

**Vocational Training Improvement Project (Cr. 4319-IN)**  
**Mid-Term Review Mission**  
**(April-June, 2011)**  
**Aide-Memoire**

**I. Introduction**

1. A World Bank team<sup>1</sup> jointly with the Directorate General of Employment & Training (DGE&T), Ministry of Labor and Employment (MoLE) team undertook the Mid-term Review Mission (MTR) during April-June, 2011. The Mission was concluded with the wrap-up meeting held on June 28, 2011 chaired by the National Project Director and Director General, and attended by senior officials of the States and Union Territories (UTs), Centrally Funded Institutions (CFIs) and MoLE.
2. Implementation progress of States/UTs (in small groups) and CFIs was reviewed in Delhi and state level. Separate reviews were conducted for North Eastern States, UTs and other lagging States. Field visits were made to some States for comprehensive institutional level supervision. Thematic experts groups were constituted and convened to discuss key issues and make recommendations that can be implemented to resolve the issues.
3. The key objectives of the Mission were to: assess achievements of Key Performance indicators and celebrate achievements; assess achievements on key output indicators; assess implementation progress - component/sub-component wise and State/UT wise; identify States for allocation of incentive funds; resolve outstanding COE issues; assess the need for reallocation of funds across components/sub-components; and assess the need for restructuring, if any.
4. The World Bank team deeply appreciates the cooperation, guidance, and able leadership provided by Mr. Sharda Prasad, Joint Secretary/Director General and the National Project Director, MoLE, who chaired many of the state review meetings, review meeting with the CFIs and the wrap-up meeting held on June 28, 2011. The Mission thanks Mr. R. P. Dhingra, Director In-charge (Projects), the National Project Coordinator, and other NPIU officers for their efforts in organizing, facilitating, and participating in the review mission. The IDA Task Team and the NPIU collected primary data from 377 ITIs on a number of indicators in a progress report format. The data was analyzed and compiled in a national level and state-wise MTR Performance Report Cards. The national level report card is attached to this aide memoire (Annex 1). The complete volume of MTR Performance Report Cards is posted on the DGET website: <http://dget.gov.in>.
5. The Mission thanks all the State Secretaries/Commissioners/ Directors/Joint Directors and other officials responsible for Vocational Training, Principals, instructors, students of ITIs, IMC chairpersons and members, and other industry representatives, and the officials from the CFIs for participating in the review process. The Mission also thanks the Governments of Andhra Pradesh, Assam, and Kerala for hosting state review meetings.

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**II. Key Project Data**

			<i>Last Dec 10</i>	<i>Last (June 11)</i>
Board Approval	June 5, 2007	Achievement of PDO	MS	MS
Effectiveness Date	December 17, 2007	Implementation progress	MS	MS
Original Closing Date	December 31, 2012	Problem Flags -Project Management -Procurement -Financial Management	MU MU MU	MS MU MS
Revised Closing Date	Not Applicable			
MTR Date	June 2011			
Revised Credit Amount				
Project Age	3.5 years			
% Disbursed	51% (as of June 30, 2011)			

Ratings: **HS**-Highly Satisfactory; **S**-Satisfactory; **MS**- Moderately Satisfactory, **MU**- Moderately Unsatisfactory, **U**-Unsatisfactory; **HU**-Highly Unsatisfactory; **NA**-Not Applicable; **NR**-Not Rated

**III. Progress on key outcome indicators**

Indicators	Baseline	Current value	End target
Percent of pass-outs from project ITIs that exit from the CTS system with a NCVT certificate, as compared to the baseline-disaggregated by gender.	All: 61.0% Male: 61.5% Female: 74.2%	All: COE 68%; COE Advanced Module (AM)-81% Male: BBT-74%, COE-100%; Female: BBT-68% and AM-81%	All: 73% Male: 73% Female: 89%
Percent of project ITIs' pass-outs who find employment within one year of finishing training, as compared to the baseline	All: 32.0% Male: 33.4% Female: 18.7%	The tracers study is underway. Expected to be completed by September 30 2011.	All: 50% Male: 52% Female: 48%
Real monthly earnings (INR) of employed pass-outs from project ITIs measured one year after	All: INR 2421	The tracers study is underway.	All: INR 3026

completing training, as compared to the baseline.		Expected to be completed by September 30, 2011.	
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The complete results framework with status of achievement for each indicator is provided in Annex 1.

6. Three mid-term evaluation studies: (i) Tracer study; (ii) Management review; and (iii) Environment Management Framework (EMF) audit, Asset audit, and Civil works quality review have been commissioned by the NPIU. There was a delay in the commissioning of these studies due to non-response to the first RFP. All three studies are underway now, and the final reports will become available by the end of September 2011.
7. The MoLE on its own commissioned a study on “Performance Evaluation of Industrial Training Institutes/Industrial Training centers (ITIs/ITCs)” to Quality Council of India (QCI, January 2011). The evaluation compared the performance of ITIs/ITCs- Center of Excellence (COEs) and non-COEs, and public and private institutions.
8. Relevant key findings from the QCI report are as below:
  - Expenditure against the allocated budget amount in COEs is better than non COE Institutes.
  - Internships to industries from COE Institutes are more in comparison to non-COEs.
  - Faculty from industries visiting ITIs as guest faculty is highest in case of COEs.
  - The pass rate for COEs has been the higher compared to non-COEs. About 81-99 percent of COE students passed the course in 2009, which is higher than 2008.
  - Employment gains have been the highest for COE students as they are expected to be the more competent.

