



# **MEMORANDUM FOR STANDING FINANCE COMMITTEE**

FOR

## **PROPOSAL OF CENTRALLY SPONSORED SCHEME**

**‘Enhancing Skill Development Infrastructure in NE States and  
Sikkim’**

**DIRECTORATE GENERAL OF EMPLOYMENT AND TRAINING  
GOVERNMENT OF INDIA  
MINISTRY OF LABOUR & EMPLOYMENT  
September- 2010**

**No. DGET –17/4(2)/2008-PCT  
GOVERNMENT OF INDIA  
MINISTRY OF LABOUR AND EMPLOYMENT  
DIRECTORATE GENERAL OF EMPLOYMENT & TRAINING**

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New Delhi, dated 30<sup>th</sup> September, 2010

**MEMORANDUM**

**SUBJECT: Proposal for Standing Finance Committee for Centrally Sponsored Scheme of ‘Enhancing Skill Development Infrastructure in NE States and Sikkim’**

**1. Sponsoring Ministry/Department:** Ministry of Labour and Employment  
(Directorate General of Employment and Training)

**2. Statement of Proposal:**

**‘Enhancing Skill Development Infrastructure in NE States and Sikkim’**

The scheme has two pronged strategy:

- A. Upgradation of 20 ITIs in NE States and Sikkim, and
- B. Supplementing infrastructure deficiencies in 28 ITIs in NE States and Sikkim.

**a) Whether Central Scheme or Centrally Sponsored (CSS)? In case of new CSS or CSS with changed parameters, funding pattern, etc. whether approval of full planning commission has been obtained?**

‘In-principle’ approval of the Planning Commission has been obtained. (**Appendix-I**)

It is a new Centrally Sponsored Scheme to be implemented, during the 11<sup>th</sup> Five Year Plan and will spill over to the next plan, with 100% Central assistance in the 7 N.E. States and Sikkim for the activities envisaged under the DPR (**Appendix-II**) (page i to xiv)

**b) Whether there are schemes with overlapping objectives and coverage in other ministries and states? if so, the details of such schemes and the scope of integration.**

In accordance with the Allocation of Business Rules, Vocational Training is a concurrent subject and both the Central and State Governments are responsible.

DGE&T in the Ministry of Labour is responsible for laying down training standards and policies, etc. at national level, whereas, the implementation of the programmes rests with the respective State Govts/UT administrations. There is no overlapping, as scheme similar to craftsmen training is not being implemented by other Ministries.

Components of upgradation and supplementing deficient infrastructure have not been covered in any other scheme, thus there is no overlapping. However, before release of funds, States would be asked to send certificate to this effect. A few joint inspections of NE locations by a team comprising of DGE&T and IFD are also suggested.

**c) New proposal/modified/revised cost estimate.**

This is a new proposal. The cost of the scheme during its implementation period in 2010-11 to 2012-13 is ₹ 57.39 crore.

**(d) Reasons and justification for proposal, indicating historical background, circumstances in which need has arisen, whether other alternatives have been considered and what detailed studies have been made in regard to the proposal for establishing its needs, its economic and other relevant aspects.**

The States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura located in India's north-east cover an area of 2.62 lakh Sq. km. constituting 7.9 per cent of the country's total geographical area, but have only 39 million people or about 3.8 per cent of the total population of the country (2001 census). Over 68 per cent of the population of the region lives in the

State of Assam alone. The density of population varies from 13 persons per sq. km. in Arunachal Pradesh to 340 persons per sq. km. in Assam. The predominantly hilly terrain in all the States except Assam is host to an overwhelming proportion of tribal population ranging from 19.3 per cent in Assam to 94.5 per cent in Mizoram.

Industrially, the NER continues to be the most backward region in the country, and the states in the region hardly have any industrial base, except perhaps Assam, because of its traditional tea, oil and wood and bamboo based industries. To some extent Meghalaya has made some headway in setting up of small and medium industries. There are a number of factors contributing to the lack of industrial growth in the region like poor infrastructure, inadequate supply of electricity, violence, and extortion etc.

Access to educational institutions promoting skill development is a prerequisite for providing trained man power. As per 1991 census literacy rate of NER was 58.09% (all India 52.2%), while in 2001 it was 68.5% (all India 64.8%), thus over all literacy rate is better than all India average. Mizoram has the second highest literacy rate in India.

A major development objective for the North East Region is the strengthening of its human resources, particularly the youth, so as to make them skilled and employable.

The North Eastern Region Vision 2020 has stated that despite expansion of education infrastructure, satisfactory literacy rate and pupil-teacher ratios in the region, the skills and knowledge base of the youth in NER is inadequate to equip them to compete at national and international levels for employment or for entrepreneurial activities. The Vision, therefore, envisages a vast expansion in the availability of opportunity for acquiring skills and competencies; this would entail mobility and migration of persons to other parts of the country thus promoting national integration and encouragement to people to set up industry in their own region meeting the overall development of goods.

**e) If it is location specific, basis for selection of location**

Yes, the scheme is location specific. The scheme envisages upgradation and make up deficiency of existing ITIs in NE States and Sikkim. The ITIs have been identified in consultation with the respective State Governments.

