

**Strategic Partnership Between the Ministry of Skill Development and
Entrepreneurship (MSDE) and the Department of Heavy Industries (DHI)**

MEMORANDUM OF UNDERSTANDING

This Agreement has been made and agreed upon between the parties mentioned below, signed on the Eighth Day of December, 2015.

BETWEEN

Department of Heavy Industry (DHI), which is a Department under Ministry of Heavy Industries & Public Enterprises, Government of India, is the nodal department for development and growth of Capital Goods sector, Automotive industry and PSUs under its charge, having its office at Udyog Bhawan, New Delh-110001, hereinafter referred to as DHI, in short, and the party of the first part.

AND

Ministry of Skill Development & Entrepreneurship (MSDE), Government of India, is the umbrella ministry for skill development and entrepreneurship promotion in the country with a specific mandate of skilling the youth at a scale with quality outcomes having its office at Shivaji Stadium Annexe, Shahed Bhagat Singh Marg, New Delhi-110001, hereinafter referred to as MSDE, in short, and the party of the second part.

MSDE would primarily discharge its responsibilities through Director General of training (DGT), National Skill Development Corporation (NSDC) and related Sector Skill Councils (SSCs). DGT is responsible for Industrial Training institutes (ITIs), Advanced Training Institutes (ATIs), Regional Vocational Training Institutes (RVTIs) and Apprenticeship Training (AT). NSDC aims to promote and provide funding for skill development by catalysing creation of large, quality, for-

profit vocational institutions. Sector Skill Councils (SSCs) set up through NSDC are responsible for standards, quality assurance, train the trainers either directly or through partnerships.

WHEREAS

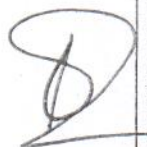
The two parties have after details consultations decided to develop and implement National Action Plan for skill development of Capital Goods, Automotive and PSUs under DHI with common objective of fulfilling skills needs of the sectors and at the same time provide quality opportunities for employment/entrepreneurship under the following background.

2.0 BACKGROUND

2.1 Indian Capital Goods Sector suffers from technological obsolescence relating to products, manufacturing technologies as well as manpower, As a result, India imports US \$ 20 billion worth capital goods every year. Fresh intake in industry is also not industry ready, requiring upto three years of on-the -job training. At the same time India has second largest pool of scientific and technical manpower, With Proper skill trainings, India, not only fulfils its own requirement of human resources but can also become Skill Capital of the World for manufacturing sector.

2.2 Similar situation exists in automotive sector as well. PSUs under DHI have training portfolio, infrastructure, history and systems, though somewhat outdated. With some modernization, it will be possible to deploy their skilling capacities for the best use within the country and abroad. By addressing these issues, India would be able to realize its true potential and realise the vision of "Make in India".

2.3 In view of the above background, it is felt by both the parties that there is an imminent need for scaling up the skill development efforts for manufacturing jobs including in the Capital Goods and Automotive Sectors. This would require



large scale capacity building by providing for infrasture and facilities, improving training content, curriculum and methodology and use of latest technologies. Synergistic participation of the private sector in the training and placement process would also be necessary. There is need to leverage global partnerships with a view to benchmark skilling efforts to global standards. By doing so, India could potentially become the 'skill capital' of the World.

3. Joint Activities

3.1 Under the above background both the parties have agreed to make concerted joint efforts towards skill development and are in agreement to work together to undertake the following activities:

- 1) Create jointly a '*National Ecosystem for Development of Skills for the Manufacturing Sector*' , in particular, the capital Goods Sector, Automotive Sector and other sectors/subjects covered by DHI;
- 2) Support the related Sector Skill Councils (SSCs) and such other entities deemed appropriate to meet the skilling needs through creation of specialized mechanisms for each of the core components;
- 3) Mobilize financial support jointly for various activities under the National Ecosystem for Development of Skills for the Manufacturing Sector by mandating PSUs under DHI to utilise at least 20 percent of their CSR funds for skilling purposes, using provisions under 'Defence offset' and leveraging multi-lateral funding ;
- 4) Develop a multi-location '*National Institute of Manufacturing Technology (NIMT)*' for training, education and research and in manufacturing technologies sector by leveraging the infrastructure and facilities of PSUs under DHI, in particular HMT Limited and Instrumentation Limited ;
- 5) Create 'Centres of Excellence' in different categories by utilizing / up-grading of existing training facilities of the PSUs under DHI in collaboration with NSDC/SSCs and / or DGT;



- 6) Bring in the internationally known best practices in the field of skill development and entrepreneurship for manufacturing sector and for that purpose get the services of internationally renowned experts and to leverage global partnerships and technical cooperation and funding in the process for skill development.
- 7) Leverage private partnerships in the entire value chain of skilling through targeted skill development and entrepreneurship development programme;
- 8) Support awareness activities by various stakeholders with a view to make skills aspiration and popular amongst youth, employed and policy makers alike.
- 9) Facilitate alignment of courses with QP/NQS in the Ministry affiliated Training Institutes as well as training institutes operated by PSUs and identify adequate funding avenues for this.
- 10) Promote and facilitate Recognition of Prior Learning (RPL) for existing and potential work force of PSUs and those of the contractors / outsourced workforce in the PSUs under DHI;
- 11) Provide equipment along with the working spares or those which have been phased out of production line but are still functioning/operable after minor repairs for use in laboratories/workshops of ITIs/ATIs/RVTIs and NSDC affiliated training partner;
- 12) Promote and scale up apprenticeship training in PSUs in coordination with DGT under the amended Apprenticeship Act.
- 13) Promote adoption of Industrial Training Institutes by PSUs under DHI;
- 14) Raising the quality of workforce in PSUs under DHI and mandating contractors to hire workforce certified on job roles aligned to NSQF, putting in policy for incentivizing skill training and certification under NSQF in recruitment process;
- 15) Introduce vocational courses aligned with NSQF in schools run by PSUs under DHI.



3.2 There would be top-level institutional arrangement for this initiative so that it is properly implemented and monitored on a regular basis. This would include a ministerial level Advisory Committee for policy direction which meets twice in a year and a Secretary-level Steering committee for implementation and oversight which meets once in three months.

4. Commencement and Termination of the Agreement

This agreement shall commence on the date of its signing and shall remain in effect for a period of five years subject to the reviews at regular intervals. The Parties by mutual agreement in writing may extend the duration of the Agreement. Any and all amendments must be made in writing and must be agreed to and executed by the parties before agreement becomes effective.

5. Other Covenants

This Agreement will come in to effect on date of signature by both the parties.

This Agreement may be amended at any time by mutual agreement of the parties in writing. It shall be reviewed three months before the end of contract date or at a time mutually agreed by the parties for possible renewal.

Nothing in above precludes both the parties to pursue their skill objectives on their own or in collaborations with others.

Both the parties have set their hands in presence of the witness on the date as mentioned above.



Secretary
Department of Heavy Industry



Secretary
Ministry of Skill Development
& Entrepreneurship