Monitoring Policy for skill development Training Partners

This document provides the monitoring mechanism and policy to be followed by NSDC during the funding period of all skill development Partners. This document may be revised as per requirements arising in due course of time. Any revision of this document will be intimated to all NSDC Training Partners.

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1. Overview

National Skill Development Corporation (NSDC) was set up as part of the 'National Skill Development Mission' to fulfill the growing need in India for skilled manpower across sectors and to narrow the existing gap between the demand and supply of skilled resources. In the process, NSDC has provided funding support to various skill development Training Providers conducting training in various high priority sectors across the country. The funding support to the Training Providers has been provided in terms of loan/grant/equity or a combination of these. Those Training Providers who have signed an agreement with NSDC and have received funding support from NSDC, for imparting skill development training, have been referred to as skill development Partners of NSDC in this document.

1.1   Objectives of NSDC's monitoring process

The key objectives of NSDC's monitoring process are listed below.

- Keep track of performance against NSDC's overall goals as an organization.
- Provide early view of risks (financial and social) to enable early mitigation.
- Identify any course corrections needed, at the:
  - o Partner level (to improve business and social performance).
  - o Overall NSDC level (to inform future strategy and partner choices).
- Support partners in course correction, in a prioritized manner (based on well-defined triggers).
- Keep track of compliance of training courses conducted by Training Partners to QP/NOS developed by respective Sector Skill Councils and to QA guidelines of NSDC in such cases where QP/NOS has not been developed.

1.2   Key activities of the monitoring team

The key activities performed by the NSDC's monitoring team are shown below.

The associated sub-activities, tools & templates, human resource requirement, etc. for performing the above mentioned activities have been further detailed in this document.

2. Program management framework

2.1. Strategic vision

NSDC's program management framework vision for monitoring is:

"To provide an effective and efficient institutional framework for monitoring the implementation of skill development through NSDC's associated partners and enabling components, in order to achieve quality and sustainable skill development at scale".

The overall program management framework along with the roles, functions and the governance structure has been designed with the aim of achieving the strategic vision.

2.2. Program Governance Structure

The proposed NSDC program governance structure for monitoring is shown below.

The role of each tier in the program governance structure for monitoring is detailed below:

i.   NSDC Board:

The NSDC Board Meetings will be the forum for decision making on various key performance issues and pending approvals. This would include decision making on the following:

- Next steps for watchlisted partners
- Any policy level suggestions made by the monitoring and evaluation team
- Review and recommend updation of Monitoring guidelines (e.g., disbursement parameters, audit, etc.)

In case of watchlisted partners the Board can decide to take one of the following set of actions on priority basis.

- Do not approve any new proposals from the partner
- Cancel or hold remaining tranches of approved loan
- Increase interest rate, in case of further non-payments
- Initiate legal action for early repayment of principal
- Assess current (market) value and status of collateral
- Invoke cash collateral to minimise losses
- Conduct foreclosure or write-off part of the loan (if initiative helped accrue social benefits)

In case of Disbursement for non-performing partners, which fall beyond the defined disbursement parameters in the Monitoring Manual, the Board can advise the way forward.

ii. Executive Committee:

The Executive Committee (EC) will function as the advisory group for the NSDC Monitoring Guidelines.

- It will shape the strategic direction and guide the overall activities of the engagement, so that the mission and objectives align with NSDC leadership's strategy.

In case of watchlisted partners the EC can decide to take one of the following set of actions on priority basis.

- Decide on holding back a portion of next disbursement or delay the entire disbursement till certain conditions are met.
- Sanction independent audits/enquiry to assess extent of funding utilisation and misappropriation.
- Initiate re-diligence of partner in case of significant change in business plan/targets to assess if agreement re-structuring is needed.
- Or may refer cases to the NSDC Board for decision making.

In case of Disbursement for non-performing partners, which fall beyond the defined disbursement parameters in the Monitoring Manual, the EC can advise the way forward or may refer cases to the NSDC Board for decision making.

iii. Monitoring Team:

The monitoring function acts as the primary liaison between NSDC and the NSDC Training Partners on the ground. This team comprises of the following members:

- Head, Monitoring & MIS, NSDC
- Principal, Monitoring & MIS, NSDC
- Associate, Monitoring & MIS, NSDC
- Independent Monitoring Agency

This function is pivotal in establishing and maintaining on-going communications and being the primary interface with the executive steering committee. The key functions performed by the monitoring management team include –

- Overview the day-to-day operations

- Recommending course corrections
- Resolve escalated issues or escalate the same to competent authority
- Driving progress
- Setting directions
- Manage organizational expectations

In case of watchlisted partners the monitoring management team can decide to take one of the following set of actions on priority basis.

- Start closely monitoring the social performance and fund utilization (e.g., large transactions) in linked bank accounts, initiate Audit, etc.
- Send Non-Compliance letters for any non-compliance observed with respect to the agreement terms.
- Recommend handholding and connect the respective Training Partners to Innovation and Engagement team of NSDC.
- Request for note with justification or presentation to be made explaining reasons for non-performance or discriminatory events (missing repayment schedule, huge variation in fund utilization).

