# Minutes of the First meeting of the National Steering Committee (NSC) of the Scheme "Upgradation of 1396 Government ITIs through Public Private Partnership" held on 11.3.08 at 3.30 p.m.

The first meeting of the National Steering Committee of the Scheme **"Upgradation of 1396 Government ITIs through Public Private Partnership" was** held on 11.3.08 at 3.30 p.m. at Shram Shakti Bhavan under the Chairpersonship of Secretary (L&E). The meeting was attended by the officers mentioned in **Annex 'A'.**

## 2. Welcome of the Members:

At the outset, **Director General of Employment & Training (DGE&T)** welcomed the members in the first meeting of the NSC. He informed that this Scheme was announced by the Union Finance Minister in his Budget Speech 2007-08. The Scheme was approved by the EFC on 26$^{th}$ July 2007 and by the CCEA on 25.10.07. For the first year 2007-08, the Scheme is to be implemented in 300 Governments ITIs by disbursing interest free loan of Rs. 750 Cr. He stated that the Scheme has received overwhelming support from all the stakeholders and we will be able to achieve the target of covering 300 ITIs in the first year. Thereafter, the agenda points were taken up one by one.

## 3. Brief presentation about the Scheme

DGE&T informed that since this is the first meeting of the NSC, therefore, it would be better to apprise the members about the salient features of the Scheme. A brief power point presentation about the Scheme was made by Director (Admn.), DGE&T.

## 4. Review of progress of implementation of the Scheme

It was informed that till date 302 Institute Development Plans (IDPs) and Memoranda of Agreement (MoAs) have been received from 21 States. Some more proposals are expected from Delhi, Chandigarh and Tripura. Out of 302 proposals, 267 have been approved by the National Implementation Cell (NIC) and the Finance Department. Sanction letters have been issued in case of 234 ITIs involving an amount of Rs. 585 Cr. but in case of 33 ITIs, the sanction letters are yet to be issued because these IMCs have not been registered as Societies. It was stated that the target of 300 ITIs will be achieved by the end of financial year 2007-08. The list of 302 ITIs and corresponding Industry Partners from whom proposals for release of funds have been received was made available to the members in the agenda material.

The **representative of CII** requested that in the list of ITIs and Industry Partners, the details of Industry Associations may also be indicated. It was informed that the membership of Industry Partner with any particular Industry Association is not very clear from the details provided. Secondly, some of the Industry Partners are members of more than one Industry Associations. That is why the names of Industry Associations have not been indicated in the list. The Industry Associations may prepare their own list on the basis of the names provided.

**5. Discussion about the manner in which the 20% admissions are to be done by the IMCs as directed by the Union Cabinet.**

It was informed that while giving approval to the Scheme the CCEA has directed that upto 20% of the admissions in the ITIs shall be determined by the IMCs. The Union Cabinet has not specified the manner in which these admissions are to be determined by the IMCs. At present, the State Governments have been requested to decide their own method for determination of these admissions in consultation with the State Steering Committees of their States. The members were requested to offer their comments on this issue as to how should the 20% admissions be determined by the IMCs. **Principal Secretary, Labour Department, Karnataka** stated that under the 20% quota to be determined by IMCs, they can be allowed to charge fees higher than the regular fees, so that it becomes a source of revenue for them for repayment of the loan received under this Scheme. **Representative of FICCI** was also of the opinion that the 20% admissions should be allowed as a sort of management quota to enable the IMCs to generate revenue. DGE&T stated that as on date the admissions in the ITIs are made on the basis of merit and the reservation policy of the State and within this 20% quota the IMCs may have to follow the same policy. **Representative from ASSOCHAM** felt whether there would be candidates willing to pay higher fees for courses in ITIs, especially, because majority of the students in the ITIs are from low income groups of the society. **Chairperson** desired that since this is a complicated issue, it would be better if suggestions from all the stakeholders, including the IMCs, are invited and taken into consideration before taking a final decision in the matter.

Some of the members wanted to know if this 20% quota was over and above the regular admissions presently being made or it was out of the regular admissions. FA (L&E) clarified that from the plain reading of the direction given by the CCEA it appears that this 20% will apply to current level of admissions being made in different trades in the ITI. He suggested that a clarification on this issue may be issued to all concerned.

**6. Non-availability of sufficient number of Industry Partners in North Eastern States.**

It was informed that for 2007-08, out of the 300 ITIs, 10 ITIs are earmarked for North Eastern States and 290 for other States/UTs. Till now out of the 10 ITIs, only 4 proposals have been received from the States of Assam (3) and Arunachal Pradesh (1). The remaining States, namely, Manipur, Meghalaya, Nagaland and Mizoram have shown inability to take up any ITIs in 2007-08 because they are not able to find suitable Industry Partners as the industries are not sufficiently developed in NE region. The matter was brought to the knowledge of the NSC. Industry Associations were requested to take up the matter with their members and encourage them to associate with ITIs in NE States in 2007-08 and subsequent years.

## 7. Diversion of funds from NE States to non-NE States.

It was informed that there is likelihood of shortfall of about 4 to 5 ITIs for NE States involving Rs. 10 to 12.5 Cr. It was put up for consideration if resources could be diverted from NE States to non-NE States, if there is a shortfall in the quota of 10 ITIs allocated to them in 2007-08. It was advised that the matter may be taken up with the Ministry of Finance and if possible, the diversion of resources may be got done, if allowable as per rules.

