

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN THE**  
**MINISTRY OF RURAL DEVELOPMENT, GOVERNMENT OF INDIA, NEW DELHI**  
**&**  
**NATIONAL ACADEMY OF RUDSETI, BANGALORE**

This MEMORANDUM OF UNDERSTANDING (MoU) is made at Bangalore on the 29<sup>th</sup> July 2011 between the **Ministry of Rural Development, Government of India, New Delhi** represented by Sri T. Vijay Kumar, **Joint Secretary** of the FIRST PART and **National Academy of RUDSETI** having its Head Office at **Bangalore** represented by its **President Dr. D. Veerendra Heggade** of the SECOND PART.

WHEREAS;

1. The Ministry of Rural Development is mandated to ensure the growth and development of rural areas with special focus on developing self-employment opportunity for the unemployed rural youth. For this purpose it has been decided to establish one Rural Self-Employment Training Institute (RSETI) in each district of the country for training the rural unemployed youth to take up micro enterprise. The concept of RSETIs has been inspired by the very successful RUDSETI model promoted by SyndicateBank, Canara Bank and SDME Trust way back in 1982 at Ujire in Karnataka.
2. Under the RSETI scheme, the Government of India would pay Rs. One crore as infrastructure fund besides reimbursing the cost of training BPL youth. The State Governments have been advised to provide land free of cost and the banks are meeting the cost of running these institutions, apart from deputing an officer to work as Director of RSETI.
3. The RSETIs have been entrusted with the task of training minimum of 750 BPL youth each year with a minimum settlement rate of 50%. At present around 354 RSETIs are functional across the country and more are expected to follow. However, being promoted by different banks, these RSETIs are following different norms of training and as a consequence the outcomes are also different.
4. While the banks are monitoring the financial aspects of RSETIs, the quality aspect of training is not being monitored closely.
5. There is thus a need to introduce an effective mechanism for monitoring the activities of RSETIs in order to ensure uniform standards of training and settlement rates across the country. This would also involve a systematic capacity building of Directors/Faculties of RSETIs to ensure that all the RSETIs are brought at par with the best performing RUDSETI in the country in a time bound manner.
6. National Academy of RUDSETI, an extended arm of RUDSETI which is registered as a Trust and jointly sponsored by SDME Trust, SyndicateBank and Canara Bank, with its Head Quarters at Bangalore is operating as an apex level training institute from 2008 for RUDSETI type institutes. The Academy conducts

research and development work in the field of Entrepreneurship Development and training programmes. The Academy also undertakes projects in the field of enterprise promotion, Rural Development and HRD.

- 7 With the object of enhancing and standardizing the quality of training imparted by the RSETIs to enable rural youth to take up self employment, the Government of India and NAR, Bangalore propose to enter into a Memorandum of Understanding the terms of which will be as follows:-

## 8 Role and Responsibilities of National Academy of RUDSETI (NAR)

- (a) The chief responsibility of NAR, Bangalore would be to monitor and mentor the currently running 354 RSETIs across the country. Each RSETI/RUDSETI be given guidance and support to enable them to achieve the target of training 750 candidates a year with 70% settlement rate by third year of operation.
- (b) The NAR shall also put in place a robust mechanism for training of Director/faculty of RSETIs which shall result in systematic building up of capacity of the Director/faculty of RSETI and establishment of effective and vibrant RSETIs across the country.
- (c) NAR would engage the services of 15 State Project coordinators and 1 National Project Coordinator for undertaking the monitoring/mentoring responsibility indicated at (a) above.
- (d) ***NAR would engage the services of three Directors for Training and Monitoring and 2 faculty for assisting them, besides 2 clerical staff and one attender for undertaking training activities indicated at (b) above.***
- (e) The State Project coordinators, Director Training and Monitoring and faculty would be fully trained before taking up their assignment.
- (f) The monitoring mechanism shall be as per the concept paper "Strategy for capacity building of RSETIs" approved by the National Level Steering Committee in its meeting held on 22.3.2011. Relevant extracts of the concept paper is annexed as an attachment to this MOU.
- (g) NAR shall ensure that annual plan of monitoring and training activities is prepared well in advance and circulated to all the stakeholders to ensure awareness and effectiveness.
- (h) The mechanisms for training activities and mentoring/monitoring activities of NAR, Bangalore shall be separate and distinct from each other and the NAR shall clearly lay out the roles and responsibilities of each member responsible for these activities.
- (i) NAR shall continuously develop tools for improving the effectiveness of the RSETIs. These may include development of common curriculum, mechanism to monitor the performance of RSETIs, quality audit, training aids, and incentive schemes, on line MIS etc.