**f) Has the proposal been included in the five-year plan and what are the provisions in the five-year plan and in the current annual plan? is any modification proposed?**

The proposal was not earlier included in the XI Five Year Plan but the Planning Commission has accorded 'in-principle' approval to implement this Scheme and has suggested that 10% outlay are to be used for the development of NE States for all plan schemes. This year the 10% of the total outlays is around ₹ 40 crore. Thus the total outlay to be used for development of NE States for 3 consecutive financial years will be around ₹120 crores. Out of these ₹ 57.39 crore will be used for the present proposal. Hence the project does not require separate funding from Planning Commission.

**g) What is the estimated yield from the Project and the economic implications?**

The scheme has two pronged strategy:

- A. Upgradation of 20 ITIs in NE States and Sikkim, and
- B. Supplementing infrastructure deficiencies in 28 ITIs in NE States and Sikkim.

This will create opportunities in Skill Development for youth of NE States and Sikkim. Through upgradation of existing ITIs, 2400 seats will be increased in the ITIs of all the 8 States. Through supplementing infrastructure deficiencies the quality of training in 28 ITIs will be improved.

**h) In case of on-going scheme/project, present status and benefits already accrued to the beneficiaries may also be furnished.**

This is a new scheme.

**i) Have other concerned ministries and planning commission been consulted and if so, with what result?**

Comments of other concerned Ministries and Planning Commission are being obtained.

- j) Whether any evaluation had been done? If so, broad findings of such evaluation studies may be given, and**
- k) Has the proposal or its variant been gone into by any committee, departmental or parliamentary, and if so, with what result and what decisions have been taken?**

This is a new scheme and would be taken up for implementation in the respective States after approval. However, the following are submitted.

The Craftsmen Training Scheme under National Vocational Training System is being implemented in the country since 1950 with the objective to ensure steady flow of semi-skilled workforce needed by the industry. During the six decades of its operation, there has been tremendous growth of ITIs in the country which is evident from the fact that the number of ITIs have risen from 53 in 1952 to 8,039 by the end of June 2010 with a seating capacity 11.65 lakh. While there has been a large scale increase in the number of ITIs in the country, the growth of ITIs in NE States and Sikkim has stagnated to about 68 only with a seating capacity of 10308 for a long period of time. The total number of ITIs functioning in each of the 8 States is given in DPR- **Appendix-II**.

- l) What are the development “outcomes” and “outputs” of the scheme/project? The development outcomes and outputs should be specified in measurable and monitorable terms along with baseline data against which the impact of the scheme will be assessed.**

The scheme has two pronged strategy:

- A. Upgradation of 20 ITIs in NE States and Sikkim, and
- B. Supplementing infrastructure deficiencies in 28 ITIs in NE States and Sikkim.

This will create opportunities in Skill Development for youth of NE States and Sikkim. Through upgradation of existing ITIs, 2400 seats will be increased in the ITIs of all the 8 States. Through supplementing infrastructure deficiencies the quality of training in 28 ITIs will be improved and made upto the latest standards set by NCVT.

The outcomes of the scheme will be measured by the following Key Performance Indicators (KPIs):

- (i) No. of persons admitted in upgraded ITIs;
- (ii) No. of persons who pass/successfully complete training.

### **3. PROGRAMME SCHEDULE:**

**a) Has the project/scheme been worked out & scrutinized in all its details?**

Yes. The Detailed Project Report (DPR) is at **Appendix-II.** (page i to xiv)

**b) What is the schedule for construction, indicating position separately relating to plant and machinery, civil works, raw materials, manpower, etc. together with year-wise phasing?**

The year-wise tentative schedule for major activities are placed at **Appendix-III.**

Total project is proposed to be completed in three years. Construction, purchase of material and placement of staff to be initiated simultaneously so that they are in place soon after the civil work is completed.

**c) Whether physical and financial targets match with each other?**

Yes.

**d) What is the target date for completion & when will expected benefits commence?**

Duration of scheme is estimated as three years. Construction and procurement commencing from 2010-11 and completing in 2012-13 (March 31, 2013). This will operate simultaneously.

The expected benefits will commence from the first year of operation itself.

**e) If the project involves dislocation of human settlements, the resettlement costs should be included fully in the project cost. The resettlement plan should also be indicated in the project implementation in the project implementation schedule. The resettlement cost may be worked out on the following basis.**

**i) The cost of land required to resettlement would be as indicated by the district/state authorities.**

**ii) The compensation to be paid to the displaced persons. This compensation cost is dependent on the rates indicated by district/state authorities. Thus the total compensation cost may be worked out on the basis of these rates.**

Not applicable as existing ITIs will be upgraded and supplemented with deficient infrastructure.

**4. Expenditure involved:**

- a) What is the total expenditure (recurring & non-recurring) indicate the position year-wise and also whether any budget provision has been made and if not, how it is proposed to be arranged? Has any expenditure been incurred already?**

The total cost of the scheme is ₹ **57.39** crore. Year wise proposed expenditure is at **Appendix-III**. In the current year i.e. FY 2010-11 the 10% of the total outlay (of DGE&T) is around ₹40 crore. Because expected increase in outlay every year MoLE could have more than ₹120 cores for NE. Out of these ₹57.39 crore will be used for the present proposal. Hence the project does not require separate funding from Planning Commission. No expenditure has been incurred so far.

