

Scheme for setting up of NSIC Training-cum-Incubation Centre (NSIC-TIC) for Small Enterprise Establishment under Public – Private Partnership (PPP) Mode

1. Background

- 1.1 National Small Industries Corporation (NSIC) is working to fulfil its mission of promoting aiding and fostering the growth of Micro, Small & Medium Enterprises (MSMEs) in the country.

One of the objectives of National Small Industries Corporation (NSIC) is to promote entrepreneurship development in the country. This objective can be achieved by way of providing handholding support to the first generation entrepreneurs by helping them to set up their own micro & small enterprises. There is also an urgent need in the country to inculcate entrepreneurial skills to the youth by way of skill development through which they become employable as well as create their own enterprise.

NSIC is engaged in basic skill development training programmes through its NSIC Technical Service Centres (NTSCs) and NSIC Technical Service Extension Centres (NTSECs). Since NSIC has few centres only, the reach of NTSCs is very limited geographically. In order to increase the reach there are several trades which need to be covered to cater to the skill demands in the country. Labour intensive mass manufacturing based on relatively lower skill levels provide an opportunity to expand employment in the industrial sector particularly in the MSEs. However, one of the most critical barriers to the growth of manufacturing sector is shortage of skilled manpower. This is extremely disconcerting in view of the facts that India's young demographic profile has placed the country favourably in terms of manpower availability. People can be turned to economic assets if they can be gainfully employed. It is, therefore, necessary to invest in building their capabilities towards training thereby providing relevant skills for productive employment. Available data suggest that percentage of population undergoing vocational training in the country is much lower than in other developing countries. It is therefore necessary to give special emphasis on technical/vocational education and skill development so as to increase the skilled workforce from 5% at present to about 50% as envisaged by the Government policies.

There is also a need to expand the number of skills for which training is provided and for this there is an urgent need for proactive involvement of Indian industries in every aspect of skill development.

In this context, NSIC has already initiated setting up of Incubators which aim to impart training in the manufacturing as well as services sector, thus contributing to entrepreneurial skill development.

- 1.2 With some of the incubators in place at NSIC, in the light of huge skill demand which exists in the country, it is felt necessary to build skill development training modules alongwith these incubators. To bridge this gap, idea of NSIC Training cum Incubation Centre (NSIC -TIC) was conceived, which takes into account providing of basic training facilities alongwith incubators for setting up of small enterprise establishment in the Public - Private Partnership mode. NSIC-TIC coupled with training on basic trades are envisaged to benefit the society by increasing self employment opportunities in the country. So, far 20 nos. of NSIC-TIC have been established pan India. Details of such NSIC-TICs are available on NSIC website.
- 1.3 NSIC Training-cum-Incubation Centres provide an opportunity for first generation entrepreneurs to acquire skill on basic technical trades and gain exposure in all areas of business operations such as business skills development, identification of appropriate technology, hands on experience on working projects, project / product selection, opportunity guidance including commercial aspects of business.
- 1.4 NSIC-TICs are to be set up at various places in the country under Public - Private Partnership (PPP) mode, with a view of benefit the society by creating self-employment opportunities. In these "NSIC-TICs" low cost projects using modern/appropriate technologies for setting up new enterprises shall be displayed in working condition. The training modules for providing basic training in skill development have been indicated in the enclosed Annexure "A". The suggested list of projects for which incubation training can be imparted, is enclosed at Annexure "B".

2. Objectives of the Scheme

- 2.1 The unemployed persons irrespective of caste, creed and gender shall be imparted skill development and entrepreneurship building training with a view to empower him / her for the following:
- i) To provide skill development training to secure an employment in any business enterprise.
 - ii) To set up its own micro/small business enterprise,
- 2.2 The above objectives shall be primarily achieved by way of providing comprehensive skill development training and package of services in the areas of training for entrepreneurial skill development, selection of projects, preparation of project profile/reports, identification and sourcing of plant, machinery and equipments, facilitating sanction of credit facility and providing to the support services in order to boost the development of micro and small enterprises in manufacturing and services sector.