- (j) NAR shall also review the training inputs, methodology, mentoring and monitoring mechanism continuously to ensure that the same is in synchronization with the changing market demands.
- (k) The NAR, Bangalore shall open a separate account for funds received for activities to be undertaken as a part of this MOU.
- (l) The NAR, Bangalore shall also ensure that all decisions taken in the National Level Steering Committee from time to time are implemented.
- (m) ***The steps taken by the NAR shall result in all participating RSETIs achieving the target of training minimum 750 rural BPL youth in a year with 70% being settled in self employment by the third year of operation of RSETI.***
- (n) The NAR, Bangalore shall put in place an MIS which will enable verification of the above outcome.

## 12 Role and Responsibilities of MORD:

- (a) Issue suitable guidelines to the DRDAs for identification and sponsoring of BPL candidates and ensuring that the requisite candidates report to RSETIs for training
- (b) Issue guidelines to the State Government for deputing nodal officers/link officers for RSETI appreciation training to be organized by N.A.R, Bangalore.
- (c) Issue suitable guidelines to the banks for
  - i. Posting of suitable Director with right attitude, enthusiasm, and commitment towards RSETI with adequate tenure
  - ii. Posting of prescribed support staff on the lines of RUDSETI. All these staffs are to be recruited or appointed by the concerned trust/society of the Banks. The salary and emoluments payable to these staffs may be guided by the common guidelines on the lines of RUDSETI.
  - iii. Ensuring provision of requisite infrastructure for the RSETIs at all times
  - iv. Nomination of Director of RSETI for initial training, refresher training and other training as deemed necessary from time to time to N.A.R, Bangalore.
- (d) The Ministry of Rural Development shall review the functioning and progress of RSETIs in Central Level Coordination Committee and National level Steering Committee.
- (e) For undertaking the monitoring/mentoring assignment, there shall be an Advisory Committee at national level, headed by Dr. D Veerendra Heggade as honorary Chairman. The MoRD shall notify the composition of the Advisory Council along with roles and responsibilities to all stakeholders.

- (f) MoRD shall ensure follow up action on the issues affecting the performance of the RSETIs, brought up by NAR, Bangalore by taking up the same with banks/other stakeholders. The MoRD shall keep the NAR, Bangalore informed about the action taken on such issues.
- (g) The MoRD shall extend all support to NAR for furtherance of the objectives of this MOU
- (h) The Ministry of Rural Development shall bear expenditure related to participation of Directors/ faculty of RSETI in the training programmes organized by NAR. The NAR, Bangalore shall prepare an Annual Action Plan for the training programs of Director and faculty of RSETI/RUDSETI at the beginning of each year along with estimated cost which will be forwarded to the Ministry. 50% of cost of participation in the training program as per prevailing norms (the current norm being Rs.2,000 per trainee per day) shall be released to NAR, Bangalore as advance on approval of the action plan. The balance amount will be released on receipt of utilization certificate for expenditure of not less than 75% of the advance released and carry over balance, if any. The proposal for each instalment shall be submitted by NAR along with progress report. The release of further funds would be subject to satisfactory performance.
- (i) NAR, Bangalore shall maintain separate books of accounts for the funds released for this purpose which may be audited by the MoRD. UC and Audited statement of accounts shall be submitted to the MoRD within two months of completion of the financial year.
- (j) Besides, the MoRD would also pay a service charge @ Rs 183.00 lakh per year payable at the end of each year for providing the following services envisaged under this MOU:
  - i. Handholding support to 354 RSETIs till such time they reach the level of best performing RUDSETI. All the RSETIs should meet the target of training 750 candidates per year, with minimum settlement rate of 50% at the end of 1<sup>st</sup> year, 60% at the end of 2<sup>nd</sup> year and 70% at the end of 3<sup>rd</sup> year.
  - ii. Training and capacity building of Directors/faculty of 354 RSETI/RUDSETIs, to enable them to achieve the outcome specified in (i) above. .

Further it is also agreed that either party may terminate this MOU by giving the other party a notice of three month along with reason for termination. In such an eventuality, the unspent balance lying with NAR, Bangalore shall be returned to the MoRD with the statement of accounts for funds utilized.