#### **IV. Key reforms implemented under the project**

9. Key institutional reforms introduced under the project were: (i) constitution of Institution Management Committee (IMC) at ITI level with more than 50 percent representation and the chairperson from the private sector; (ii) delegation of enhanced academic, financial and administrative power to institution heads and IMC; and (iii) expansion and decentralization of instructor training.
10. Data from the progress report cards submitted by ITIs and the QCI study both consistently find that the first two institutional reforms are working reasonably well. All project ITIs have constituted IMCs with required private sector representation. In many states, IMCs in project institutions are playing an active role in improving the institution and quality of training, facilitating industry placement of students for training, visit of industry expert to ITIs as guest faculty, and in the employment of students. Almost all the project states have delegated academic, financial and administrative powers to the institution heads and IMCs who are actively exercising some of these powers.
11. The project laid strong emphasis on the quality of instructors in the vocational training sector, and this has been a key reform area under the project. The thrust of the reforms has been decentralizing instructors training to States and putting an integrated network of instructors training institutions in place. This would allow the instructor training system

in the sector to respond to instructors training needs both quantitatively and qualitatively. The project has facilitated (a) the expansion of instructor training facilities with upgraded facilities in existing Centrally-funded Instructors Training Institutions (CFI), (b) the establishment of Instructor Training Wings (ITWs) in ITIs, and (c) the accord of National Council of Vocational Training (NCVT) authorization to private training providers to train instructors. More than 10,000 instructors have been trained in the last three years surpassing the end target of the project. Nine states have been provided funds to establish ITWs.

### ***Good Practices***

12. Some good practices that the project has promoted are:
- Campus environment management: Maharashtra, Gujarat, MP, and Karnataka are implementing the environmental management framework even in ITIs not supported by the Project.
  - States' initiative to make employers/industries recognize COE for employment- Karnataka has taken the initiative of issuing a Government Order instructing both public and private sector employers to recognize COE certificates at par with CTS certificates for employment of COE trainees.
  - Monitoring and evaluation: Following the national level workshop on M&E, several states organized state level workshops with the NPIU and Bank team support. The state officials and ITI principals were trained to collect information on key performance indicators in a set format and analyze the information to monitor progress. Some states have developed their own computerized system to track students, their performance and placement. A web-based Management Information System (MIS) is being developed which will cover the whole craftsmen training sector in the country.
  - Training, Counseling and Placement Cells (TCPCs): Maharashtra and Gujarat have established computer enabled TCPCs in all ITIs. In many states, TCPCs are organizing job mela (employment fairs), campus recruitment and facilitating job placement.
  - Students Scholarship: Punjab has raised scholarship for Scheduled Caste below poverty line students to INR 1000 per month.
  - In most states salaries of contract faculty have been raised from an average of INR 3,500 to more than INR 10,000 except WB, TN, Kerala, MP., Karnataka & J&K. Bihar has raised the amount to INR 18,500.
  - Maharashtra, J & K, Delhi, Gujarat, and Karnataka have signed industry-institution cooperation Memorandum of Understanding with industries.
  - Uttarakhand and Gujarat have created resource centers in ITIs. People can access an ITI for all information on skill development.

### ***Other important achievements***

Other important achievements of the project include:

#### **Instructors in Position**

13. Each COE course requires six instructors for Broad Based Basic Training (BBBT) and six for Advance Modules (AM) training. Instructors are not required for Specialized Module (SM) because this is industry-based training and conducted in partnership with

industries. While most of the BBT instructors were transferred from the existing conventional trades, each State/UT had to create six new AM instructors positions with higher qualifications than the conventional CTS instructors in each ITI with a COE. This necessitated amendment in state recruitment rules and creation of new positions per the amended rules. Most states have amended recruitment rules in accordance with the requirements of the COE with enhanced entry qualification and salary scale for AM instructors. All states have created new positions for AM instructors and about 50% of the positions have been filled.

14. Overall, there is a significant improvement in filling up of vacant instructors' positions and principals' positions. According to the base-line data (2005-06), 75% instructors were in position against their sanctioned strength. By 2010-2011, this has increased to 92%. The percentage of full-time Principals without additional charge in position has increased by 5% from 91% to 96% during last two years.

Training of Contract Instructors

15. At the time the project started, most states did not have a policy for sending contract instructors for training. Also, these instructors were paid very low salaries which made it difficult to attract instructors of requisite quality. Under VTIP, many states have introduced policies whereby contract instructors are sent for training (both within and outside the state), and they have also raised contract instructors' salaries typically at the basic pay level of a new regular instructor for the position for which they are hired.
16. Under the project, for the first time States have prepared an Annual Training Plan for instructors and have submitted these to the Apex Hi-tech Institute and the Advanced Training Institutes for execution.

**V. Progress made on agreed actions of 3rd JRM:**

S. No.	Actions	Progress	Ratings*
1	Award the Implementation Support Agency contract	Negotiations with T1 failed. Negotiation with T2 is being undertaken. If the negotiation is successful, it is expected that the agency will be hired by August 30, 2011	3
2	Appoint individual consultants	A procurement consultant was hired. He joined and quit in six months time. An environmental consultant was selected and offered the appointment. But, she didn't join.	3
3	Empanelling of consultants for SPIUs to be completed and placed in SPIUs	Some consultants were empanelled and panel was recommended to the state for need based hiring. Only a few states hired.	4

4	Come up with an amended strategy for Instructors' Training Network and Reform and Innovations	An amended strategy has been developed.	3
5	Conduct 2 Sector workshops	A preliminary workshop in automotive sector was conducted.	2
6	Commission all mid-term studies	All MTR studies commissioned.	4
7	Submit the remaining audit reports	All audit reports for 2009-10 were submitted.	5
8	Submit clarifications on audit observation for FY 2006 and 2007	Pending. States are following up with their respective state Auditor General.	2
9	Submit Procurement Plans from the remaining states	All procurement plans submitted.	5