3. Terms & Conditions

The 'Franchiser' means National Small Industries Corporation Ltd. (NSIC) and the 'Franchise' means the partner institution interested in setting up of NSIC Training Cum Incubation Centre (NSIC-TIC) for Small Enterprise Establishment under Public – Private Partnership (PPP) Mode with NSIC. The terms & conditions for setting up of NSIC Training-cum-Incubation Centre (NSIC-TIC) for Small Enterprise Establishment under Public – Private Partnership (PPP) Mode shall be as under:

3.1 Private Partner

(i) Eligibility Criteria

The Franchise can be Educational and Technical Institution, Company, Firm, NGO etc. and should possess the experience in training or entrepreneurship development.

(ii) **Role and Responsibilities of Private Partner**

a) Infrastructure Required

The Franchise shall make available ready premises having built up area of 2000 sq. ft. and above, for installing the projects under the scheme. The premises should be equipped with required power, water & other facilities.

b) Machinery / Equipment required for NSIC-TIC

The Franchise shall have to submit the list of modules in which training for entrepreneurship building is proposed to be conducted. This information should be submitted along with the application form. After approval is accorded by NSIC on the proposed list of training modules, it will be the responsibility of Franchise to procure and install the machinery / equipment for such training. The Franchise may take the help of NSIC in procuring such machineries.

c) Arrangement of Funds by Franchise

The Franchise has to arrange the funds required for furnishing the proposed premises as per the layout plan to be approved by NSIC. After approval of the layout plan by NSIC, the Franchise will furnish and equip the premises so as to make it ready for imparting training. The funds required for financing equipment / machinery for setting up the NSIC-TIC will have to be arranged by the Franchise either from his own resources or by raising loan from banks / financial institutions / friends / relatives. The plan for raising the resources, if any and its proof, will have to be submitted by the Franchise alongwith the application form.

d) Operation of NSIC-TIC

The Franchise shall be responsible for managing the affairs for day to day running & administration of the centre at their own cost.

e) Training Modules and Programmes

As regards to training modules, the Franchise may choose from the suggested list enclosed herewith as 'Annexure -A' depending upon the demand in his area and attach the list along with the application form for approval by NSIC. Ideal TIC would be having atleast five different training modules.

The Franchise shall conduct the incubation training programmes strictly as per training modules and contents approved by NSIC, which broadly include project-wise size of batch, duration of training, topics to be covered and the time slot for each topic.

f) Faculty Arrangement

The Franchise shall engage faculty at their own cost, who will impart training to the trainees based on the training modules approved by NSIC.

g) Publicity

Franchise shall give wider publicity of the training modules approved by NSIC for mobilising the trainees through advertisement in the local media, newspapers, electronic or any other media means. The cost of such publicity shall be borne by the Franchise.

h) Selection of Trainees

It will be responsibility of the Franchise to publicize, invite and enroll the trainees at the prescribed fee fixed by NSIC. The approval of NSIC should be obtained in advance for the fee schedule. The candidates shall be selected by the franchise in accordance with the eligibility criteria set out by NSIC.

i) Registration of Trainees

On receipt of the applications from the trainees the franchise would upload the required details in respect of each trainee like name, age, category, qualifications and other related information on the computer through internet

and furnish this information to NSIC as per the prescribed procedure.

Once the application is successfully uploaded, an acknowledgement with unique registration number would be generated for the trainees.

j) Sponsored Training Programmes

- a. The Franchise will be at liberty to mobilize / contact various organizations and government agencies for securing sponsorships for the training programmes.
- b. NSIC may choose to sponsor certain programmes under different schemes like Rajiv Gandhi Udyami Mitra Yojna (RGUMY) or any other schemes. Such sponsorship programme will be conducted by the Franchise on priority basis.

k) Payment of Franchise Fee (Royalty)

- a. The Franchise shall pay to NSIC 15% of the total income earned from the NSIC-TIC by the Franchise, during the month. This fee shall remain valid initially for one year and thereafter reviewed by NSIC on yearly basis.
- b. The franchise shall deposit 'security amount' based on projected 'franchise fee' for 3 months of operation as TIC or Rs. 20,000/-, which-ever is more, to NSIC, in advance, before final approval. This interest fee security deposit shall be adjusted against any damages and/or losses occurred due to breach of any terms & conditions of the agreement by the franchise. The security shall be refundable to the franchise at the time of termination of franchise agreement.
- c. In case, the franchise fails to run the approved training modules within six months from the date of approval, the security deposit shall be forfeited and franchise agreement shall be terminated.
- d. The Franchise shall charge the fee from the selected trainees, as prescribed / approved by NSIC. NSIC may review and revise the fee from time to time which will be

implemented by the Franchise from a given date. The responsibility of collection of fee from the students will be of the Franchise.