- b) Details of the scheme of financing clearly bringing out the financial obligations undertaken by the PSU/Ministry with or without the proposal under consideration. In other words, details of commitment on account of on-going projects to be funded from internal resources of the PSU may be given in the SFC note alongwith the requirement and availability of funds for the project under consideration. In case of schemes/programmes, five year plan outlay for the ministry/department and commitments on on-going schemes/programmes alongwith the requirement and availability of funds for the scheme/programme may be furnished.**

Not applicable, as the scheme is not related to PSUs. It is a new scheme.

- c) What is the foreign exchange component (separately for recurring & non-recurring expenditure) what are the items of expenditure involving foreign exchange and expenditure on foreign experts, has clearance of e .a .d been obtained, and availability of credit facilities been explored, if so, with what result?**

Nil

- d) Phasing of expenditure (non-recurring & recurring)**
- (i) On constant prices
  - (ii) On completion cost

Year-wise phasing of expenditure is given in **Appendix-III** as indicated in Para 4(a) above.

**e) Reference date and basis of cost estimates of various components.**

- Reference date is the current date i.e. current FY 2010-11  
Civil works: Costs are based upon latest Schedule of Rates (SOR) of construction prescribed by CPWD
- Equipment: There are various items in the standard list of tools & equipments as approved by the National Council for Vocational Training (NCVT), purchases would be done as per Government procedure, i.e., at the lowest quoted prices meeting specification. The cost may vary at the time of purchase; over-all cost estimation has been done as per experience and prevailing trends.
- 10% extra cost to cover transportation to NE States and other expenses have been added.

**5. Reliability of cost estimates and other parameters**

**(a) Has pre-project investigations been arrived out in detail and details of area where changes in project parameters could be anticipated?**

As the locations are situated in NE States changes in project parameters and costs are anticipated as there may be a few suppliers and contractors to do work or supply goods.

**(b) To what extent cost estimates are firmed up?**

The financial estimates made for different components of the scheme were based on the present market prices which are indicative, and cost may vary according to market trend. The financial norms for civil works are suggestive only and the respective PWD schedule of rates (SOR) would be applicable.

**6. Operational capabilities**

**(a) Operational capabilities of PSU / Department / Implementing agency/ ministry to undertake the tasks required for the implementation of the proposal under consideration. For this purpose track record of the PSU in respect of the projects already implemented/under implementation may be highlighted and also steps proposed for ensuring timely execution of the project under consideration.**

Project Monitoring Unit at Central and State levels will be established for proper implementation of the scheme. Appropriate monitoring mechanism would also be developed for timely execution of the scheme. Further at national level, National Steering Committee will be established for successful implementation and review of the scheme.

- (b) In case of RCE proposals, variance analysis of cost increased due to price escalation, variation in exchange rates/customs and other statutory duties and lavies, change in scope, under estimation, addition/alteration etc. is to be given.**

Not applicable

- (c) In case of continuing social sector schemes of:**  
**(i) Estimate of committed liabilities at the end of previous plan; &**  
**(ii) Whether this has been transferred to states/non-plan.**

Not applicable.

**7. Add statements showing:**

- (i) The number of posts required and the pay scale, together with basis adopted for staffing, both in current year and future years;**

Five (05) posts for Monitoring cell at Central and & sixteen (16) posts for Monitoring cell at state level (8 States) respectively @ 2 posts per State unit are proposed to be created. Details of pay scales etc are mentioned at **Appendix-IV**.

**(ii) Expenditure on buildings and other works and its basis and phasing**

Civil works: Costs are based upon latest Schedule of Rates (SOR) of construction prescribed by CPWD.

Schedule for upgradation of ITIs, supplementing deficient infrastructure & Project Implementation & Monitoring Cells are at **Appendix-III**.

**8. Viability**

**Information is to be given if benefits accruable from the projects/schemes quantifiable and can be translated in monetary term (1(5) pf-ii/96 dt.06.08.97).**

**a) financial IRR**

- i) at constant prices**
- ii) on completion cost basis**

**b) economic IRR**

- i) at constant prices**
- ii) on completion cost basis**

This is a social sector project, so the financial and economic IRR have not been worked out. **The thrust of the scheme is systematic development of NE States and Sikkim, in terms of imparting skills to youth of this region to enable them to get decent employment opportunities. The States are also sensitive from the insurgency point of view and creation of employment opportunities and enhancement of employment potential of local youth are crucial to prevent large scale frustration among them.** It also targets development of rural population in general who are especially at the lowest rung of economic ladder.

The expenditure on skill training has to be considered and perceived as an investment which enhances efficiency & earning of individual, availability of skilled manpower for country, productivity of organization which in turn boost GDP of country and life style of individual.

**9. Whether nodal officer / chief executive for the project has been appointed? If yes, give details about his status, past experience in implementing such projects, number of years left for superannuation, etc.**

Director General of Employment & Training/Joint Secretary in Ministry of Labour & Employment will be nodal officer at the Central level and State Director of Employment and Training would be the Nodal officer at the State Level.