\*1=No progress; 2=Little progress; 3=Progress but less than satisfactory; 4=good progress; 5=Very good progress

## VI. Ranking of States/UTs on implementation parameters

- Based on level of instructors' vacancies, fund release and expenditure, BBT admission and pass rates, civil works progress, the states have been ranked in three categories as below.
- *Category 1: Well performing states:* The states who have continued to perform well over the project period and particularly during the last six months are: Gujarat, Maharashtra, Goa, Haryana, Delhi, Orissa, and Karnataka. These states account for 45 percent of the total project ITIs (181 out of 400 ITIs). Although these states are relatively performing better, they need to improve on Advance Module (AM) and Specialized Module (SM) training, filling up of AM instructors' vacancies and instructors training apart from expediting completion of civil works and establishment of fully equipped AM workshops.
- *Category 2: States on track:* The states that are more or less on track are: Uttar Pradesh, Himachal Pradesh, Madhya Pradesh, Chhattisgarh, Assam, Jharkhand, Punjab, Tamil Nadu, Kerala, Tripura, Uttarakhand, Sikkim, Manipur, Arunachal Pradesh, Puducherry, Mizoram, Nagaland, and Andhra Pradesh. These states account for 42 percent of ITIs (168 ITIs out of 400). Although these states are on track, they need to make concerted efforts to improve on Advance Module (AM) and Specialized Module (SM) training, filling up of AM instructors' vacancies and focus on instructors training apart from expediting completion of civil works and establishment of fully equipped AM workshops.
- *Category 3: Lagging states/UTs:* The states where implementation is lagging are: Bihar, West Bengal, Rajasthan, Daman & Diu, and Lakshadweep, J&K, Meghalaya, and Andaman & Nicobar Islands. These states account for 13 percent of the total project ITIs. These lagging states need to expedite expenditure; fill up instructors'

vacancies, including AM instructors; complete civil works to establish AM workshops and establish linkage with industries/employers. Instructors' training also needs greater attention.

## VII. Key issues and recommendations

17. The MTR mission identified the following issues which are critical for improving the quality of vocational training, employment of students, and sustainability of the COE scheme of vocational training after project closure.
18. *Project management:* Over the last eight months, implementation support and monitoring oversight from the NPIU has significantly improved. This has resulted in improvement in implementation pace, timely release of funds from the center to the states and from states to the institutions, resolution of financial management and procurement issues, accelerated completion of civil works, and better monitoring. With this, the ratings for project management and financial management are being upgraded from moderately unsatisfactory to moderately satisfactory. However, the rating for procurement remains moderately unsatisfactory, particularly because of lack of procurement capacity at the national level. It was agreed that a third party implementation support agency would be hired to supplement NPIU's capacity on procurement and other technical areas related to vocational training. This has been extremely delayed. If the agency is not hired by September 30, 2011, the ratings will be reviewed.
19. *Sustainability of COE course:* Obtaining National Council of Vocational Training (NCVT) affiliation for each COE by the respective state/UT is critical for sustainability of COEs. Each COE will be eligible for NCVT affiliation only after instructors are in positioned in full strength and AM workshops are fully established. Hence, sanctioning, filling up and regularization of Advance Module (AM) instructors is critical for ensuring sustainability of the COEs established under the project and other schemes of MoLE. In order to ensure sustainability of COEs, the MOLE needs to focus on the following:
  - a) All states to create the required 6 AM instructors' position for each COE, fill the number of positions as required depending on the current strength of AM, and regularize the contractual appointments of the AM instructors. The states with maximum number of AM instructors vacancies are: Uttarakhand, Tamil Nadu, Nagaland, Andaman & Nicobar, Rajasthan, Punjab, Assam, Bihar, Haryana and Goa. The mission recommends that MOLE takes up the issues at the highest level and press upon for early position creation and recruitment of instructors.
  - b) All the states must obtain National Council of Vocational Training (NCVT) affiliation of COEs by June 30, 2012. The NPIU must vigorously follow up with states/UTs to expedite application from the states and their approval at DGET level.
  - c) The DGET/MOLE needs to take immediate actions to implement the COE Expert Group recommendations with regard to sequencing of BBBT modules, bi-annual examination for BBBT modules, and resolving the issues of fragmented COE certification.
  - d) States need to forge partnership with industries for better operationalization of Specialized Modules.

- e) Sustainability of COE also depends on the capacity of the heads of institutions which are ITIs. The MOLE had taken an exemplary step of hiring Indian Institute of Management (IIM)- Ahmedabad to develop and offer a training for ITI principals on leadership and institutional development. The pilot training was highly appreciated by the Principals who attended it. The training could not be continued because of some issues raised by the Internal Finance Division of the MOLE. The mission strongly urges DGET/MOLE DGET to take initiatives to resume the Training for ITI Principals which has larger relevance for the sector.
20. *Instructors training:* The project has over achieved its end target of training 5000 instructors. More than 10,000 instructors have so far received training under the project. However, there are significant issues related to both quality and quantity of training of trainers and master trainers. The capacity to promote, coordinate and manage training of trainers and master trainers is extremely weak in the system. These are larger systemic issues, which require policy and programmatic dialogue and interventions. Some beginning has been made under the Project. The MOLE and the Bank team jointly organized an international workshop on training the trainers, in which good practices from Australia, Germany and Malaysia and from within the country were shared. The Ministry set up a Steering Committee and working groups to generate a policy dialogue on the subject. While the mission recommends facilitation of deeper policy dialogue, the following actions need to be taken under the project to further improve instructors/trainers training:
- a) Persuade states to train all their BBBT and AM instructors by June 2012.
  - b) Implement the recommendations of the AHI Expert group and strengthen AHI capacity to play the role of a nodal institution on capacity building of trainers and master trainers.
  - c) Provide technical support to the states to establish high quality Instructor Training Wings financed under the project.
21. *Trainees' employment:* Placement opportunities for COE pass outs would be better if COEs are publicized and employers are informed about the new multi skilling vocational training. DGET and the States need to publicize more and actively engage with employers.
22. *Enhancing internal and external efficiency of COE:* The multi skilling multi entry and exit vocational training certificate course called Center of Excellence is a new course introduced in about 500 ITIs since 2005-06. Over the last four to five years of implementation of COE several issues related to curricula, testing and certification, specialized modules have emerged which seemed to have been affecting both internal and external efficiency of the course. An Expert Group was constituted by the DGE&T during the MTR. The Group deliberated upon the issues and recommended actionable solution. The Mission strongly urges the MOLE to implement the actions, which are in placed in Annex 2.

