

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 fulfill its mission of promoting aiding and fostering the growth of Micro, Small & Medium Enterprises (MSMEs) in the country.

One of the objectives of 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). 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 set up Livelihood Business 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 along with 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 along with incubators for setting up of small enterprise establishment in the Public - Private Partnership mode. NSIC-TIC coupled with training on basic trades is envisaged to benefit the society by increasing self-employment opportunities in the country. Details of NSIC-TICs established under PPP mode 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".

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 The National Small Industries Corporation Ltd. (NSIC) and the 'Franchisee' 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 Franchisee can be Educational and Technical Institution, Company, Firm, NGO, Ex-employees/ Officers of NSIC etc. and should possess the experience in training or entrepreneurship development.

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

a) Arrangement of Infrastructure

The Franchisee 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) Arrangement of Machinery / Equipments

The Franchisee 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 Franchisee to procure and install the machinery / equipment for such training. The Franchisee may take the help of NSIC in procuring such machineries.

c) Arrangement of Funds

The Franchisee 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 Franchisee 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 Franchisee 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 Franchisee along with the application form.

d) Operation of NSIC-TIC

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

g) Publicity

Franchisee shall give wider publicity of the training modules approved by NSIC for mobilizing 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 Franchisee.

h) Selection of Trainees/ Fixation of fee

It will be responsibility of the Franchisee to publicize, invite and enroll the trainees. The candidates shall be selected by the franchisee in accordance with the eligibility criteria set out by NSIC.

Fee shall be decided by Franchisee as per suitability however approval of NSIC should be obtained in advance for the fee schedule.

i) Registration of Trainees

On receipt of the applications from the trainees the franchisee 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 Franchisee 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), Backward Region Grant Fund (BRGF) or any other schemes. Such sponsorship programme will be conducted by the Franchisee on priority basis.

k) Payment of Franchisee Fee (Royalty)

- a. The Franchisee shall pay to NSIC 15% (plus GST) of the total income earned from the NSIC-TIC by the Franchisee, during the month. This fee shall remain valid initially for one year and thereafter reviewed by NSIC on yearly basis.
- b. The franchisee shall deposit 'security amount' based on projected 'franchisee 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 franchisee. The security shall be refundable to the franchisee at the time of termination of franchisee agreement.
- c. In case, the franchisee fails to run the approved training modules within six months from the date of approval, the security deposit shall be forfeited and franchisee agreement shall be terminated.
- d. The Franchisee 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 Franchisee from a given date. The responsibility of collection of fee from the students will be of the Franchisee.

- e. The fee has to be paid by the Franchisee as per the prescribed procedure before the 5th of succeeding month. However, Franchisee 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.

I) Preparation of Project Report and Loan Proposal

The Franchisee shall **ensure [facilitate in]** preparation of project reports by the trainees. It shall also be ensured by the franchisee 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 NSIC-TIC.

b) Training of faculty

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

c) **Training modules and contents**

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

d) **Handholding support to trainees**

NSIC shall facilitate for 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.

e) **Monitoring by NSIC**

The Franchisee 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 Franchisee arrangements even after entering into agreement with the franchisee, without assigning any reasons.
- b) The Franchisee shall provide the study material to the trainees at their own cost.
- c) The Franchisee 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 Franchisee.
- e) The Franchisee shall permit NSIC officials to inspect/surprise visits their Centres.
- f) NSIC authorize the Franchisee to make use of its name only to notify the understanding between the NSIC and the

Franchisee 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 franchisee centres for the limited purpose of association of Franchisee with NSIC.
- h) The Franchisee indemnifies the NSIC of all liabilities claims, consequential damages, etc., occurring in setting up and running of NSIC-TICs. In this regard, the Franchisee will have to execute an Indemnity Bond on the prescribed format to be provided by NSIC.
- i) The franchisee 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 Franchisee should not commit any employment opportunity to any trainee, in the name of the NSIC.
- k) Sub-Franchisee is not allowed.