**FOR RCE PROPOSALS**

- 10. Date of approval of original cost or firmed up cost.**
- 11. Original or firmed up approved cost together with FE component.**
  - (i) Fixed cost**
  - (ii) Completion cost**
- 12. Present cost (completion cost) together with FE component.**
- 13. Earlier project completion schedule.**
- 14. Revised project completion schedule.**
- 15. Brief reasons for time overrun in clear terms.**
- 16. Variance analysis of increase in completion cost under**
  - (a) Escalation (b) Exchange rate variation (c) Change in scope (d) Statutory levies (e) Addition/Deletion**
- 17. Quantification of increase in cost on account of time over-run .**
- 18. Present status of physical progress of the project.**
- 19. Expenditure incurred and commitments made so far.**
- 20. Effect of revision in capital cost estimates on cost of production and**

**profitability with reference to earlier approved. Capital cost of the project.**

- 21. Whether at the stage when funds to the extent of 50% of the approved cost were released, the mandatory review of the cost estimates was done by the project authorities and the administrative ministry?**
- 22. Whether the issue of cost and time overrun was brought before EC/QPR? if so, details of decision taken in EC/QPR & further follow up action.**
- 23. For RCE proposals requiring CCEA approval, report /recommendations of the standing committee and action taken report may be appended.**

**Sl. No. 10-23 above relate to RCE proposals-----Not applicable.**

- 24. Whether on SFC memo Financial Adviser's concurrence/comments have been obtained? If so, details thereof.**

Financial Adviser's concurrence/comments are being obtained.

- 25. Supplementary information.** Nil

- 26. Points on which decisions/sanctions are required**

Approval of Standing Finance Committee (SFC) is solicited:-

- A.** For incurring expenditure not exceeding ₹ **57.39 Crores** for Upgradation of 20 ITIs and Supplementing Deficient Infrastructure in 28 ITIs in NE Region & Sikkim as a Centrally Sponsored Scheme;
- B.** to create 05 posts for Project Implementation & Monitoring Cell at Central Level (**Appendix-V**);
- C.** to create 16 posts (@2 posts in each state) for Project Implementation & Monitoring Cell at State Level (**Appendix-V**);
- D.** to constitute a National Steering Committee (NSC) for execution, implementation and monitoring of the project, with Secretary (L&E) as Chairman and other members as mentioned in **Appendix-VI** ; and
- E.** to authorize the National Steering Committee (NSC) to
  - i.** Review the program implementation structure and modify it based on ground realities;

- ii. Review fund utilization across various heads & institutes and reallocate, if required;
- iii. Review fund utilization across states and various components of the scheme and relocate, if required;
- iv. Review disbursement procedures and approve alternative procedure, if required; and
- v. Enhance outlay of scheme by 5% if needed subject to availability of resources in 10% of total outlay of Ministry (MoL&E).

**Detailed Project Report**  
**for**  
**‘Enhancing Skill**  
**Development Infrastructure**  
**in NE States and Sikkim’**

## **‘Enhancing Skill Development Infrastructure in NE States and Sikkim’**

### **SCHEME AT A GLANCE**

**1. The scheme consists of three components at a total cost of Rs. 57.39 Crore.**

**A. Upgradation of 20 ITIs at a total cost of Rs. 30.18 crore**

**B. Supplementing deficient infrastructure in 28 ITIs at a total cost of Rs. 24.24 crore**

<b>S. No.</b>	<b>Name of the State</b>	<b>No. of existing ITIs/ITCs</b>	<b>Proposal for Upgradation of Nos of ITIs</b>	<b>Proposal for Supplementing of deficiency in ITIs</b>
1	ARUNACHAL PRADESH	5	3	3
2	ASSAM	31	6	1
3	MANIPUR	7	3	8
4	MEGHALAYA	7	4	4
5	MIZORAM	1	1	3
6	NAGALAND	8	2	5
7	SIKKIM	1	-	3
8	TRIPURA	8	1	1
<b>Total</b>		<b>68</b>	<b>20</b>	<b>28</b>

**C. Establishment of Project Management Unit at Central and eight State head quarters at total cost of Rs. 2.97 Crore.**

## **1. Context/ Background:**

The States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura located in India's north-east cover an area of 2.62 lakh Sq. km. constituting 7.9 per cent of the country's total geographical area, but have only 39 million people or about 3.8 per cent of the total population of the country (2001 census). Over 68 per cent of the population of the region lives in the State of Assam alone. The density of population varies from 13 per sq. km. in Arunachal Pradesh to 340 per sq. km. in Assam. The predominantly hilly terrain in all the States except Assam is host to an overwhelming proportion of tribal population ranging from 19.3 per cent in Assam to 94.5 per cent in Mizoram.

Of course, there are significant variations in the literacy rates among different States with Assam, Arunachal Pradesh, and Meghalaya below the national average. Even as the average literacy rate in the region is higher than the national average, there are concerns about the quality of education. More importantly, the literacy rate has not translated into higher employability or productivity.

Industrially, the NER continues to be the most backward region in the country, and the states in the region hardly have any industrial base, except perhaps Assam, because of its traditional tea, oil and wood and bamboo based industries. To some extent Meghalaya has made some headway in setting up of small and medium industries. There are a number of factors contributing to the lack of industrial growth in the region like poor infrastructure, inadequate supply of electricity, violence and extortion etc.