## VIII. Component-wise Implementation Progress and Issues

### *Component 1: Improving Quality of Vocational Training*

23. The project design prescribed a competitive process for selection of ITIs for financing. Out of 400 ITIs financed under the project, 100 were selected in 2006-07, 150 in 2007-08 and the rest 150 in 2008-09. Most of the ITIs selected in 2008-09 got the approval from DGE&T towards the end of FY 2008-09, which means many of them started implementation only in 2009-10. Selection of ITIs was delayed because another project-Public Private Partnership (PPP) Scheme- was launched by the Ministry in 2007-08. The PPP Scheme did not have a competitive selection process and included remaining ITIs which were not covered by the existing COE schemes. As selection of ITIs into VTIP was still in progress when the PPP scheme was launched, this created confusion for the states to decide on which ITI to be covered under which scheme. This led to delay of selection of ITIs under VTIP leading to further implementation delays. Overall, about 25% of project ITIs started implementation in 2008-09 and another 25% started implementation only in 2009-10. In effect, about 50% of the total project ITIs have got less than three years for project implementation.
24. Despite delays in selection and approval of ITIs for financing under VTIP, most states are now on track, and the project is likely to meet its overall target KPIs. However, the level of achievements will vary from state to state. States falling in “well performing” category will achieve the KPIs, and the states falling in “states on track” category are likely to achieve KPIs to a large extent *provided the pace of improvement in implementation is further enhanced*. The supportive, monitoring and mentoring role of the NPIU/DGE&T is critical in making this happen. The late starters which are lagging in implementation are not likely to achieve the KPIs unless they significantly lift their performance in the remaining period of the project. The late starters need to focus on: completion of civil works, filling up of instructors’ vacancies and creation of positions and appointment of AM instructors, instructors training, and establishing linkage with industries for Specialized Module training and placement of trainees.
25. *Internal efficiency of COEs*: Progress on internal efficiency indicators- admission, drop-out, examine, pass and transition rates are assessed based on data collected from 377 ITIs from 33 states/UTs. In several states (HP, Karnataka, MP, UP, AP, Punjab, J & K, Haryana, Maharashtra, Uttarakhand, and Kerala) admission rate in BBBT is more than 100%, and in the rest of the states barring Bihar and Tamil Nadu, admission rate is more than 90%. The average pass rate for those who successfully cleared their BBBT exams in their first attempt for 2006-09 was 66% as against the baseline of 61%. In 2007-08, BBBT pass rates ranged from 10% in J & K to 95% in Kerala. In 2008-09, they ranged from 18% in J & K to 95% in Bihar. While the average pass rate for both the years was 66%, there is a decrease in variability across states. (Annex-1)
26. Transition rate from BBBT to AM has declined slightly from 88% to 84% between 2007-08 and 2008-09. Transition rates ranged from 38% in Assam to 100% in Kerala and Orissa in 2007-08; in 2008-09 they ranged from 18% in Assam to 112% in Goa. Apart from Assam in 2008-09, transition rates in 2008-09 are 70% or more in all the other states and union territories. Many states reported that lower transition to AM is also due to trainees finding employment after completing the BBBT modules in the first year. However, this is an area that needs further investigation and attention.

27. *External efficiency of COEs:* In order to link the ITIs with the labor market and increase the placement rates of ITI trainees, the VTIP proposed and supported the establishment of a Training, Counseling and Placement Cell (TCPC) in each project ITI. All project ITIs have established TCPCs. In some states, TCPCs have created and are using computerized data base of students for jobs and placement records. They have also been conducting mock interviews for potential candidates, job melas (employment fairs), and campus based recruitments for trainees. The mission feels that technical support and guidance from national and/or state level for strengthening TCPCs would help the States/ITIs a great deal. Currently, a tracers study to find out improvement in placement rate and wage rate is underway. The draft report is expected to be available by September 30, 2011.
28. *The efficiency and efficacy of COE model* will be fully achieved only when all the modules-BBBT, AM and SM, are delivered well. While there has been reasonably good progress on BBBT and AM, critical issues need to be addressed for implementation of SM. There is a general concern that SMs are not getting off the ground because; (i) industries are not willing to provide enterprise based SM training for six months, and (ii) for ITIs which are not located in industrial areas, there is no opportunity for providing SM in the vicinity of ITI. As an alternative, DGET/MOLE has brought a number of COE sectors under the Apprenticeship Training System (ATS). This is a means of legally enforcing employers to take SM trainees. While use of the ATS in lieu of SM as a stop-gap measure is acceptable, the full-impact of the COE's designated institution-industry combination of providing training and joint certification requires implementation of SM as it was designed. Through SM industry could design training curricula for trainees that would simulate industry skill needs. This is not possible with ATS which has its own curricula and duration of training for different sectors. The MoLE, respective state departments and ITIs need to further improve their engagement with industries in order to make SM happen.
29. *Instructors and Principals vacancies and their training:* At the beginning, the project started with some daunting challenges- prevailing high instructors and principals vacancies in most states; need for sanctioning 6 *new* AM instructors' positions for each COE by the state governments; need for amendment of instructor recruitment rules for AM instructors; prevailing low remuneration for contract faculty; and contract faculty not allowed by the state governments for training. In addition, instructors' training was of low priority for the states. Achievements of the project in addressing these issues have been significant. Most states have amended the instructors' recruitment rules, increased tenure and salaries of contract faculty, and taken steps to create AM instructors positions, filled large number of instructors and principals' vacancies. However, instructors' vacancies are still high in Bihar, West Bengal, Jharkhand, Tamil Nadu, Uttarakhand and Rajasthan. Although new positions have been created and sanctioned in these states, recruitment process will take a long time as recruitment is done by the State Public Service Commission. Vacancies of principals have reduced significantly. More than 10000 instructors have been trained under the project. Most states for the first time have submitted their instructors training plans to Apex Hi-tech Institute (AHI) responsible for coordinating instructors training.
30. The Project financed the Indian Institute of Management Ahmedabad [IIM(A)] to develop a training package for ITI Principals on "Excellence in Leadership and Institution Development". IIM (A) developed the training package using participatory and case-study approach and provided training to 42 Principals from project ITIs from 6 states. The pilot training was highly appreciated by the participants. However, further