2.3. Monitoring team structure

The following figure details the 'monitoring management team structure' and its position with respect to the overall program governance structure for monitoring.

As indicated in the figure above, the monitoring management team includes the following members.

- Head, Monitoring & MIS

- Principal, Monitoring & MIS
- Associate, Monitoring & MIS – Financial Monitoring
- Analyst, Monitoring & MIS – Social Monitoring
- Program Management Unit (PMU) – Outsourced team of consultants.

3. Monitoring and evaluation framework

The approach adopted for monitoring includes self-reporting by Training Partners and subsequent validation of the information provided. The Training Partners are expected to report the data to NSDC in the formats and templates designed and shared by NSDC. The Training Partners will be monitored and evaluated on a periodic basis on a mix of social and financial parameters.

The basic guiding principles for monitoring and evaluation in NSDC are listed below.

i. Types of parameters
   - Mix of social and financial parameters to be monitored and evaluated.
   - Mix of quantitative and qualitative (rubric-based) parameters.
ii. Extent to which NSDC would validate data reported by Partners
   - Validate data on a random sample in a prioritized manner.
     o For priority partners that NSDC will support for a given quarter, validation conducted through telephonic conversations and field checks based on random sampling with 95% confidence level.
     o For partners about to receive large disbursements (> 8-10 Crores), conduct audits to check compliance with milestones.
     o For less credible partners, conduct audits upon receiving hint of malpractice.
   - All partners who have completed their first year of operations are to be audited.
iii. Frequency of measurement
   - Frequency for each parameter to be monthly, quarterly and annually on
     o Importance of measurement of parameter (e.g., no. of trainees completing training important to be measured each month as an immediate output)
     o Ease of measurement (e.g. some financial parameters feasible only at quarterly level)
     o Relevance of measurement (e.g. outcome measurement relevant only at lower frequency, some parameters such as staff size may be relatively static)
     o Parameters monitored
   - Monthly – social parameters
   - Quarterly – social and financial parameters
   - Annually – overall review of Annual plan for next year
iv. Placement of trainees
   The Candidates completing a training program are deemed to be trained only after their certification has been done either by training partner or by any other authorized certifying agency. Along with placement reports, training providers are advised to keep required proof of placement duly countersigned by the Employer and the candidate (e.g. monthly salary / employment letter and in case of self-employment proof as gross increase in earning/ or increase in assets / business/ increase in manpower engaged by them). These can be asked for during an audit or any ad-hoc request.

   In addition to the general training and placement process, trainees will also be considered as placed in the exceptional scenarios listed below.

   - Trainees who successfully complete the course and are certified but wish to pursue further studies.

- Trainees who successfully complete the course and are certified but desire to start his/her own Business.
- Trainees, who successfully complete the course, are certified and are selected in their Job Interview, but decline to join.

a. <u>Self-Employment</u>
Self-Employment should be encouraged for all the trades wherever possible. Candidates should give a self-declaration document either before the batch starts or after the completion of the batch mentioning that they would go for Self-Employment. In addition to this, it is mandatory to report the increase in his/her earning due to the training.

The same should be tracked for 6 months to 1 year, post the completion of training, after which another self-declaration from the trainee should be submitted to NSDC by the Training Partner clearly stating the increase in earning or generation of additional income through self-employment due to trainings undertaken. The training provided should be related to the sectors (trades, course etc.) in which the self-employment is being done by the trainee. After the second self-declaration is received the training and placement numbers will be considered by NSDC. A due diligence and evaluation of proof of self-employment and its impact will also be done by NSDC on a sampling basis.

b. <u>Up-skilling</u>

❒ **Company sponsored program**
In case up-skilling is conducted by a Partner and is sponsored by an Employer, the Employer should provide a letter to the partner, stating that they are ready to sponsor their employees for 'Up-skilling'. The partners should track the appreciation letter/ salary growth/ promotion letter of such candidates over a period of 6 months to 1 year, post completion of the training program. The Employee should provide a declaration letter stating that there has been a salary increase or promotion due to the up-skilling program. After the self-declarations are submitted to NSDC, the training numbers will be considered by NSDC. A due diligence and evaluation of proof and impact of training will also be done by NSDC on a sampling basis.

❒ **Self-Sponsored Program**
In case up-skilling is conducted by a Partner and is self-sponsored, candidate should be willing to pay for the 'Up-skilling' with a self-declaration letter. However, their performance appreciation / promotion / salary increase, should be monitored and a self-declaration letter addressing the same should be submitted again at the end of 6 months to 1 year. The achievement in the numbers will be considered only after the self-declaration is received. It is the responsibility of the partner to track the letters and provide the same to NSDC on sampling basis.

