

MEMORANDUM OF AGREEMENT

BETWEEN

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”

-----X-----

Name of ITI.....State/UT.....

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**) into a Centre of Excellence under this SCHEME.

THE PARTIES HEREOF AGREE AS FOLLOWS:

SECTION A: ROLE OF THE FIRST PARTY

1. THE FIRST PARTY shall provide interest free loan of upto Rs 2.5 crore to the Institute Management Committee 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). The IDP forwarded by THE SSC will be examined by THE FIRST PARTY and the funds will be released within 30 days of receipt of the proposal.

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)

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 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.
 - 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 upto 20% of the admissions in THE ITI.
- 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 admissions 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.

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 industry representative 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.

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. 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, define 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 and furnish periodical reports to the SSC.
- 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; and,
- viii) furnish periodical reports with respect to the placement as mentioned in sub para (vii) above to THE SSC.

ix) Determine admissions in THE ITI upto 20% as provided in section B of this Agreement.

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 shall 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 shall be used to evaluate the success of THE SCHEME. 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 of unsatisfactory performance in implementation of THE SCHEME, including achievement of KPIs, THE IMC shall submit a detailed report to THE SSC within 30 days of receipt of a notice in this regard, interalia indicating the reasons for failure and measures required to be taken.
- v) THE SSC shall forward this report to THE NSC with their comments. THE NSC shall fix responsibility for such failure and ensure that necessary action 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 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 25% of the total loan amount received.
 - ii) As seed money kept in a corpus fund, which shall not exceed 50% 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 FIRST PARTY on case to case basis.
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, 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 instructions in respect of utilization of funds of THE IMC.

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 of2007.

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

(.....)
**Secretary
Government of**

**For and on behalf of
The Industry Partner

and**

**For and on behalf of
IMC as Chairman**

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

**For and on behalf of
The President of
India**

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

Witnesses

- 1.
- 2.

Witnesses

- 1.
- 2.

Witnesses

- 1.
- 2.

ANNEX- A

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 Indicator (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				
			for the year next to loan release year	for 2 nd year	for 3 rd year	for 4 th year	for 5 th year
1.	% of applications as compared to no. of seats						
2.	% of enrolments as compared to no. of seats						
3.	% of dropout as compared to no. of enrolments						
4.	% of students passed out compared to enroll students						
5.	% of passed out students employed/ self employed within one year of pass out						
6.	Average monthly income of the employed/self employed students.						

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

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

**The IMC Chairman
of ITI _____
(For and on behalf of IMC)**

(.....)
**Secretary
Government of**

(.....)