**Annual Survey of Industries: Employment of Value added-State wise: Factory Sector 2004-2005:**

State	Total Persons Employed in industry	
	Nos.	% to Total population
Arunachal Pradesh	-	-
Assam	119548	1.41
Manipur	1835	0.02
Meghalaya	3037	0.04
Mizoram	-	-
Nagaland	2821	0.03
Sikkim	-	-
Tripura	15329	0.18

Source: Statistical Pocket Book India 2008

Access to educational institutions promoting skill development is a prerequisite for providing trained man power. As per 1991 census literacy rate of NER was 58.09% (all India 52.2%), while in 2001 it was 68.5% (all India 64.8%), thus over all literacy rate is better than all India average. Mizoram has the second highest literacy rate in India. The following table gives the number of educational Institutions in the NER.

Prim + UP	Sec + HS	Arts/Sc. Colleges	Engg.	Medical	Universities	Polytechnics	ITIs	IIT	IIM
56677	7716	497	6	6	13	18	68	1	1

A major development objective for the North East Region is the strengthening of its human resources, particularly the youth, so as to make them skilled and employable.

The North Eastern Region Vision 2020 has stated that despite expansion of education infrastructure, satisfactory literacy rate and pupil-teacher ratios in the region, the skills and knowledge base of the youth in NER is inadequate to equip them to compete at national and international levels for employment or for entrepreneurial activities. The Vision for the region, therefore, envisages a vast expansion in the availability of opportunity for acquiring

skills and competencies; this would entail mobility and migration of persons to other parts of the country thus promoting national integration and encouragement to people to set up industry in their own region meeting the overall development of goods.

## **2. Existing skill development infrastructure in North Eastern States and Sikkim**

The total number of ITIs/ ITCs functioning in each of the 7 North Eastern States and Sikkim along with the seating capacity is given below:

<b>S. No</b>	<b>Name of the State</b>	<b>No. of ITIs/ITCs</b>	<b>Seating Capacity</b>
1	ARUNACHAL PRADESH	5	512
2	ASSAM	31 (3)*	5776
3	MANIPUR	7	540
4	MEGHALAYA	7 (2)*	942
5	MIZORAM	1	294
6	NAGALAND	8	928
7	SIKKIM	1	420
8	TRIPURA	8	896
<b>Total</b>		<b>68</b>	<b>10,308</b>

\*Figures given in brackets are of private ITCs.

### **3. Number of Development Schemes being implemented in the North East States**

- (i) **North East Project “Estt. of New ITIs in the North Eastern Region“ : 25 new ITIs have been established and 35 existing ITIs have been upgraded.**

An amount of Rs. 106.55 crore has so far been released out of the total allocation of Rs. 113.7 Crore.

- (ii) **Upgradation of ITIs Under Vocational Training Improvement Project with World Bank assistance.**

Under this project, 15 ITIs from the North-Eastern States (7 in Assam, 2 in Manipur and 1 each in Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim) have been established. An amount of Rs. 25.19 Crore has so far been released on the basis of Institution Development Plan. The balance amount will be released on the basis of utilization certificate of the earlier released fund.

- (iii) **Upgradation 1396 Government ITIs through Public Private Partnership.**

Under this project 20 ITIs from the North-Eastern States have so far been established. An amount of Rs. 65 Crore has been released as interest-free loan directly to the ITI Society to carry out the Upgradation work.

### **4. Objective of the scheme**

Although NE States are supported by various schemes, the ITIs are not complete in themselves and lack in many aspects like construction of boundary wall, hostel, approach road, power connection and water connection. There are many trades which are in demand but could not be established for want of workshop and machinery equipment. In addition to these infrastructure, it also required recurring expenditure e.g. procurement of training material, salary of instructional, ministerial Staff & providing stipend to trainees, etc.

Therefore, it is proposed to run a centrally sponsored scheme “Enhancing Skill Development Infrastructure in N-E states and Sikkim”. The scheme shall be 100% centrally funded as the State Governments may not have requisite resources.

Broad objectives of scheme are –

1. To upgrade existing 20 ITIs by adding 3 trades in each institute
2. To supplement deficient infrastructure in 28 ITIs
3. Capacity Building and Technical Assistance aims to provide funding for skill development, enhancing of employability and competencies and promotion of self-employment and entrepreneurship amongst youth.
4. To sustain adequate supply of semi-skilled workers and also for value creation through dynamic vocational training policy & infrastructure.
5. Skill upgradation of existing workforce in the new area of Technology.
6. To provide entrepreneur development services for the self employment of youths.

## **5. Justification**

Skill Development is critically important to address the twin issues of enhancing the competitive strength of industry and employment generation that is socially inclusive and equitable. Over the last decades, India’s growing population is being increasingly recognized as strength rather than a constraint in the context of economic development. Further, India being one of the youngest countries in the world with about 54 per cent of its population below 25 years of age and with the largest English speaking population is well poised to help countries with aging populations. However, this strength can be capitalized, only by building and constantly upgrading the skill levels of the working population.

An average number of ITI is one ITI per lakh of population in the country, while it is only one ITI /6.3 lakh of population in NE States. Therefore, there is a need for Upgradation of existing ITIs in NE States and supplementing deficient infrastructure in 28 ITIs in NE Region.