training programs could not be organized as the Internal Finance Division stalled the training and asked DGE&T to explore other institutions that could offer similar training. The mission strongly urges the Ministry to resume the training of Principals and complete the training for Principals of all project ITIs.

31. *Establishment and strengthening of Instructors Training Network:* The Project intended to strengthen instructors training by establishing an instructor training network (ITN) through, (a) upgrading the facilities of 11 ATIs to train COE instructors, (b) establishing 10 Instructors Training Wings (ITW) under state government control to provide basic (entry-level) training; (c) starting refresher training courses for instructors in 20 selected COEs; (c) organize highly specialized training of instructors in other public and private institutions. The Apex Hi-Tech Institute, Bangalore was given the responsibility to manage and promote instructors training within the network. The mission assessed the progress of implementation of these reforms, which have larger and long-term systemic impact. This is described below:
  - a) *Instructor Training Wings (ITW):* One of the significant achievements of the project is promoting decentralization of instructors training from the center to the states through establishment of Instructors Training Wings (ITWs). These ITWs are new training the trainer institutions which the states are establishing with project resources. The existing ATIs are providing mentoring support to these fledgling institutions. Currently, proposals from nine states – Gujarat, Uttar Pradesh, Orissa, Karnataka, Andhra Pradesh, Maharashtra, Kerala, Uttarakhand, and Punjab have been approved by the Ministry for setting up of ITWs. Funds were released to three states – Gujarat, Orissa and Uttar Pradesh in FY 2010-11, and for the rest in FY 2011-12. Since setting up of a completely new training the trainer institution needs special technical expertise, the states would need technical assistance from the NPIU to help them build good institutions that caters to the needs of instructors training of the host as well as neighboring states. The mission recommends that the NPIU should procure both national and international expertise which can support the states building these new institutions. Each ITW should prepare an institutional development and business plan for how it will operate, along with strategies for its future growth and sustainability.
  - b) Training facilities in all the 11 ATIs have been upgraded and are being used for training the trainers. Although AHI with its limited capacity has tried to perform the role of managing and promoting instructors training, much more needs to be done. With the current institutional structure, mandate, and capacity, it is practically not possible for AHI to play the assigned role effectively. In order to redefine the institutional goals, structure and capacity of AHI, DGE&T constituted an Expert Group with representation from industry, DGE&T and CFIs. The Expert Group met at AHI during the mission and came up with recommendations on the role, responsibilities, institutional and staffing structure for AHI. The recommendations of the Expert Group on AHI were discussed with and agreed to by the senior officials of MoLE, including the Directors of CFIs and the Director General. The recommendations of the Expert Group are attached in Annex 3 to this aide memoire. The mission strongly urges DGE&T to initiate necessary actions to implement the recommendations.
32. *Incentive Fund:* The Project has the provision of providing incentive fund to the states for better performance. This is performance-based incentives in the form of additional

funding which was to be provided to the states demonstrating better performance on certain objective indicators after mid-term. Three states-Maharashtra, Gujarat and Orissa qualified for incentive fund and they have been released the first tranche of their respective award.

***Component 2: Promoting Systemic Reforms and Innovation:***

33. VTIP laid emphasis on reforms and innovations to bring about improvements in the vocational training system and to sustain gains made under the Project. The DGE&T is given the responsibility for implementing these activities in collaboration with States, industry associations, non-government organizations (NGOs), and private training providers.
34. *Promoting reform:* Two sets of activities were selected to promote reforms: (a) studies designated to develop viable proposal for reforms, and (b) study tours and short-term fellowship programs to enhance the capacity of the policy makers and system managers to implement reforms.
  - a) With the technical support from the Bank and ILO, MoLE has conducted two national workshops on National Vocational Qualifications Framework (NVQF). The workshops have sensitized a wide range of stakeholders and shared policy design options drawing lessons from international experience. Another international workshop was conducted on training the trainers. Per the recommendations of the 2<sup>nd</sup> workshop, occupational and qualifications mapping will be conducted in some key sectors. These sectoral mapping will provide the analytical base for crafting the national framework. The Ministry is undertaking a number of policy initiatives using its own funds.
  - b) There is a growing demand from the states for study tours to countries with better TVET system. The mission recommends that the DGET plan for study tours for officers from various project states and institutions, and organize the first study tour in the next six months.
35. *Innovations:* Despite several efforts at sensitizing states, not many states came forward with proposals for innovations fund. This is because in most states the departments in charge of vocational training are heavily understaffed and they lack capacity to convert an innovative idea into an implementable action and develop a proposal for that. The NPIU also lacks capacity to provide any technical support to the states in this direction. However, Orissa, Kerala, Karnataka, Gujarat, and Punjab have submitted proposals. The NPIU has formed an Evaluation Committee to evaluate the proposal and recommend award for National Steering Committee's approval. The mission recommends that the NPIU expedite evaluation and approval of the proposals to ensure that the approved proposals are awarded by August 30, 2011.