In such cases where skilling of the trainee is resulting in admission for any higher studies, it will be considered as part of the training numbers by NSDC. A proof of admission to the higher studies course with a self-declaration from the trainee should be submitted to NSDC for inclusion of training numbers.

NSDC will not accept offer letter from the employers or any undertaking from an individual stating that he/she is unwilling to accept the placement offer, as proof for employment provided by the training provider.

v. <u>Quality compliance</u>
The Standards & QA team from NSDC attends the welcome meeting with the newly approved Partners and explains the overall QA compliance guidelines and requirement of alignment to QP-

NOS developed by Sector Skill Councils. The Standards & QA team reviews the compliance of Partner's courses with the NSDC QA guidelines and updates the Training material compendium accordingly. The team discusses the gaps identified during the review process with the partner and agrees on timelines for closure.

a. Compliance to SSC QP-NOS:
Effective 1st April 2014, all training should be conducted in only those courses which are QP-NOS complaint. In case of courses where there is no Sector Skill Council formed, the course will need to be approved by the Standards & QA team.

b. Quality Compliance of courses for fund disbursement:
In case of fund disbursement request received from the Partner, the Standards and QA team needs to validate the QA compliance of courses conducted by the Partner.

If required, the Partners will need to send their content element to the Standards & QA team or the Monitoring team for validation. Upon receipt of the content element (soft or hard copy) from training partner, the Standards & QA team will validate the same and give approval.

The Monitoring Activities are further categorized into weekly, monthly, quarterly, annual and other activities which are undertaken on requirement. A list of activities is provided in the table below and has been further detailed in the subsequent sections.

S. No.	Activity
1	Welcome Meeting
Weekly Activities	
2	Conference Calls
Monthly Activities	
3	Monthly Dashboard
4	Update to Nominee Directors
5	Update to Ministry of Finance
6	Update to NSDA
7	Interest payment and Principal repayment tracker
Quarterly Activities	
8	Utilization Certificate collection and analysis
9	Quarterly Scorecard
10	Center Financials
11	Call Validation
12	Site Visits

S. No.	Activity
13	Management Audit
14	Online Survey
Annual Activities	
15	Annual Plan collection and analysis
16	Annual Financial Statements collection and analysis
17	Annual Impact Assessment
Other Activities	
18	Fund Disbursement
19	Revision of Business Plan/Financial Model
20	Partner Case studies on NSDC website

3.1 Welcome meeting

The Monitoring & MIS team of NSDC schedules a welcome meeting with the newly approved Partner within 1 month of the agreement signing date. Post receipt of intimation of agreement signing, the Monitoring team shares the Monitoring Policy document and the associated templates with the Partner and subsequently schedules a project kick-off meeting. The welcome meeting is an important exercise which sets the expectations of both parties and lays down the policy and process requirements. The invite for welcome meeting is shared with the persons listed below.

- Representatives of the Partner
- Head, Monitoring & MIS, NSDC
- Standards & QA, NSDC
- Representative from the SDMS team
- Associate, Monitoring

The primary focus of discussions and activities to be undertaken as a part of the welcome meetings, apart from any additional agenda identified by NSDC, are listed below:

- The monitoring and evaluation process at NSDC.
- Orientation on using Skill Development Management System (SDMS).
- The reporting requirements and their associated timelines.
- The tools and templates to be used for reporting purpose.
- Partner performance review mechanism.
- Project details, key milestones, funding details, timelines, etc.
- Appointment of a nodal person for coordination on monitoring and evaluation activities from each side (Training Partner and NSDC).
- Training under any Central/State Government funded schemes and plan for same.
- Immediate documents to be submitted by the Training Partners (e.g. Annual Plan, Execution Plan, Escalation Matrix, Course List, and Centre Details).

The Welcome Meeting PPT is provided to the Training Partners in a CD/Pen drive.

3.2   Conference call

The Monitoring team conducts conference calls with each Training Partner to discuss their progress, issues, challenges, etc. This throws open an effective channel where NSDC and the Training Partners can discuss the project performance, assistance required from NSDC, issues and concerns and mutually agreeable solutions. These calls are documented so as to keep a track of the discussed issues and the associated action items, which can be reviewed in the subsequent call.

The Monitoring Team schedules conference calls with around 2 - 3 Training Providers every week with an intent to touch base with all Training Partners over a quarter. The invite for the call is sent to the people listed below.

- Head, Monitoring & MIS, NSDC
- CEO/SPOC from Training Partner
- Project Manager, Monitoring PMU

The attendees discuss the progress and issues along with a recap of the status and progress on action items from the last call. The Minutes of the conference call is noted and uploaded in SDMS for records. The Monitoring Team further follows up with the Training Partners for closure of the action items identified during the call.

The template for documentation of minutes of the monthly conference calls is provided in Appendix 1.

3.3   Monthly Dashboard

The partners are required to share their progress across various social parameters on a real-time basis in SDMS. This report includes the progress on – no. of people trained and placed, centres operational, courses active, sectors and geographies covered, employer details, compliance of courses to QP-NOS developed by SSCs and NSDC QA guidelines, etc.