- e. The fee has to be paid by the Franchise as per the prescribed procedure before the 5th of succeeding month. However, Franchise will be at liberty to deposit interest free advance royalty with NSIC based on the estimated fee to be earned for the quarter or even for longer period.
- f. The differential fee may be prescribed for the trainees who are enrolled for setting up of small business enterprises and those who enroll themselves for skill up-gradation and seeking employment.

D) Preparation of Project Report and Loan Proposal

The Franchise shall ensure preparation of project reports by the trainees. It shall also be ensured by the franchise that in case, the successful passed out trainees are in need of financial support from the banks/financial institutions for setting up their own micro/small enterprises, shall complete their loan proposals for submission to the respective bank/financial institution.

3.2 Role of NSIC

a) Approval of lay out plan of NSIC-TIC

NSIC shall approve the layout plan submitted by the Private Partner, of the built up/proposed infrastructure for setting up of proposed NSICTIC.

b) Arrangement of finance for procurement of machinery and equipment required for setting up NSIC-TIC

NSIC may consider proposal of the franchises for arranging either through bank and or through its own resources against the provision of bank guarantee etc. The Franchise may take the help of NSIC in procuring such machineries / equipments by availing the services of approved supplier for which prescribed service charges should be payable to NSIC.

c) **Training of faculty**

NSIC shall train the teaching faculty engaged by franchises for imparting training for NSIC -TICs. Such training shall be provided by NSIC at the prescribed fee before start of the training.

d) **Training modules and contents**

The training modules shall be approved by NSIC out of the projects tick marked by the franchises in the suggested list of project(s) or the list of training modules submitted by the franchises depending upon the demand of local area. The franchises shall conduct the training programme strictly in accordance with the training modules and contents approved and provided by NSIC.

e) **Handholding support to trainees**

NSIC shall provide handholding support to the successful trainees by way of arranging finance from the banks and other support services required for setting up their own micro/small business enterprises.

f) **Monitoring by NSIC**

The Franchise shall submit monthly reports in the prescribed formats and in the prescribed manner, to NSIC for monitoring and control.

4. Other Terms & Conditions:

a) NSIC reserves the right to accept or reject any application under Franchise arrangements even after entering into agreement with the franchise, without assigning any reasons.

b) The Franchise shall provide the study material to the trainees at their own cost.

c) The Franchise shall have the responsibilities of supervision, conducting of training programme and evaluation of the trainees.

- d) On completion of successful training, the candidates shall be issued a certificate with a unique code number jointly by NSIC and Franchise.
- e) The Franchise shall permit NSIC officials to inspect/surprise visits their Centres.
- f) NSIC authorise the Franchise to make use of its name only to notify the understanding between the NSIC and the Franchise for setting up of NSIC Training cum Incubation Centre (NSIC-TIC) for Small Enterprise Establishment under Public – Private Partnership (PPP) Mode.
- g) The logo and artwork of NSIC shall be made available to the franchise centres for the limited purpose of association of Franchise with NSIC.
- h) The Franchise indemnifies the NSIC of all liabilities claims, consequential damages, etc., occurring in setting up and running of NSIC-TICs. In this regard, the Franchise will have to execute an Indemnity Bond on the prescribed format to be provided by NSIC.
- i) The franchise shall also enter into agreement with NSIC in the prescribed format to be provided by NSIC, before setting up of NSIC-TICs. This agreement shall be valid for one year from the date of signing. The performance of the centre shall be reviewed before granting any extension in the contract.
- j) The Franchise should not commit any employment opportunity to any trainee, in the name of the NSIC.
- k) Sub-Franchise is not allowed.

5. How to apply:

Companies, firms, NGOs, Educational & Technical Institutions, Industry Associations, interested to set up NSIC-TICs under the franchise arrangements may apply on prescribed application format with stated enclosures along with non refundable application fee of Rs. 5,000/- by way of demand draft in favour of 'National Small Industries Corporation Limited.' payable at

New Delhi. The application should be addressed to General Manager (TIC), National Small Industries Corporation Limited, NSIC Bhawan, Okhla Industrial Estate, New Delhi -110020.