***Component 3: Project management, Monitoring and Evaluation***

36. *Project Management Capacity:* Project management capacity both at the center and state levels has improved starting from a low base. In the last six months, the NPIU has accelerated its support and monitoring activities. Nevertheless, there is a need for enhancing capacity at the national level. Hiring of a third party implementation support agency at the national level to provide hand holding support to the states has been

- delayed. After negotiations have failed with T1, the NPIU has started negotiations with T2. The mission strongly recommends that the hiring process is concluded expeditiously. Subject to this being completed, the current rating for project management and procurement could be upgrade. Most states have established their respective SPIU with the staffing pattern specified in the Project Implementation Plan. Most of the well performing states have established their SPIUs. The states which are yet to fully staff the SPIU are Bihar, Chhattisgarh, Uttar Pradesh, West Bengal, Tamil Nadu, Himachal Pradesh and Uttarakhand but have assured the mission that the process will be completed soon.
37. Most states have provided Procurement and Financial Management training to their officers. The NPIU financed Indian Institute of Management, Ahmedabad (IIM-A) to develop a training on leadership and management for ITI principals. IIM-A conducted extensive ground work based on which a training package entitled Excellence in Leadership and Management was developed and delivered to 42 principals from six states.
  38. *Monitoring and Evaluation:* Monitoring capacity of the NPIU and states has improved substantially under the project, starting from a relatively low base. Early in the project, a national level monitoring and evaluation workshop was conducted in which representatives of almost all states participated. This was followed by a number of states organizing similar workshops at their level which were attended by heads of project ITIs. The Bank team facilitated these workshops and provided technical assistance to support them.
  39. The mainstay of project monitoring in the VTIP is the progress report forms through which ITIs provide comprehensive information. Every six months, the NPIU collects information on all key performance indicators, intermediate outcome indicators, on institutional reforms, instructor numbers and their training and a host of other data from each project ITI and CFI. The institutional level data is analyzed intensively by the Bank task team based on which state-level report cards as well as the national report card are prepared. The report card captures incremental progress on key indicators on academic performance, reform implemented through the project, instructors positions and training, IMC meetings, civil works, environmental management framework, and equity assurance plan. These report cards are used in review discussions and ITI level supervision during field-visits. All report cards are also available in the public domain on the DGE&T website.
  40. The NPIU also regularly collects detailed ITI-wise data between the joint review missions on many aspects of project implementation including civil works and financial progress, and triangulates data collected through progress report forms with additional data from institutions such as AHI and ATIs on instructor training.
  41. Apart from these report cards and other data, the NPIU and Bank team regularly visits states and institutions to assess progress and provide on-site implementation support. Regular visits and implementation support reviews have helped the states and this practice to a great extent has made up for weak capacity at the national and state levels.
  42. *Management Information System:* There has been good progress in the development of the Management Information System (MIS). The design and development of the software is nearing completion, and preparatory work for Users Application Test (UAT) has

begun. It is expected that the UAT will be completed by November 2011, and the pilot of this turn-key project will be initiated by December 2011. The training of MIS users has been planned and is expected to be initiated after the UAT results have been processed.

## **IX. Procurement**

43. The Procurement Capacity of NPIU and SPIUs continue to be of concern. Lack of procurement capacity has affected project implementation and effective follow up of procurement issues. As per the Project Implementation Plan, the NPIU was to hire two procurement consultants. The NPIU could not hire good consultants despite publishing advertisements in the newspapers as the maximum salary allowed by the Internal Finance Division (IFD) per the Government Financial Rules was low enough to attract good consultants from the market. One retired government official had however had joined, but he quit after about six months. IFD has proved to be a major bottleneck in hiring of consultants. The NPIU agreed to hire an Implementation Support Agency to supplement its capacity, including procurement. It is expected that the agency will be hired by August 30, 2011 if approved by the IFD.
44. The Procurement Post Review (PPR) was conducted in 12 states and Advanced Training Institute, Kapur, a centrally funded institution during FY 09-10. There are number deviations which the PPR has pointed out. A workshop will be conducted in August 2011 to discuss the findings of the PPR and develop mitigation plan.
45. Despite staff shortage, the mission appreciates efforts of NPIU in ensuring all SPIUs have Bank approved procurement plans and rolling out two procurement trainings at NIFM. For detailed procurement issues, pl. see Annex 4.

## **X. Financial Management and Disbursement**

46. *Stock taking at MTR stage:* This is the mid-term review (MTR) of the project. The project was conceptualized using existing institutional arrangements of MoLE and the states. This implied using country systems (UCS): (i) GoI/ state systems are used for budget allocation and approval; (ii) Reserve Bank of India channels are used for transfer of funds from the GoI to the states and then state treasury systems are used for payments; (iii) Audit in each state is conducted by the Comptroller and Auditor General of India. The use of country systems has resulted in building of sustainable capacity of states; something which will continue even after project closure. It also brings in an additional benefit of reducing transaction costs since no new systems had to be established (e.g. software) which would otherwise have resulted in cost of system/ training all states' staff. However the project does require a high level of effort in terms of support to MoLE since it is the first experience in implementing a Bank financed project for the ministry as well as the states' staff.
47. *Disbursement/ Budget:* Out of total project allocation of SDR 185.10 million, disbursement as on June 10, 2011 is SDR 94.04 million. This signifies disbursement of 50.81% of the credit. MoLE made budgetary provision of Rs. 235 crores for FY 2010-11 but the BE approved for the current year i.e. 2011-12 is Rs. 100 crores only. This seems to be insufficient and the reason for the same is not clear.