The SDMS walk-through is provided to a Training Partner during the kick-off meeting for any clarifications required. The data reported by Partners in SDMS forms the basis of all analysis undertaken by the Monitoring & MIS team on social parameters. Hence, it is of critical importance that the Partners ensure the correctness and completeness of data reported to NSDC. The Partners must have a validation or review mechanism in place for all reports to be shared with NSDC.

The data field against which data needs to be uploaded by Training Partners in SDMS is provided in Appendix 2. This includes both candidate and center details.

Post analysis of the reports received from Partners, the Monitoring team prepares a monthly summary dashboard with an update on the overall progress for the month. The Monthly Dashboard provides an update on the progress of Training Partners across key parameters and the overall progress of NSDC in terms of the training target, funding, etc. The Dashboard for a month is submitted by the 15th of the subsequent month and includes update on the items listed below.

- Training Partners approved, funded and active
- Centres operational
- Courses reported to S&QA team
- States/UTs and Districts covered
- Achievement for the month and year-to-date on the following:
    - o   Training
    - o   Training under other projects, e.g., STAR, Udaan, etc

- o   Placement
- o   Courses alignment to QP-NOS
- Male/Female ratio
- No. of Candidates undergoing training
- Sectors covered
- Fund disbursed
- Revenue generated
- Partner wise training and placement – target vs actual

The template for monthly progress summary dashboard is provided in Appendix 3.

3.4   Monthly Update to Nominee Directors

The Monitoring Team, on a monthly basis, provides updates to the Nominee Directors appointed by NSDC on the Boards of the equity Training Partners. The monthly update includes information on progress made by the respective Training Partner during the month across the parameters listed below.

- Social Performance
    - o   Training
    - o   Placement
    - o   Centres
    - o   Courses
    - o   Sectors
    - o   States
    - o   Update on progress in STAR scheme
- Financial Performance
    - o   Revenue
    - o   Expenditure
    - o   Interest payment and Principal repayment

The inputs on Social Performance are sourced from the data uploaded by Training Partners in SDMS. Furthermore, the update on progress in the STAR scheme is provided by the STAR team based on the data uploaded in SDMS. The Financial Performance is taken from the Utilization Certificate provided by the Training Partners.

The template for monthly update to Nominee Directors is provided in Appendix 4.

3.5   Monthly Update to Ministry of Finance

The Monitoring Team, on a monthly basis, provides updates to the Ministry of Finance in their specified template. The monthly update includes information on progress made by NSDC across the parameters listed below.

- Projects approved
- Trainees trained
- Trainees placed
- Fund disbursed
- Sectoral and Geographical coverage

The inputs on overall progress are sourced from the data uploaded by Training Partners in SDMS. Furthermore, the fund disbursement update is received from the Finance and Accounts department of NSDC.

The template for monthly update to Ministry of Finance is provided in Appendix 5.

3.6   Monthly Update to NSDA

The Monitoring Team, on a monthly basis, provides updates to the NSDC in their specified template. The monthly update includes information on the overall progress made by NSDC across various key parameters.

The inputs on overall progress are sourced from the data uploaded by Training Partners in SDMS. Furthermore, the fund disbursement update is received from the Finance and Accounts department of NSDC.

The template for monthly update to NSDA is provided in Appendix 6.

3.7   Monthly Interest payment and Principal repayment tracking

The Monitoring Team keeps a track of the status of Interest payment and Principal repayments received from the Training Partners. On the last working day of each month, the Monitoring Team requests information from Finance and Accounts department of NSDC, on the status of Interest payment and Principal repayments received from the Training Partners. The defaulters are subsequently followed up and a letter is sent to the Training Partners who have committed default in principal repayment and interest payment. The same is subsequently followed up until closure.

The template for monthly Interest payment and Principal repayment tracking is provided in Appendix 7.

3.8   Quarterly Utilization Certificate

At the end of each quarter, post first disbursement of funds by NSDC, the partners are required to submit an Audited Utilization Certificate in the template designed and shared by NSDC. Quarterly Utilization Certificate of Partners is required to be submitted to NSDC by the **15th of the first month post quarter-end**. The Utilization Certificate submitted by the Partner forms the basis of all analysis undertaken by the Monitoring & MIS team of NSDC on the financial parameters. Hence, it is of critical importance to ensure the correctness and completeness of the information provided in the Utilization Certificate.
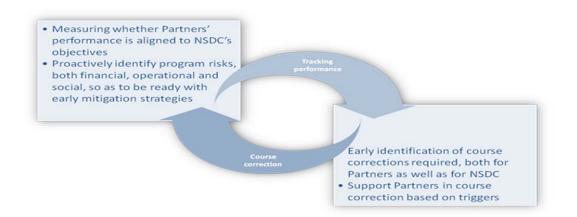
- Revenue, Operational Expenditure, Capital Expenditure and other financial parameters will be monitored and evaluated considering cumulative targets and compared quarterly with actual revenue and expenses in the Utilization Certificate submitted by the Partner.
- In case any of the Partners report higher deficit than the budgeted expenditure in the terms of their respective agreements, the Partner will need to infuse their own additional funds as equity.
- Every quarter based on the Utilization Certificate the expenditure details of content development are validated, including verifying transactions required to be done on arm's length basis.
- Investment of surplus funds in financial products which have a risk of loss is discouraged; however, the Partners are free to invest in assured high growth products and term deposits. The income earned on such modes should be infused in the NSDC project.