This MoU will be effective from 01.08.2011 in the initial phase, and shall be valid for a period of 3 years which is extendable by two years by mutual consent. Both the parties have agreed to the contents and put their hands in the presence of witnesses mentioned here below.

Signature  
**Dr. D. Veerendra Heggade**  
President, National Academy of RUDSETI

Signature  
**Joint Secretary**  
MORD, New Delhi

Witness: (1)

(2)

## **Extracts of concept paper on “Strategy for capacity building of RSETIs”**

### **MONITORING OF RSETIs FOR EFFECTIVE FUNCTIONING & FULFILMENT OF OBJECTIVES**

Effective monitoring of the activities is a basic requirement for efficient functioning and achievement of objectives of any organisation. A strong and robust monitoring mechanism is very crucial for effective functioning of RSETIs and ensuring quality training. The important requirements for effective monitoring are:

1. Structured activities to be performed, in pursuance of the objectives.
2. Comprehensive guidelines from a controlling/monitoring office on each activity.
3. Efficient Management Information System
4. Effective monitoring tools
5. Periodical Review and guidance
6. Organisational set up/machinery for monitoring

Out of nearly three decades experience, RUDSETI has adopted its own model of monitoring and guidance to the individual units by an exclusive and dedicated controlling office. The monitoring systems and procedures prevalent in RUDSET Institutes is time tested and found effective. As different RSETIs are sponsored and managed by different Banks, each Bank is having their own monitoring mechanism. It is felt that uniform monitoring mechanism is necessary at all RSETIs.

#### **Structured Activities and Comprehensive guidelines- Manuals:**

All the activities of RSETIs to be well defined and detailed guidelines framed for conducting each activity. Comprehensive Manuals containing detailed guidelines on each and every activity of the Institute may be developed by National Academy of RUDSETI/CS, RUDSETI and adopted by all RSETIs. Every RSETI should function in terms of the guidelines contained in the manuals and perform every activity as per the guidelines issued. Based on the best practices followed by RUDSET Institutes, the following manuals are suggested:

- Operations Manual: covering administrative and other functional aspects,.
- Training Manual: covering all aspects of pre and post training activities, with structured curriculum for each training programme.

Other related aspects:

1. Proper documents/records should be maintained by each institute recording various activities conducted by the institute.

2. A uniform application form along with declaration may be made use by all the RSETIs.
3. Each RSETI to follow the best practices like daily yoga, shramadaan, prayer etc and all training programmes to be conducted as per the course module for RSETIs.
4. Every candidate trained by RSETI may obtain certification of NCVT.
5. Each Institute shall invariably come out with activity report and a copy to be forwarded to NIRD as provided in the operation manual.

### **Efficient Management Information System:**

For effective monitoring, each RSETI to prepare & submit progress report periodically to the controlling office, based on the records maintained. The report to cover the details of various activities conducted including training programmes, pre training, post training and other promotional activities. Monthly expenditure statement should also be submitted to have proper control over the finances of the institute by the sponsor Banks. Various funding agencies like MoRD, DRDA, SIDBI, NABARD, etc., also need statistical data relating to the programmes financed by them.

RUDSETI has developed over a period of years certain MIS which are time tested and fully operational. The software that is being used by RUDSETI is useful not only in monitoring the functioning of the institute effectively but also in having control over the financial aspects. Similar system may be adopted by all the RSETIs. The MoRD may request RUDSETI to come out with all the proforma in the form of a booklet. The MIS required by MoRD may be web enabled.

### **Effective monitoring tools – Quality Audit & Financial Audit**

#### **Quality Audit:**

To ensure that all the activities of RSETIs are conducted in terms of the guidelines provided in the manuals, it is necessary to conduct Annual Quality Audit. The audit has to be conducted by a competent person (by the Project Co-ordinator to be appointed at State level). The audit, through scrutiny of records maintained, should assess the level of implementation of various guidelines, management of the institute, quality of training and efficacy of post training facilitation. Deficit areas need to be identified to enable the management to take corrective action immediately. Basing on the observations in the quality audit, performance and innovations, the RSETIs may be rated. A system of giving incentives for well rated institute may also be introduced.

There is a best practice of conducting Annual Audit of all the activities of individual RUDSET Institutes including training and internal control. A module of Quality Audit developed by National Academy of RUDSETI, Bengaluru may be adopted to suit the requirement of the RSETIs. The necessary training for conducting the Quality Audit will be provided by the Academy.