48. *State Reviews:* Several FM aspects were considered not satisfactory during past reviews; to respond to these, MoLE conducted a series of review cum capacity building meetings with states during February/ March 2011. This resulted not only in settlement of several outstanding issues but also provided clarifications/ training to state staff. This has now started to yield results and has led reduction in outstanding issues. The increased monitoring by and support from the NPIU has led to improvement in timely submission of IUFRR and submission of all audit report for FY 09-10, and resolution of financial management issues. Hence, the rating for financial management is being upgraded from moderately unsatisfactory to moderately satisfactory.
49. *Interim Unaudited Financial Reports (IUFRRs):* The timeliness of submission and quality of IUFRRs has improved over the past two quarters.
50. *Audits:* All audit reports for FY 09 – 10 have come in. The MoLE is taking a proactive approach regarding audits for FY 10 – 11 in terms of reminding states. The Bank has also sent a communication to the MoLE/ C&AG highlighting persistent delays and non-compliance with certain sections of the Audit ToR. It is therefore expected that audits for FY 10 – 11 will be timelier. However (i) disallowances for past years remain unresolved and the Bank has had to make adjustments from disbursements; (ii) the special review of Maharashtra is underway and this should give a clear picture on payments that were made outside the regular systems. The detailed financial management issues are in Annex 5.

## **XI. Civil works**

51. ITIs which joined the project in 2006-07 have nearly completed their designated civil works. Of those that joined in 2007-08, most would be completing civil works by December 2011; those joining in 2008-09 would complete them by June 2012. About 33 ITIs are yet to start civil works. If these ITIs do not complete civil works by June 2012, as agreed with the NPIU, the states would be asked to bear the total civil works costs out of their state budget.
52. A third party civil works quality review is currently underway. The report will be available by September 2011. Some states have adopted good practices in civil works. Andhra Pradesh hired the National Academy for Construction for quality review. Maharashtra PWD has a separate quality audit wing which monitors quality and the review report is shared with the ITI and state departments. The ITI civil works coordinator closely liaises with the local PWD engineer for quality assurance and timely completion. Gujarat prepared a common COE building drawing which is implemented by all COEs. This has standardized the shape, structural and architectural designs and quality aspects of the building. This also saved time and cost in designing every COE separately.
53. At the mid-term, the mission reflected upon the experience of implementing civil works under the project and the reasons for the delays. With 25 percent as upper ceiling out of the total allocation to a state being allowed under the project to be spent for civil works, it was initially assumed that civil works is small and therefore can be done quickly. As project implementation progressed, it was gradually realized how important civil works for full establishment of COE was as most of the ITIs choosing to establish COE required new workshops for Advanced Modules. Even in advanced states most ITIs required significant renovations and refurbishment as these institutions had been established two to three decades ago with no or very little resources given to them for upkeep and maintenance of buildings.

54. States were given the choice of choosing the construction agencies and most states opted for the state Public Works Department (PWD) or other state construction agencies as against private contractors. As the project followed the government's existing financial systems, the funds for civil works was transferred to PWD/other state construction agencies' budget account by the respective finance department of the state government. For these state agencies, the amount was not large enough for them to complete the contracts given to them with any urgency. As a result, in most states, PWD was extremely slow in implementing civil works. To expedite civil works, MoLE facilitated interventions from the highest levels- from the Union Labor Minister, Cabinet Secretary, GOI Urban Development Secretary. Additionally, a number of letters have been written by the Union Labor Minister to the Chief Ministers and his state counterparts requesting for their interventions. The state Secretaries in-charge of ITIs have also made tremendous efforts to move their respective PWD/state construction agency. In many states, PWDs/other state construction agencies also refused to use World Bank procurement procedures.
55. The issues and attitude of PWD described above caused considerable delays in the completion of civil works, which has seriously affected implementation of COEs. Without the completion of civil works, particularly Advance Module workshops, the full-fledged functioning of COE has got compromised. Also, overall disbursement under the project was initially low as the funds given to PWDs and other state agencies were parked there without incurring expenditure.

## **XII. Safeguards: Environment Management**

56. The key objective of the mid-term review of the project from the environment management and safeguards perspective was to assess the adequacy and quality of the implementation of Environment Management Framework (EMF) agreed for the project. The mission primarily focused on the following: (a) review of the implementation of Campus Environment Management measures in the participating states, including the status of institutional arrangements made to facilitate this; (b) status of integration of environment, health and safety (EHS) aspects into the course curriculum; and (c) Independent Audit of the over-all implementation of the EMF. Details have been provided in Annex 6.
57. The over-all environmental safeguards and management in the project is being rated '*satisfactory*' in the light of the efforts made by NPIU and the encouraging performance shown by some of the states. From a scenario, when the concept of campus environmental management was quite weak and its linkage to learning and teaching objectives was largely over-looked during the project preparation and the first year of its implementation, there has been a gradual but steady improvement in the over-all level of awareness and understanding on environment management issues in the project and increasingly efforts are being made to improve compliance with EMF requirements. In most states, State Environment Officers have been designated; initiatives towards improved campus environment management have been taken and; training programs have been organized to build awareness and capacity at the institute level (ITIs).

### XIII. Next Review Mission

58. The next review mission will be conducted in September-October, 2011. Three regional review meeting will be conducted as was done during the first three JRMs. A separate review of CFIs will also be a part of the JRM. Before the regional review meetings takes place, the NPIU will organize state/institution level review of some specific states ad mentioned in below under Agreed Actions. The NPIU will submit a detailed progress report before 15 days from the commencement of the regional review.