The Training Partner submits a Utilization Certificate to the Monitoring Team every quarter. The Monitoring Team assesses the Utilization Certificate received for completeness and that whether it is as per the template specified. Any discrepancies are communicated to the Training Partner and subsequently followed up for closure. The team further follows up with the Training Partners and Sector Skill Councils who have not submitted the Utilization Certificate, through reminder emails and calls.

The template for Quarterly Utilization Certificate is provided in Appendix 8.

3.9   Quarterly score card based analysis and review

A comprehensive scorecard has been developed for periodic evaluation of partners' performance across a set of social and financial excellence parameters. The objectives of the score card have been listed in the figure below.

The parameters included in the scorecard are a mix of social and financial parameters and have been divided into two broad categories as given below:

- Social excellence parameters – These are parameters which represent the operational health of the partners, e.g., number of trainees vs. target, trainees placed vs. target, etc.
- Financial excellence parameters – These are parameters which represent the financial health of the partners, e.g., earned revenue vs. target, fund utilization, etc.

The social and financial parameters are clubbed into four categories to define the overall performance of the account. Each of these categories is then classified into Green, Yellow and Red based on the logic below:

Category 1- Training vs. Placement
- **Red** – Training Target Achievement < 40% and Placement Target Achievement <70%
- **Yellow** - Training Target Achievement > 40% and Placement Target Achievement <70%
- **Green -** Training Target Achievement > 70% and Placement Target Achievement > 40%

Category 2- Training vs. Revenue
- **Red –** Training Target Achievement < 40% and Revenue Target Achievement <70%
- **Yellow -** Training Target Achievement > 40% and Revenue Target Achievement <70%
- **Green** - Training Target Achievement > 70% and Revenue Target Achievement > 40%

Category 3- Training vs. Expenditure
- **Red –** Training Target Achievement < 40% and Expenditure Target Achievement <70%
- **Yellow -** Training Target Achievement > 40% and Expenditure Target Achievement <70%
- **Green -** Training Target Achievement > 70% and Expenditure Target Achievement > 40%

Category 4- Revenue vs. Expenditure
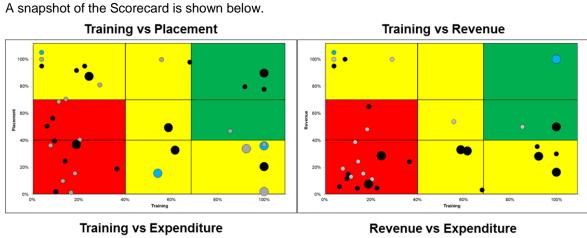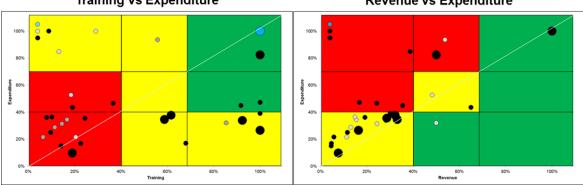- **Red –** Revenue Target Achievement < 40% and Expenditure Target Achievement <70%
- **Yellow -** Revenue Target Achievement > 40% and Expenditure Target Achievement <70%

- **Green -** Revenue Target Achievement > 70% and Expenditure Target Achievement > 40%

A snapshot of the Scorecard is shown below.

After identification of incipient stress on the Account the following four sub-categories under the Special Mention Account (SMA) category is created for determining the next course of action:

SMA Sub-Categories	Basis for classification
SMA-0 (**Signs of Stress**)	• **Principal or interest payment not overdue for more than 30 days** but account showing signs of incipient stress **through early warning signals** • **More than one year of operation**
SMA-1 (**Watch-list**)	• Principal or interest payment overdue between 31-60 days • More than 1 Year of Operation **and Red in 3 or more Categories** for last 3 Quarters **or** More than 2 Years of operation **and** Consistently Y**ellow for more than 3 categories** for more **than 8 Quarters**
SMA-2 (**Restructuring**)	• Principal or interest payment **overdue between 61-180 days** • More than 2 Years of operation **and** in **red for more than 3 categories** for last 3 Quarters • Agreements need to be re-structured as per revised plan and business model
SMA-3 (**Recommend for Recovery process to be initiated**)	• Principal or interest payment **overdue between 61-180 days** • More than 2 Years of operation **and** in red in more than three Parameters since start of operation**s.**

As soon as an account is reported by NSDC as SMA-2, It is possible that a borrower may request NSDC, with substantiated grounds, for referring the case to restructuring team on account of imminent stress. When such a request is received by NSDC, the Account shall be categorized as SMA-2. In case Management of NSDC feels based on reports that SMA-0 or SMA-1 may turn into SMA-2 or SMA-3, they may refer such Training partner for restructuring.