The Union cabinet has approved a National Policy on Skill Development on 23<sup>rd</sup> February, 2009. The policy envisages for Vocational Training in Chapter -3 at 3.1, 3.2 and 3.4 as under :-

1. The current capacity for skill development in the country is 3.1 million. India has set a target of skilling 500 million people by 2022 to meet the challenges of India @ 75.
2. The expansion of public training institutions will be promoted, particularly, in rural, border, hilly and difficult areas, where the private sector may find it difficult to invest.
3. Equal access to skill development is essential for all social groups particularly women and disadvantaged section of society, to help them in securing decent employment and moving out of poverty.
4. Skill development in rural areas contributes to improve productivity and working conditions in the agricultural sector while at the same time enabling rural workers, particularly young people, to access emerging employment opportunities beyond the agricultural sector.
5. The outreach and quality of skill development in rural areas will be improved so as to enable rural workers to acquire and upgrade technologies; improve linkages to value chains; increase agricultural production; expand access to market and engage in off-farm activities which can generate supplemental income.
6. In general, there is a regional imbalance in training opportunities and some parts of the country are quite deficient in skill development institutions. In order to provide more equitable access across the

country, special efforts will be mounted to establish training facilities in deficient regions.

It is worth mentioning that ITIs upgraded and set up under PM package in NE States are getting good response from the students.

The Craftsmen Training Scheme under National Vocational Training System is being implemented in the country since 1950 with the objective to ensure steady flow of semi-skilled workforce needed by the industry. During the six decades of its operation, there has been tremendous growth of ITIs in the country which is evident from the fact that the number of ITIs have risen from 53 in 1952 to 8, 039 by the end of June 2010. While there has been a large scale increase in the number of ITIs in the country, the growth of ITIs in N.E. States and Sikkim has stagnated to about 68 only for a long period of time.

As far as the North Eastern States and Sikkim are concerned, there are only 68 ITIs with seating capacity of 10, 308 as against the total seating capacity of 11.65 lakh in the country. The number of ITIs in the N.E. States and Sikkim barely constitutes 0.895% of total ITIs in the country. N.E. States are also sensitive from the insurgency point of view and creation of employment opportunities is crucial to prevent large scale frustration among local youth . This will help in weaned away from extremist activities. Therefore, it is necessary that central assistance be provided for Vocational Training in the region.

## Details of scheme

The scheme consists of three components

- Upgradation of 20 ITIs;
- Supplementing deficient infrastructure in 28 ITIs;and
- Establishment of Project Management Unit(s) at Central and eight state head quarters.

6. (i) Number of ITIs to be upgraded in N.E. States and Sikkim

Sl. No.	Name of the State	No. of ITIs to be upgraded	No. of trades to be introduced	Seating Capacity
1.	Arunachal Pradesh	3	9	360
2.	Assam	6	18	720
3.	Manipur	3	9	360
4.	Meghalaya	4	12	480
5.	Mizoram	1	3	120
6.	Nagaland	2	6	240
7.	Sikkim	-	-	-
8.	Tripura	1	3	120
<b>Total</b>		<b>20</b>	<b>60</b>	<b>2400</b>

( ii) Infrastructure Deficiency in ITIs of N.E. States and Sikkim

Sl. No.	Name of the State	No. of ITIs covered	No. of ITIs for supplementing deficient infrastructure		
			Hostel	Boundary Wall	Machinery & Equipment
1.	Arunachal Pradesh	3	3	3	-
2.	Assam	1	1	1	-
3.	Manipur	8	5	7	8
4.	Meghalaya	4	-	-	4
5.	Mizoram	3	3	-	-
6.	Nagaland	5	5	-	-
7.	Sikkim	3	3	3	-
8.	Tripura	1	1	-	-
<b>Total</b>		<b>28</b>	<b>21</b>	<b>14</b>	<b>12</b>

**Typical features of Upgradation of an ITI:**

- Training Capacity : 120 trainees for 6 Units (3 trades in double shift and various short term courses)
- Duration of Training : 1-2 Years
- Field of Training : 3 trades selected from existing 114 trades (62 Engineering & 52 Non Engg ) running under Craftsmen Training Scheme.

**7 (i) Non –recurring Cost Estimates for upgradation of existing 20 ITIs**

SI no	Activity	Rate	Cost for one ITI (Rs in Lakh)	No. of ITIs	Cost of ITIs (Rs. in Crore)
1	Construction Cost of Workshop & Class Room etc. ( for 450 Sq mts. @150 Sq Mts /trade <sup>\$</sup> )	@ Rs. 15840 * per sq. mt.	71.28	20	14.26
2.	Machinery , Equipment & Furniture(for 3 trades)	10 Lakh / trade	30	20	6.00
3.	Hand Tools, instruments ( for 3 trades) for 2 shifts	2 Lakh / trade/unit	12	20	2.40
Total			113.28		22.66
Considering 10 % extra cost of transportation to NE and other expenses					<b>24.93 (say 25)</b>

<sup>\$</sup> Plinth area will be 150 Sq. mts. and carpet area required is 100 Sq. mts

*\*(Calculations for civil works for Workshop are based upon current CPWD schedule of rates; cost for RCC framed construction @Rs 13200/Sq Mt plinth area + 12% for Electrical & Water etc.)*