## **Financial Audit:**

In addition to scrutiny/review of monthly financial statements submitted to the respective controlling office, each RSETI has to be subjected to financial audit by the statutory auditors annually.

## **Periodical Review and guidance:**

Proper mechanism should be put in place for periodical review of the functioning of the institute and providing guidance for improvement. Monthly progress reports submitted by the institute should be scrutinised at controlling office and performance vis – a vis expectations/action plan has to be reviewed. Feedback on the performance has to be provided to the stakeholders in addition to the institute with specific guidance for improvements. Corrective actions are to be taken immediately in respect of deficits observed, if any.

RUDSETI has the system of obtaining monthly reports & expenditure statements by the Central Secretariat and reviewing the performance. There is also a forum of **Local Advisory Committee (LAC)** constituted at each institute, consisting of an executive from the sponsor Bank or District Collector as Chairman and officials from sponsor Banks, Lead District Manager, NABARD and officials from DIC/DRDA as members. The LAC meets once in a quarter, review the functioning of the institute and provide guidance. A similar system may be adopted in all the RSETIs.

## **Organisational set up/machinery for monitoring the RSETIs**

MoRD, the apex body which has taken initiative for establishing RSETIs in all the Districts of the country is keen to ensure effective functioning of the RSETIs, with uniformity in approach. It is desirable to have an independent monitoring mechanism with proper organisational set up in view of the following:

1. RUDSETI is an independent organisation with a dedicated central office, headed by Executive Director to monitor and guide the functioning of individual institutes. The Central office has constituted Governing Council and Board of Governors to review and guide the policy frame work and overall functioning of the entire set up. The President of the Institute and Chairman of Board of Governors, Dr. D. Veerendra Heggade provides his vision & guidance to the institute continuously. This is the most crucial factor behind the success of RUDSETI concept.
2. RSETIs sponsored by different Banks in different Districts are managed & monitored by the respective sponsor Banks. The number of RSETIs by each Bank may not form a sizeable bunch to have dedicated controlling/monitoring office. As such they may lay more emphasis on monitoring the financial aspects and generally the quality aspects do not get due attention.
3. Further, as per RUDSETI experience, persons with proper perception of RSETI concept shall be able to guide and monitor the activities effectively. However, such persons may not be available/deployed by the sponsor Banks.

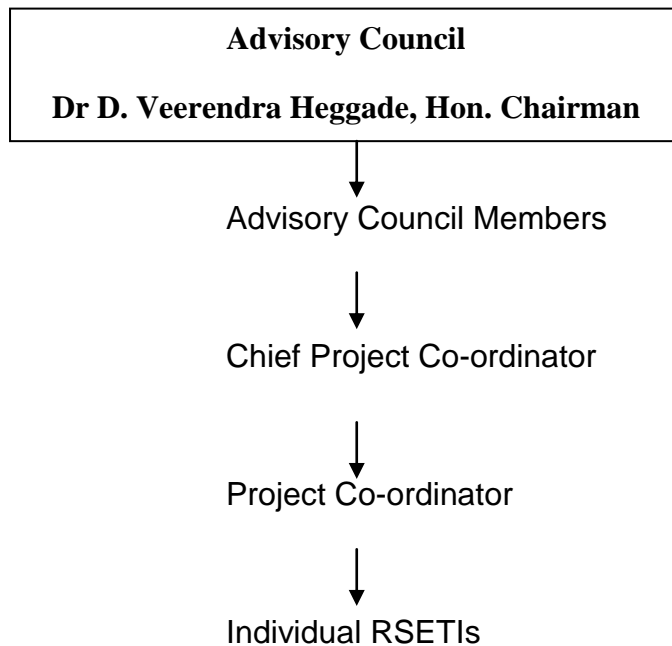


4. The Government machinery also does not have the requisite expertise and dedicated machinery for effective monitoring.

In view of the above an independent organisational structure with specific well defined functions/role is suggested on the following lines for providing vision, guidance and effective monitoring of RSETIs:

- Advisory Council at National level having Dr. D Veerendra Heggade as the Honorary Chairman.
- Chief Project Co-ordinator at the national level having control over the project co ordinators
- Project coordinators at regional level covering 15 to 25 geographically contiguous/proximate RSETIs, irrespective of the Bank sponsoring such RSETIs.

### **Organisational Chart**



The detailed organisational structure, role and responsibilities are furnished in the Annexure.