Based on the above the further actions could be taken on the particular account

SMA Sub-Categories	Basis for classification
SMA-0 (**Signs of Stress**)	• Close Monitoring of Inputs and request for Justification • Monthly Conference Calls to discuss the progress • Meeting with CEO/COO of NSDC and CEO of the Partner Organization
SMA-1 (**Watch-list**)	• Limit Exposure • Limit any further disbursement • Request for the revised implementation to meet the targets • Recommend to Restructuring Team to support the partner for turnaround
SMA-2 (**Restructuring**)	• Refer for restructuring
SMA-3 (**Recommend for recovery process**)	• Initiate action against the partner for Loan Call back after NSDC Board approval • Legal Action to be initiated • Any other action could be taken against Willful Defaulters as defined by NSDC Management

3.10 Center Financials

The Training Partners are expected to submit their center level financial details in the specified template. The details captured in the document are listed below.

- Center ownership and type
- Center size
- Average Annual Capacity
- Capacity Utilization
- Training
- Placement
- Revenue
- CAPEX and OPEX

The Training Partner submits a Center Financials to the Monitoring Team every quarter. The Monitoring Team assesses the Center Financials received for completeness and that whether it is as per the template specified. Any discrepancies are communicated to the Training Partner and subsequently followed up for closure. The team further follows up with the Training Partners who have not submitted the Center Financials, through reminder emails and calls.

The template for Center Financials is provided in Appendix 9.

3.11 Call Validation

On a quarterly basis, the Monitoring Team conducts a validation exercise through an outsourced Call Center of NSDC on a sampling basis. The validation exercise covers verification of training and employment details of the candidates and it further captures the feedback and satisfaction level of candidates trained and the employers.

The Monitoring Team downloads the candidate data dump from SDMS and shares it with the Call Center for validation. Two sets of questionnaires, one for the candidates and other for the employers, have been shared with the Call Center for validation.

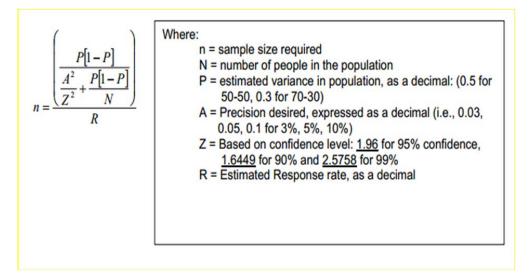The candidate questionnaire captures inputs and feedback on the items listed below.

- Candidate demographics
- Quality of training provided
- Quality of trainer
- Quality of course content
- Training schedule
- Post training assistance

The employer questionnaire captures inputs on the items listed below.

- Employer details
- Quality of candidates placed

The Call Center calls all the candidates and employers and captures their inputs in an excel sheet. The final sheet is shared with the Monitoring Team for analysis and subsequent follow up with the Training Partners for closure of issues highlighted during the Call Validation exercise.

The formula below is used for calculating the sample size of calls to be made out of the total data received through SDMS on a quarterly basis.

$$n = \frac{\left(\dfrac{P[1-P]}{\dfrac{A^2}{Z^2} + \dfrac{P[1-P]}{N}} \right)}{R}$$

Where:
- n = sample size required
- N = number of people in the population
- P = estimated variance in population, as a decimal: (0.5 for 50-50, 0.3 for 70-30)
- A = Precision desired, expressed as a decimal (i.e., 0.03, 0.05, 0.1 for 3%, 5%, 10%)
- Z = Based on confidence level: 1.96 for 95% confidence, 1.6449 for 90% and 2.5758 for 99%
- R = Estimated Response rate, as a decimal

Source: Jeff Watson, Research Assistant, Cooperative Extension & Outreach
The reference citation for this Tipsheet is: Watson, Jeff (2001). How to Determine a Sample Size: Tipsheet #60, University Park, PA: Penn State Cooperative Extension
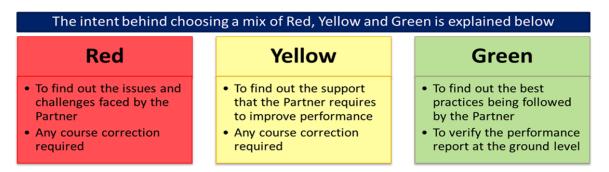
- Total number of centers in each group (N) = Sum total of all the centers functional of every partner
- Estimated variance (P)= could vary from 0.1 to 0.5 (as the grouping reduces the heterogeneity)

- Precision desired (A)= is between 5-10% in most surveys (statistical analysis)
- Estimated response rate= divide the number that responded to your survey by the total you invited