**(ii) Recurring Cost Estimates for upgradation of existing 20 ITIs**

SI no	Activity	Rate	Cost for one ITI for one year (Rs in Lakh)	No. of ITIs	Total Cost for one year (Rs. in Crore)
1.	Salary of 6 Instructors & one LDC	Rs. 20000/ month for instructor & Rs. 12000 /month for LDC	15.84	20	3.17
2.	Recurring Expenditure for training raw material etc.	Rs. 400 per trainee /month	5.76	20	1.15
3.	Incidental Expenditure (Basic Amenities e.g. water, electricity & maintenance etc.)	Rs. 300 per trainee/month	4.32	20	0.86
Total			<b>25.92</b>		<b>5.18</b>

## 1. Cost Estimates for supplementing deficient infrastructure in ITIs :

SI no	Activity	Rate	Cost for one ITI (Rs in Lakh)	No. of ITIs	Cost of ITIs (Rs. in Crore)
1.	Construction cost of Hostel (for area 500 Sq. Mts.)	Rs.15840 *per Sq. mt.	79.2	21	16.63
2	Construction of Boundary wall & fencing (400 mts. )	Rs.5800 per mt.	23.2	14	3.25
3.	Machinery , Equipment & Furniture(for 3 trades)	Rs. 5 Lakh / trade	15	12	1.8
4.	Hand Tools, instruments ( for 3 trades)	Rs. 1 Lakh / trade	3	12	0.36
Total					22.04
Considering 10 % extra cost of transportation to NE and other expenses <b>Total</b>					<b>24.24</b>

\*(Calculations for civil works for Hostel are based upon current CPWD schedule of rates; cost for RCC framed construction @Rs 8505/Sq Mt plinth area + 12% for Electrical & Water etc.)

## 2. Cost estimates for establishment of Central & State Project Monitoring Unit

- (i) Calculation of Salary of staff for Project Monitoring Unit (C PMU) at Central level

SI No	Designation	No posts	Salary per month for each post (In Rs.)	Total Salary Per month for all posts (In Rs.)
1.	Joint Director of Training	1	50000	50000
2.	Asst. Director of Training	1	25000	25000
3.	Training Officer	1	22000	22000
4.	Section Officer(Desk)IFD	1	22000	22000
5.	PA/Steno	1	15000	15000
6.	LDC cum Data Entry Operator (outsourced)	2	10000	20000
7.	Peon outsourced	1	7000	7000
<b>TOTAL</b>		8		<b>161000</b>

Rs. 161000 x12(months) = Rs. 19.32 lakh per annum

- Office expenses @ Rs. 20 Lakhs per annum

Total PMU per Annum=Rs. 39.32 Lakh Say 0.39 Crore (Recurring)

- Whenever necessary services may be outsourced or consultants may be appointed for necessary services & supports

(ii) Calculation of Salary of staff for Project Monitoring Unit (SPMU) at State level

Sl. Nos	Designation	No posts	Salary per month for each post	Total Salary Per month for all posts
1.	Assistant Director of Training	1	35000	35000
2.	LDC cum Data Entry Operator	1	10000	10000
3.	Peon Outsourced	1	7000	7000
	TOTAL (for one State)	3		52000

Rs. 52000\*12(months)\* 8(Cells) = Rs. 0.4992 Crores per annum

Add office expenses @ Rs. 10 Lakh per annum for all state cells

Total for SPMU per annum : Rs. 0.5992 Crores per annum  
(say 0.60 crore)

### 3. Schedule for upgradation of 20 ITIs and supplementing deficient infrastructure in 28 ITIs in NE Region

( Rs. in Crore )

	2010-11		2011-12		2012-13		Total
	RECURRING	NON-RECURRING	RECURRING	NON-RECURRING	RECURRING	NON-RECURRING	
Upgradation		15.00	0.00	10.00	5.18	0.00	30.18
Deficient Infrastructure		14.54	0.00	9.70	0.00	0.00	24.24
CPMU	0.39	0.00	0.39	0.00	0.39	0.00	1.17
SPMU	0.60	0.00	0.60	0.00	0.60	0.00	1.80
Total	0.99	29.54	0.99	19.7	6.17	0.0	57.39
Total for the year	30.53		20.69		6.17		57.39

#### **4. Financial implication**

Financial assistance will be provided by DGET, Ministry of Labour & Employment, based upon specific norms of expenditure, which includes some part of capital expenditure.

##### **Capital/Non-recurring expenses include costs towards:**

- Land Development & Bulk services (Land already exists with the institutes).
- Civil works including construction of training institute building with theory class rooms, workshops, office rooms etc.; hostel; boundary wall etc.
- Machinery, tools & equipment
- Furniture, tools, fittings, computer networking, etc.

##### **Revenue/Recurring expenses would involve expenses towards:**

- Salaries of staff, honorarium to resource persons, stipends & scholarship to trainees.
- Contractual services, consultancy, human capacity building, seminars/workshops etc.
- Consumables, operation & maintenance, stores, stationery, various bills such as telephone, electricity etc., rent, internet, travel & conveyance costs etc.