## **Annexure**

### **Chairman, Advisory Council**

#### **Dr. D. Veerendra Heggade**

##### **Role of Hon'ble Chairman:**

During his tenure, the Hon' Chairman will enjoy all the financial and administrative powers as may be vested in him by the Advisory Council. He shall convene Advisory Council meetings once in a quarter and take stock of the situation and guide the Chief Project Coordinator/State Project Coordinators suitably. The Chairman shall send review letters either to individual RSETIs/State Project Coordinators/any other Stake holders on their functioning suggesting improvements so as to bring all RSETIs on par with RUDSETI. The Chairman will be vested with powers to frame rules/guidelines to appoint/ engage and at his discretion remove/dismiss or suspend any employee/s of the exclusive cell at NAR which is permanent or temporary or contract in nature and to determine their duties and fix their salary and other emoluments in consultation with other members of Advisory Council.

##### **Advisory Council**

The Advisory Council shall consist of the following:

- Joint Secretary or his nominee, from MORD, Government of India, New Delhi.
- Chairman NABARD or his nominee
- Chairman, SIDBI or his nominee
- Head of the institute or his nominee from Entrepreneurship Development Institute of India (EDII), Ahmedabad
- Head of the institute or his nominee from National Institute of Micro, Small and Medium Enterprises(NIMSME), Hyderabad
- Head of the institute or his nominee from National Institute of Entrepreneurship & Small Business Development (NIESBUD), Noida
- Director General from National Academy of RUDSETI, Bengaluru
- Director General or his nominee from National Institute of Rural Development, Hyderabad.
- General Mangers of Syndicate Bank, Canara Bank, SBI, PNB, BOB and Bank of India overseeing priority sector credit advances. Once in three years, General Managers from other participating Banks i.e. other than Syndicate Bank and Canara Bank will be inducted to the council by replacing the existing Banks Executives.
- Chief Project Coordinator of RSETIs – Convenor

*Note: The MORD will request either SyndicateBank or Canara Bank to depute an Executive with RUDSETI background only (such Executive should have field experience of working as Director of any of the RUDSET institute) to be posted as Chief Project Coordinator for a minimum period of 3 years extendable up to five years..*

### **Role of Advisory Council:**

- a. The Advisory Council shall lay down broad guidelines for the effective functioning and administration of the RSETIs for the implementation of its objectives through State Project Coordinator/Chief Project Coordinators.
- b. The Service Regulations of the employees shall be framed by the Advisory Council.
- c. To advise Chief Project Coordinator to separately open, maintain, operate and close accounts of any kind in any Bank/s as decided from time to time. However, the power to operate the account can be delegated to the Hon' Chairman and Chief Project Coordinator jointly by a proper Resolution.
- d. Advisory Council based on the specific requirements of the projects to be undertaken either by RUDSETI or by NAR or by exclusive Cell of NAR can appoint resource persons suitable for executing such jobs. However, they shall be under the direct control of President, N.A.R, Bangalore.
- e. To engage people on deputation from participating Banks/financial institutions on mutual consultation with the deputing agencies.
- f. To do all such deeds and acts which have not been specially mentioned herein above, but which are found to be necessary, expedient and essential for furthering the objects of the RSETIs.

### **Chief Project Coordinator:**

The Chief Project Coordinator, an Executive on deputation to the Exclusive cell of National Academy of RUDSETI either from SyndicateBank or Canara Bank directly reporting to **Dr. D. Veerendra Heggade**, President, National Academy of RUDSETI, will take care of the entire monitoring mechanism of functioning of RSETIs in the country. He will be the head of the Exclusive cell of NAR for monitoring of RSETIs. While the Director General and his team at NAR will take care of all the matters pertaining to training, conducting studies and R&D related to entrepreneurship development etc., the Chief Project Coordinator will take care of the entire monitoring system of RSETIs.

