by the State Director dealing with ITIs and may consist of full time officers and staff as follows :

Sl.No.	No. of ITIs to be covered during the entire Project Period	No. of Posts in SIC	Details of Posts in the SIC
1	200 & above	7	i) Joint Director - 2 ii) Dy Director/Asstt. Director - 4 iii) Section Officer/Assistant - 1 for establishment matters
1.	150 to 199	6	i) Joint Director - 1 ii) Dy. Director/Asst. Director - 4 iii) Section Officer/Assistant - 1 for establishment matters
2.	100 to 149	5	i) Joint Director - 1 ii) Dy. Director/Asst. Director - 3 iii) Section Officer/Assistant - 1 for establishment matters
3.	50 to 99	4	i) Joint Director - 1 ii) Dy. Director/Asst. Director - 2 iii) Section Officer/Assistant - 1 for establishment matters
4.	10 to 49	3	i) Joint Director - 1 ii) Dy. Director/Asst. Director - 2
5.	5 to 9	1	i) Assistant Director - 1

NOTE : In addition to the above, contract staff (part time or full time) could be utilized for specific activities such as computer/Data entry operations, house keeping, secretarial work and other specialized activities.