1. Estimated cost of Upgradation of 20 ITIs	:	Rs. 30.18 crore
2. Estimated cost of supplementing deficient infrastructure in 28 ITIs	:	Rs. 24.24 crore
3. Estimated cost of CPMU	:	Rs. 1.17 crore
4. Estimated cost of SPMU	:	Rs. 1.80 crore

The estimated cost for Upgradation of 20 ITIs and supplementing deficient infrastructure in 28 ITIs in NE States and Sikkim would be **Rs. 57.39 crores** .

### **13. Mode of Funding**

As per Govt. instructions, 10 % of outlays are to be used for development of NE States for all the plan schemes. This year the 10 % of the total outlays is around Rs. 40 crore. Thus the total out lay to be used for development of NE States for 3 consecutive financial years will be around Rs. 120 Crores. Out of these Rs. 57.39 Crore will be used for the present proposal. Hence the project does not require separate funding from Planning Commission.

### **14. Period of Implementation**

The period of implementation of this scheme would be for three years. The scheme may be reviewed from time to time and on the basis of recommendation of the review committees, further support of central assistance may be considered.

### **15. Monitoring and Supervision**

The ITIs are already working under state Government. Therefore, the state Governments will have authority over Institutes for monitoring also. At central level monitoring, supervision, evaluation and review of the scheme will be taken up by Directorate General of Employment and Training in the Ministry of Labour and Employment. DGET would be the coordinating agency to arrange funds and monitor the implementation of the scheme by a committee in active participation of Employers' Organisations and provide necessary direction and guidance. For successful implementation of the scheme strengthening of the present network and infrastructure of DGET, Ministry of Labour and Employment will be required.

**Appendix III**

**A. Year wise requirement of fund**

**( Rs. in Crore )**

	2010-11		2011-12		2012-13		Total
	RECURRING	NON-RECURRING	RECURRING	NON-RECURRING	RECURRING	NON-RECURRING	
Upgradation		15.00	0.00	10.00	5.18	0.00	30.18
Deficient Infrastructure		14.54	0.00	9.70	0.00	0.00	24.24
CPMU	0.39	0.00	0.39	0.00	0.39	0.00	1.17
SPMU	0.60	0.00	0.60	0.00	0.60	0.00	1.80
Total	0.99	29.54	0.99	19.7	6.17	0.0	57.39
Total for the year	30.53		20.69		6.17		57.39

## Appendix IV

(iii) Calculation of Salary of staff for Project Monitoring Unit (C PMU) at Central level

SI No	Designation	No posts	Salary per month for each post (In Rs.)	Total Salary Per month for all posts (In Rs.)
8.	Joint Director of Training	1	50000	50000
9.	Asst. Director of Training	1	25000	25000
10.	Training Officer	1	22000	22000
11.	Section Officer(Desk)IFD	1	22000	22000
12.	PA/Steno	1	15000	15000
13.	LDC cum Data Entry Operator (outsourced)	2	10000	20000
14.	Peon outsourced	1	7000	7000
	<b>TOTAL</b>	<b>8</b>		<b>161000</b>

Rs. 161000 x12(months) = Rs. 19.32 lakh per annum

- Office expenses @ Rs. 20 Lakhs per annum

Total PMU per Annum=Rs. 39.32 Lakh Say 0.39 Crore (Recurring)

- Whenever necessary services may be outsourced or consultants may be appointed for necessary services & supports

(iv) Calculation of Salary of staff for Project Monitoring Unit (SPMU) at State level

Sl. Nos	Designation	No posts	Salary per month for each post	Total Salary Per month for all posts
4.	Assistant Director of Training	1	35000	35000
5.	LDC cum Data Entry Operator	1	10000	10000
6.	Peon Outsourced	1	7000	7000
	<b>TOTAL (for one State)</b>	<b>3</b>		<b>52000</b>

Rs. 52000\*12(months)\* 8(Cells) = Rs. 0.4992 Crores per annum

Add office expenses @ Rs. 10 Lakh per annum for all State cell

Total for SPMU per annum : Rs. 0.5992 Crores per annum  
( say 0.60 crore )

**Appendix V**

**Posts required to be created for Project Implementation and Monitoring cell at Central level.**

<b>Sl No</b>	<b>Designation</b>	<b>No posts</b>	<b>Salary per month for each post (In Rs.)</b>
1.	Joint Director of Training	1	50000
2.	Asst. Director of Training	1	25000
3.	Training Officer	1	22000
4.	Section Officer(Desk)IFD	1	22000
5.	PA/Steno	1	15000

**Posts required to be created for Project Implementation and Monitoring cell at State level.**

<b>Sl. Nos</b>	<b>Designation</b>	<b>No posts</b>	<b>Salary per month for each post</b>
1.	Assistant Director of Training	1	35000
2.	LDC cum Data Entry Operator	1	10000

**Composition of National Steering Committee**

Following officers are proposed to be members of the National Steering Committee for the scheme

<b>Secretary (L&amp;E):</b>	<b>- Chairman</b>
Secretary (DONER) or his representative : (not below the rank of Joint Secretary)	-Member
Financial Advisor:	-Member
DG/JS:	- Nodal Officer at Central level
Sr.Advisor, LEM, Planning Commission:	-Member
DDG (T):	-Member Secretary
Director of Training:	-Member
Principal Secretaries /Secretaries of respective state ( <i>Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura</i> ):	-Members