### **Service Conditions:**

The Chief Project Coordinator shall be an Executive on deputation from SyndicateBank or Canara Bank with RUDSETI background as these banks are the promoters of original RUDSETI concept. The services of such executive may be lent to this project by the Bank for a minimum period of three years extendable up to five years. Preference may be given to youngsters and the age limit of the person shall be between 50-60 years. He/she shall be directly reporting to President, NAR and working under the direct guidance of Dr. D. Veerendra Heggade, President, NAR. The Chief Project Co-ordinator shall undertake all tour programmes with the permission / approval from Dr. D. Veerendra Heggade, President, NAR. The office of the Chief Project Co-ordinator will be at Bengaluru so as to have easy accessibility to Dr. D. Veerendra Heggade, President, NAR. As in **NABARD**, office cum residence facility may be extended to Chief Project Co-ordinator so that he can discharge his duties from his residence. For the purpose of drawing salary and other allowances TA/HA, he/she may be attached to the nearest controlling office of the bank from which he/she will be on deputation. All leave records ***shall be maintained by the controlling offices and as at March every year, they can***

***claim the total expenses from National Academy of RUDSETI, Bengaluru for which MoRD will provide monetary support.***

### **Salary & Emoluments:**

The salary and all other emoluments payable to the Chief Project Coordinator shall be as applicable to an executive one scale higher than the present scale he/she is drawing at the bank at the time of deputation to the project. In case the deputed executive is promoted to a higher scale in the parent bank during his/her services in the project, his/her salary and other emoluments shall be automatically upgraded as applicable to the next higher scale from the date of such promotion. Any change in the salary and other emoluments effected/introduced by the parent Bank from time to time shall be made applicable to the executive. The approximate annual expenditure may be up to Rs. 16.00 to Rs. 18.00 lakh per annum.

### **Role & Responsibilities of Chief Project Coordinator:**

- Chief Project Coordinator will appoint the State Project Coordinators through a committee put in place by the President of NAR for effective monitoring of RSETIs in each State. These State Project Coordinators will report to Chief Project Coordinator. The salary and other emoluments of the State Coordinators will be reimbursed by MORD through the Exclusive cell of NAR headed by Chief Project Coordinator.
- Chief Project Coordinator shall be the link between MORD/NIRD/Stake holders of RSETIs/State Govts.
- Convene the quarterly Advisory Council Meeting of RSETIs.
- Bring out quarterly bulletin on NAR/RSETI functioning.
- At monthly intervals, shall take up surprise visits to minimum of 3 - 4 offices of the State Project Coordinators to monitor their performance and visit to 2 – 3 RSETIs for review and guidance.
- To identify selection of eligible institutes/individual Directors for Annual Awards and other incentives by placing proper systems and procedures.
- Representing RSETIs in the NLSC as a member
- Convening State level workshops inviting all the stakeholders – RSETI Directors/Govt. Agencies/sponsor Bank at least once in a year for proper review and guidance.
- Providing guidance to all RSETIs through State Project Coordinator from time to time.
- Providing continuous hand holding to all RSETIs till they reach the level of best performing RUDSETI.
- Overseeing the functioning of State Project Coordinator and monitoring their performance.

- Updating training modules from time to time in association with NAR.
- All proposals for organising training programmes for RSETI Directors/ Nodal officers/other stake holders to be organised by NAR shall be routed through the Chief Project Coordinator and Chief Project Coordinator shall closely monitor the same for its quality.
- Monitoring, defining and evaluating the role of State Project Coordinator.
- Convening annual conference of RSETI Directors / Project Coordinator/ Stakeholders.
- Providing feedback/ suggestions at regular intervals to MORD/ NIRD/ Sponsoring Banks from time to time so as to bring improvements in the functioning of the RSETIs.
- Ensuring conducting of Quality Audit of all RSETIs by the Project Coordinator.
- The Chief Project Coordinator shall maintain separate proper books of accounts at the exclusive cell at National Academy of RUDSETI and all the books of accounts shall be open for inspection to all the stakeholders and shall be subjected to audit every year.
- The day to day affairs of the cell shall be carried out by the Chief Project Coordinator and he shall exercise general supervision on every affairs of the RSETIs through State Project Coordinators under the direct control and supervision of the Hon' Chairman.
- Shall also be responsible to carryout any instructions received from MORD for strengthening the RSETI movement in the country.

#### **Project Co-ordinator:**

For every 25-30 RSETIs in a geographical proximity, One Regional Project Co-ordinator who has the exposure of working with RUDSETI / RSETI as Director for a minimum period of 3 years extendable up to 5 years shall be engaged. He shall be within the age limit of 61 years. Preference may be given to the youngsters with RUDSETI background. The Regional Project Co-ordinator may be engaged on project assignment basis. The Regional Project Co-ordinator will work from one RUDSETI / RSETI in the State and Secretarial services can be availed from the Institute where he is placed.