Candidate and Employer Questionnaire are provided in Appendix 10.
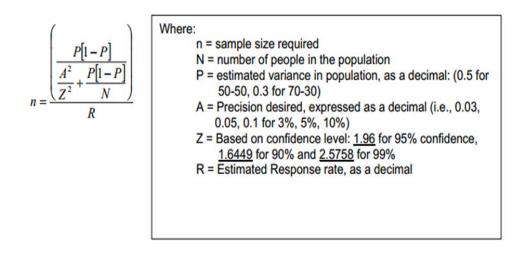
3.12 Site Visit

On a quarterly basis, the Monitoring Team prepares a plan for the forthcoming quarter's site visits to be conducted. The Training Partners and their centres are identified based on the scorecard prepared. A mix of Partners in Red, Yellow and Green category is selected and the intent is shown in the figure below.

Furthermore, the centres to be visited are selected based on a theme based approach – e.g. Franchisee Centres, Rural Focus, etc.

There is a center visit checklist which is carried along for the site visits for filling. Furthermore, the site visit reports, prepared in a specified template, are uploaded in SDMS.

After completing the scoring and placing the partners in the respective buckets of red, green and yellow, we need to determine the sample size of the field visits to be carried out for each section using the equation given as follows:-

$$n = \frac{\left(\dfrac{P[1-P]}{\dfrac{A^2}{Z^2} + \dfrac{P[1-P]}{N}} \right)}{R}$$

Where:
  n = sample size required
  N = number of people in the population
  P = estimated variance in population, as a decimal: (0.5 for 50-50, 0.3 for 70-30)
  A = Precision desired, expressed as a decimal (i.e., 0.03, 0.05, 0.1 for 3%, 5%, 10%)
  Z = Based on confidence level: 1.96 for 95% confidence, 1.6449 for 90% and 2.5758 for 99%
  R = Estimated Response rate, as a decimal

Source: Jeff Watson, Research Assistant, Cooperative Extension & Outreach
The reference citation for this Tipsheet is: Watson, Jeff (2001). How to Determine a Sample Size: Tipsheet #60, University Park, PA: Penn State Cooperative Extension

- Total number of centers in each group (N) = Sum total of all the centers functional of every partner
- Estimated variance (P)= could vary from 0.1 to 0.5 (as the grouping reduces the heterogeneity)

- Precision desired (A)= is between 5-10% in most surveys (statistical analysis)
- Estimated response rate= divide the number that responded to your survey by the total you invited

Template for site visit checklist is provided in Appendix 11.

3.13 Management Audit

Management Audit is undertaken through external auditors for Training Partners completing more than 1 year in operation. All Training Partners are audited by NSDC at least once every 2 years, and not more frequently than once every 6 months.

NSDC calls for quotations from ICAI empanelled Auditors based on the region where the Management Audit is to be conducted. Subsequently, the Auditors are appointed and the Audit process is initiated. The Auditors submit their report to NSDC on completion of the Audit. The report is studied and relevant clarifications are requested from the Training Partners. Post receipt of the clarifications from Training Partners, the Auditors is requested to visit them for closure. The Auditor verifies the same and submits a closure report to NSDC.

3.14 Online Survey

NSDC conducts an online survey of the candidates reported trained by the Training Providers. An online questionnaire is sent to the candidates on their email addresses for filling their response. The questionnaire is aimed at verification of facts and assessing the satisfaction level of all candidates with the Training imparted.

Candidate Questionnaire for online survey is provided in Appendix 12.

3.15 Annual Planning

The Training Partners are required to submit month-wise break-up of their annual milestones/targets/activities as per their agreement, for the coming Financial Year, in the Annual Plan template designed and shared by NSDC. The Annual Plan for the coming Financial Year is required to be submitted, latest by 31st January, by all Training Partners who have received their first disbursement from NSDC.

The Training Partners submit their Annual Plan in the specified template and upload it in the SDMS. The Annual Plan of Training Partners captures plan against the parameters listed below.

- Training
- Placement
- Centres
- Courses
- Staffing
- Revenue
- Expenditure
- Geographical spread
- Sectoral coverage
- Fund disbursement request

Post receipt of the Annual Plans from Training Partners, the same are analyzed for alignment with the milestones and timelines in their respective agreements with NSDC. The Training Partners can revise their annual training target, mentioned in the agreement, in light of conditions on the ground. The tolerance limit for such revision of annual target is 30% of the annual target mentioned in the agreement. However, the deficit in targets is to be made up within a band of 3 years of operations.

The template for Annual Plans is provided in Appendix 13.

3.16 Annual Financial statements

At the end of each Financial Year, the Training Partners are required to submit their audited Financial Statements, such as Balance Sheet, P&L Statements, etc., to NSDC latest by the 31st October every year or within 15 days of adoption of accounts in the Annual General Meeting of the Company, whichever is earlier.

3.17 Annual Impact Assessment

NSDC conducts an Annual assessment study across the country for measuring the impact created by the NSDC funded skilling initiatives. Third Party Agencies are selected through a Bidding Process to conduct this exercise.