## 8. Financial powers and procurement procedure to be followed by the IMCs.

It was informed that during the formulation and operationalisation of the Scheme, queries have been made by the State Government, Industry Partners and IMCs regarding the financial and procurement procedure which the IMCs have to follow, while spending the interest free loan of Rs. 2.5 Cr. received by them from the Central Government. Since the loan is being given without interest and any security there was a need to regulate the manner in which these funds are to be utilized by the IMCs. Draft guidelines/instructions proposed to be issued to IMC Societies in respect of procedure to be followed for utilization of funds received by them under the Scheme have been formulated and were put up before the Committee for discussion. **Principal Secretary, Labour (Karnataka)** stated that all the State Governments in our country have certain well set rules for financial management and procurement procedure. He suggested that instead of prescribing uniform rules for all the IMCs in the country as a whole, the IMC Society may be asked to follow the rules and procedures of their respective State/UT Governments. **Representative of the CII** stated that now that the money has reached in the bank accounts of many of the IMC Societies, the Industry Partners are enquiring as to what procedure should be followed for utilising this money for the upgradation process. He emphasized the need for urgent finalisation of such rules and procedure, otherwise, the money in the bank accounts of the IMC Societies may keep lying idle. He however, requested that the rules prescribed should not be too stringent to make the IMC feel constrained in expeditious discharge of their duties. **Financial Adviser (L&E)** was of the view that since public money is being given to IMC Societies and without any interest, therefore, there is need to regulate the procedure for utilization of this money. He informed that the draft for financial powers and procurement procedure for IMC Society is being examined by the Finance Division and a decision will be taken soon, after examining similar procedures prescribed under Schemes of other Ministries, such as Ministry of Heath, Rural Development etc. **Chairperson** stated that this was an important matter and a final decision should be taken at the earliest after consulting all concerned.

## 9. Selection of Industry Partners for 2008-09

It was informed that in 2007-08 the Industry Partners were selected by the State Governments in consultation with the Apex and some local Industry Associations. For 2008-09, it was felt that the State Governments may make the procedure for selection of Industry Partners a little more transparent, by inviting offers from industrial establishments for associating with upgradation of ITIs, through advertisement in newspapers. In this respect, a letter has been written to the State Governments and Industry Associations **(A copy of the letter was placed before the Committee). Secretary, Labour (Karnataka)** was of the opinion that the system of selection of Industry Partners in consultation with the Industry Associations is working well in their State. So the Central Government should not make calling of bids etc. mandatory for this purpose. Other members also felt that there should be a general requirement that the procedure followed should be transparent. We should not prescribe any mandatory guidelines for selection of Industry Partners. It was informed that the letter issued in this regard is suggestive in nature and is not compulsory.

**10. Certain deficiencies in IDPs and MoAs waived by Secretary (L&E)**

It was informed that 2007-08 being the first year for this Scheme, the Institutional Development Plans and MoAs received from the IMCs and State Governments had certain deficiencies. For example, the IMCs were registered as Societies after signing of the Memoranda of Agreement. Similarly, some of the State Governments had not passed Government Order delegating certain financial and academic powers to the IMCs as provided in the MoA. The State of UP had given exactly the same IDP for all their 22 ITIs. Some such deficiencies were waived with the approval of the Secretary (L&E) as Chairperson of the NSC. These deficiencies were brought to the knowledge of the Committee for approval. The Committee approved these. Further, the members empowered Secretary (L&E) to relax certain conditions required to be fulfilled under the Scheme as Chairperson of the NSC whenever it was necessary for expeditious and smooth implementation of the Scheme. Such matters of relaxation can be subsequently placed before the Committee for information and approval.

**11. Certain other issues related to proposals received in 2007-08.**

It was informed that on examination of IDPs, it has been noted that some of the ITIs have been taken for upgradation though they are running in rented buildings. Similarly, proposals were received for some ITIs, which were not affiliated to NCVT but were being run under SCVT courses only. In case of ITIs running in rented buildings, the IDPs have been approved with condition that no money should be spent on carrying out civil construction in the rented premises and the State Governments should make efforts to shift these ITIs to their own buildings. The IDPs of ITIs affiliated to SCVT only have not been processed because these are not included in the list of existing ITIs available in the affiliation list of DGET&T and are not covered under the 1396 Government ITIs. The Committee approved these decisions.

**12. The meeting ended with thanks to the Chair.**

**<u>ANNEX –A</u>**

List of participants for the first meeting of the NSC of the Scheme **"Upgradation of 1396 Government ITIs through Public Private Partnership"** held on 11.3.08 at 3.30 p.m.

1. Smt. Sudha Pillai, Secretary (L&E), **Chairperson**
2. Shri Sharda Prasad, DG/JS, DGE&T
3. Shri Rajesh Verma, JS & FA, DGE&T
4. Shri B.L. Sridhar, Principal Secretary, Labour Department, Karnataka
5. Shri Afaq Husain, Principal, Government ITI, U.P.
6. Col. H.S. Sethi, Director, CII
7. Shri Manohar Lal, ASSOCHAM
8. Shri Rajan Kohli, DSG, FICCI
9. Shri N.K. Sinha, JS, MHRD
10. Shri Niranjan Naik, Addl. Indl. Adviser, MSME
11. Shri D. Dutta, Sr. Dir., Min. of Information Technology
12. Ms. Neeta Pradhan Das, Consultant, CII
13. Shri Sunil Mathur, Director (Admn.), DGE&T
14. Shri Hukum Singh, Joint Director, DGE&T