#### **Role and Responsibilities:**

- Compulsorily visit all the RSETIs in his area of operation once in a quarter to monitor their performance and to guide them. Thus, each RSETI will be visited atleast for four times at quarterly intervals by the State Project Coordinators.
- Collecting monthly reports from all institutes and analysing the same.

- Reviewing the performance of the Institute and provide feedback on individual Institute to Chief Project Co-ordinator.
  - Submitting consolidated report to Chief Project Co-ordinator and providing feedback to concerned sponsor banks at monthly intervals.
  - Conducting Annual Quality Audit of all the RSETIs and suggesting ways and means for bringing in improvement.
  - Representing RSETIs in the State Level Steering Committee of SLBC as a member.
  - Maintaining a panel of technical faculty and resource persons required for training in RSETIs and coordinate their services to the various RSETIs in his area of operation.
  - Facilitating capacity building of technical faculty, internal faculty and staff of RSETIs by deputing them for training at NAR, Bangalore.
  - Guiding the institutes in designing and identifying innovative demand driven training programmes in the area. This is in addition to the programmes already put in place to be organised by RSETIs.
  - Coordinating with State Government, SLBC, NABARD, SIDBI, Sponsor Banks and other stakeholders of RSETI for its smooth functioning.
  - Ensuring smooth credit flow to the entrepreneur through banking channel
  - Any other work entrusted by Chief Project Co-ordinator from time to time.
- a. Collecting monthly reports from all Institutes and analysing the same.
  - b. Reviewing the performance of the Institute and provide feedback on individual Institute to Chief Project Co-ordinator.
  - c. Submitting consolidated report to Chief Project Co-ordinator and providing feedback to concerned sponsor banks.
  - d. Conducting Annual Quality Audit of all the RSETIs and suggesting improvement.
  - e. Representing RSETIs in the State Level Steering Committee of SLBC as a member.
  - f. Maintaining a panel of technical faculty and resource persons required for training in RSETIs and coordinate their services to the various RSETIs in his area of operation
  - g. Facilitating capacity building of technical faculty, internal faculty and staff of RSETIs

- h. Guiding the institutes in designing and identifying innovative demand driven training programmes in the area. This is in addition to the programmes already put in place
- i. To evaluate the training inputs at each RSETI and to suggest improvement wherever required.
- j. Coordinating with State Government, SLBC, NABARD, SIDBI, Sponsor Banks and other stakeholders
- k. Any other work entrusted by Chief Project Co-ordinator from time to time

All the project co-ordinators will have to undergo an induction training programme at National Academy of RUDSETI for 12 days which also include inputs regarding Quality Audit and Evaluation.

**Emoluments:** The consolidated monthly assignment fee may be Rs. 70,000/- and this is inclusive of travelling, lodging expenses and halting allowances.

Project Management Cost of training/mentoring/monitoring of RSETIs – NAR  
Bangalore

<b>Cost of deputation of an executive from Bank for the post of Chief Project Coordinator – Monitoring</b>	<b>Rs. 18 lakh</b>
<b>Cost of three Directors for Training &amp; Monitoring (Rs.70,000X 3X12)</b>	<b>Rs.25.20 lakh</b>
Cost of 15 State Project Coordinators (Rs.70,000X15X12)	Rs.126.00 lakh
Cost of 2 Faculty for assisting NPC/NAR (Rs.25,000X2X12)	Rs.6.00 lakh
Cost of 2 clerical staff (Rs.20000X2X12)	Rs.4.80 lakh
Cost of 1 attender (Rs.10,000X12)	Rs.1.20 lakh
Misc.	Rs.1.80 lakh
Total	Rs.183.00 lakh



**DRAFT**

Shri T. Vijay Kumar,  
Joint Secretary (NRLM)

D.O. No. I-12011/07/2011-SGSY (RSETI)

Dated: 13.06.2011

Dear Sir,

I am enclosing a copy of Memorandum of Understanding (MoU) proposed to be entered into between MORD, New Delhi and NAR, Bangalore for mentoring and monitoring of Rural Self Employment Training Institutes (RSETIs) and Capacity Building of Directors/ Faculty of RSETIs duly approved by the Finance Division of this Ministry.

I would appreciate if you could send a signed copy of MOU for our records, if the terms and conditions are acceptable to you. I would also request you to kindly take up with the respective banks for deputing concerned officers to take up their new assignment urgently.

With kind regards,

Yours sincerely,

(T.Vijay Kumar)

Reference pre page 11/n...