3.18 Fund disbursement

The first disbursement post signing of funding agreement with NSDC is done by the Finance and Accounts team of NSDC, based on the pre-disbursement conditions fulfilled as per the relevant agreement clauses. Post first disbursement from NSDC, the Monitoring team will be the single point of contact for all subsequent fund requests.

The partner must, for every fund disbursement, send a request letter to NSDC requesting the disbursement at least 15 days in advance. NSDC reserves the right to reschedule the disbursement in the event of failure by the partner to achieve milestones mentioned in the agreement.

The documents to be submitted by the partner as a part of the fund disbursement request are:

- Formal Request letter.
- Utilization Certificate, if not submitted already for the last quarter.
- Other documents mentioned in the pre disbursement condition related to the requested tranche.

A standard operating procedure is followed for monitoring the fund disbursement. The steps are listed below.
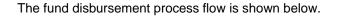
- Partner to send Disbursement request to Monitoring Team
- Documents submitted by Partner as per PDCs and other requirements depending upon circumstance of the case
- Performance observation note highlighting achievement status of key milestones etc. created for internal review and discussion
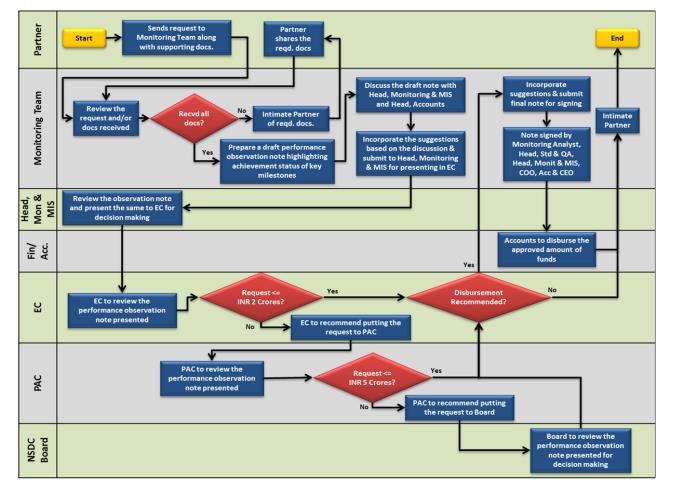- Basis performance note, approved funds disbursed

In case the guaranteed milestones are not achieved within the timelines, this would have a bearing on the subsequent fund disbursement to the partner. The PDC for the subsequent fund disbursement requires the Partner to submit an undertaking that all the terms and conditions of the Loan agreement on which the earlier disbursement was granted have been complied with and that the Borrower is not in default of any provision of the Loan Agreement and other Facility Agreement(s). The disbursements get delayed and the Partner loses right to pursue for disbursement in case they fail on their undertaking.

Validations which may be undertaken prior to any fund disbursement are listed below.

- Conduct audits on select partners prior to large disbursements (e.g., > `8-10 crores)
- Conduct field checks or audits after signing of agreement and prior to disbursements for initial stage start-up or large partners

- Conduct telephonic or field checks with select stakeholders for smaller disbursements (< `8 crores)
- Fulfillment of key milestones defined for the partner prior to disbursement (including financial audit of previously disbursed funds)

The fund disbursement process flow is shown below.

The Request Letter template for fund disbursement is provided in Appendix 14.

3.19 Revision of Business Plan/Financial Model

Any revision of Business Plan, amendments in the Agreement signed with NSDC and changes in the Financial Model, etc. needs to be addressed to the Investing and Incentivizing Team of NSDC marking a copy to the Monitoring Team.

3.20 Partner Case Studies on NSDC website

The Monitoring Team collects case studies, candidate testimonials, employer testimonials, achievements, awards, best practices, etc. from the Training Partners. The same is handed over to the Media and Advocacy team of NSDC to be uploaded on the NSDC website.

4. Appendix

4.1   Appendix 1 – Template for documenting Conference Calls
Attached

4.2   Appendix 2 – Data fields for uploading in SDMS
Attached

4.3   Appendix 3 – Template for Monthly Dashboard
Attached

4.4   Appendix 4 – Template for Update to Nominee Director
Attached

4.5   Appendix 5 – Template for Update to Ministry of Finance
Attached

4.6   Appendix 6 – Template for Update to NSDA
Attached

4.7   Appendix 7 - Template for Interest payment and Principal repayment
Attached

4.8   Appendix 8 - Template for Quarterly Utilization Certificate
Attached

4.9   Appendix 9 - Template for Centre Financials
Attached

4.10   Appendix 10 – Questionnaire for Candidate and Employer validation
Attached

4.11   Appendix 11 - Template for Site visit checklist
Attached

4.12   Appendix 12 – Candidate Questionnaire for online survey
Attached

4.13   Appendix 13 – Annual Plan template
Attached

4.14   Appendix 14 – Request Letter template for fund disbursement
Attached