**Subject:** Revised MOU to be signed between MORD and NAR Bangalore.

An MOU approved by MoRD proposed to be entered between MoRD and NAR Bangalore for mentoring and monitoring of RSETIs and capacity building of Directors / Faculty of RSETIs has been prepared. If approved, the same may be forwarded to The Chairman, RUDSETI and NAR for their kind approval.

Draft DO letter is put up for kind approval.

(Govind Sharma)  
RO-SGSY(RSETI)  
13.06.2011

DS (SGSY-RSETI)

Discussed with AS& FA. He desired that due justification for single sourcing of contract may be examined in relation to the provision in the GFR 2005.

Relevant extracts from GFR 2005 dealing with procurement of services are placed below. Rule 163 of GFR 2005 lays that Ministries or Departments may hire external professionals, consultancy firms or consultants (referred to as consultants hereinafter) for a specific job, which is well defined in terms of content and timeframe for its completion or outsource certain services. Rule 176 lays down that under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single source selection.

The justification for hiring the services of National Academy of RUDSETI, Bangalore for the task of monitoring and mentoring the RSETIs till they reach the level of best performing RUDSETI in the country is as under:-

- The Ministry of Rural Development is mandated to ensure the growth and development of rural areas with special focus on developing self-employment opportunity for the unemployed rural youth. For this purpose it has been decided to establish one Rural Self-Employment Training Institute (RSETI) in each district of the country for training the rural unemployed youth to take up micro enterprise. The concept of RSETIs has been inspired by the very successful RUDSETI model promoted by Syndicate Bank, Canara bank and SDME Trust way back in 1982 at Ujire in Karnataka.
- At present around 354 RSETIs are functional across the country and more are expected to follow. However, being promoted by different banks, these RSETIs are following different norms of training and as a consequence the outcomes are also different. While the banks are monitoring the financial aspects of RSETIs, the quality aspect of training is not being monitored closely.
- While seeking to establish the RUDSETI type institutions, the MoRD was fully conscious of the uniqueness of the RUDSETIs with their distinctive set of values, ethos and culture and desired that the RSETIs that are going to be established under the present scheme shall conform to the values of the RUDSETI.
- A strong and robust monitoring mechanism is very crucial for effective functioning of RSETIs and ensuring quality. After carefully going through the monitoring systems and procedures prevalent in RUDSET institutes, it is found that such a system is necessary at all RSETIs. The Government machinery as also other training agencies do not have the requisite expertise to run the institutes on the pattern of RUDSETI.

- The National Academy of RUDSETI with whom it is proposed to enter into a MOU for monitoring and mentoring of the RSETIs is an extended arm of RUDSETI and has been conceived as an apex level training institute to work as a national level resource organization for RUDSETI type institutes, to conduct research and development work in the field of Entrepreneurship Development and to design and conduct training programmes and undertake projects in the field of enterprise promotion, Rural Development and HRD.
- The MOU proposed is an outcome based MOU with clear outcomes and timelines, as may be seen from statement placed below.
- Dr. Veerender Haggade, Dharmadhikari, SDME Trust and President of RUDSETI and National Academy of RUDSETI, has spearheaded more than 40 premier academic and professional institutions that represent the best of traditional expertise and contemporary excellence form in education. He is the recipient of Padmabhushan award of Government of India.
- The National Level Steering Committee in its meeting held on 22.3.2011 has approved the proposal to award the task of quality monitoring of RSETIs to NAR, Bangalore.

(T Vijay Kumar)  
Joint Secretary(SGSY/NRLM)  
25.5.2011

**AS&FA**

Statement of outcomes, timelines and administrative fee payable to NAR,  
Bangalore under MOU

Outcomes	Timeline	Administrative fee
<p>The steps taken by the NAR shall result in all participating RSETIs achieving the target of training minimum 750 rural BPL youth in a year with 70% being settled in self employment by the third year of operation of RSETI.</p>	<p style="text-align: center;">Three years</p> <p>Either party may terminate this MOU by giving the other party a notice of three month along with reason for termination. In such an eventuality, the unspent balance lying with NAR, Bangalore shall be returned to the MoRD with the statement of accounts for funds utilized.</p>	<p>The NAR, Bangalore shall be compensated by the MoRD for undertaking the prescribed activities @ Rs.211.20 crore for first year, or the actual amount spent whichever is less. For subsequent years the fee shall be Rs.183.20 crore per year. This is excluding the cost of training Project Coordinators, Directors and Faculty of RSETIs.</p>