### XIV. Agreed Actions:

*The NPIU* to accomplish the following:

S. No.	Actions	Date of completion
1	Award the Implementation support agency contract	September 30, 2011.
2	Conduct state/institutional reviews in Rajasthan, J&K, Haryana, Tamil Nadu, Chhatishgarh, U.P. and Jharkhand	September, 2011
3	Workshop on Procurement and Civil works	August, 2011
4	Review and award innovations grant to the selected proposals.	September 15, 2011
5	Sector groups in Automobile, Electrical and Production & Manufacturing sectors will be constituted and their meeting will be convened.	Three separate Groups will be constituted by August 20, 2011. Meetings of all the three Groups will be held in September, 2011
6	Mid-term Studies reports	Draft report of all the three studies to be made available by September 30, 2011
7	Submit the audit reports for FY 10-11 to the Bank	September 30, 2011
8	Submit list of contracts from the sample states for post-procurement review for FY 2011.	August 30, 2011
9	Submit clarifications on pending audit observation	At the earliest

*For states:* The states need to accomplish the following tasks in a timely manner:

Actions	To be completed by
Obtain NCVT affiliation for all COEs	December 30, 2011
Complete all civil works and fully establish AM workshops	December 30, 2011
Create and fill Advanced Module instructors positions	December 30, 2011
Place full time principals (without additional charge) in all project ITIs	December 30, 2011

Ensure 20% of the total untrained CTS instructors be deputed for training in 2009-10. Submit the Training Plan for 2009-10 by	December 30, 2010
Ensure 100% COE instructors to be trained	June 30, 2011
Complete all civil works	December 31, 2011
Ensure establishment of fully equipped Advanced Module Workshops	December 31, 2011

**INDIA: Vocational Training Improvement Project (Cr. 4319-IN)**  
**Results Monitoring Framework at Mid-term Review**

Outcome (Key performance indicators)	Baseline	Data collection and reporting			Remarks
		Mid-term Target	Mid-term Achievement	End-term Target	
<b>Project development objective outcome indicators</b>					
Percent of pass-outs from project ITIs that exit from the CTS system with a NCVT certificate, as compared to the baseline; - disaggregated by gender	All: 61.0% M: 61.5% F: 74.2% Note: [1]	67%  67% 81%	All: COE BBT 68%; COE Advanced Module (AM)-81% Male: BBT-74%, COE-100%; Female: BBT-68% and AM-81%	73%  73% 89%	
Percent of project ITIs' pass-outs who find employment within one year of finishing training, as compared to the baseline; - disaggregated by gender, caste	All: 32.0% M: 33.4% F: 18.7% SC: 29.4% ST: 27.6% Note: [2]	43%  45% 25% 39% 37%	The Tracers study is underway. The report would be available by September 30, 2011.	50%  52% 29% 46% 43%	
Real monthly earnings (INR) of employed pass-outs from project ITIs measured one year after completing training, as compared to the baseline; - disaggregated by gender	All: 2421 M: 2474 F: 1961 Note: [3]	2784  2845 2255	The Tracers study is underway. The report would be available by September 30, 2011.	3026  3093 2451	
Notes: [1] Source: ITI Institutional Survey. Estimates based on the percent of 2003 entering cohort in 2-year training course that pass the trade test. [2] Source: Tracer Study of ITI Pass-outs [3] Source: Tracer Study of ITI Pass-outs. Estimates based on (full-month equivalent) earnings of currently employed pass-outs completing training in 2005 and with about 1 year in the labor market.					

Intermediate Output Indicators	Baseline	Data collection and reporting			Remarks
		Mid-term Target	Mid-term Achievement	End-term Target	
<b>Component 1: Improving Quality of Vocational Training</b>					
<b>Sub-component 1.1: Strengthening Industrial Training Institutes</b> <ul style="list-style-type: none"> <li>• Percent of ITIs having active private sector participation in IMCs measured by their attendance at IMC meetings and through field visits by SPIU staff;</li> <li>• The proportion of a State/UTs allocation that has been expended;</li> <li>• The proportion of relevant instructor vacancies that are filled;</li> </ul>		100	100	100	
		90	76	100	
		90	92(CTS instructor) 100(BBBT instructors) 37(AM instructors)		
<b>Sub-Component 1.2: Training of Trainers</b> <ul style="list-style-type: none"> <li>• Number of Instructors Training Wings (ITWs) established or upgraded to provide entry level instructors training</li> <li>• Number of new and current instructors given entry level or refresher/specialized instructors courses annually</li> </ul>	0	7	3	10	Proposals from 9 states for ITW have been approved. The MOLE has released funds to 3 states. Funds to the rest of the states will be released by October 30, 2011.
	0	2700	12895	5100	

Intermediate Output Indicators	Baseline	Data collection and reporting			Remarks
		Mid-term Target	Mid-term Achievement	End-term Target	
<b>Sub-Component 1.3: Incentive Fund</b> <ul style="list-style-type: none"> <li>Number and types of grants provided to well-performing States/UTs, and the distribution of these resources to non-project ITIs</li> </ul>	0	10	3	20	
<b>Component 2: Promoting Systemic Reforms and Innovations</b>					
<b>Sub-component 2.1: Promotion of Reforms</b> <ul style="list-style-type: none"> <li>Number of studies commissioned by NPIU</li> </ul>		6	3	9	
<b>Sub-component 2.2: Innovations Fund</b> <ul style="list-style-type: none"> <li>Number of innovative proposals financed by innovations fund, and distribution of grants by type</li> </ul>		11	0	20	Five states have submitted 8 proposals to the NPIU. The proposals are under review.
<b>Sub-component 2.3: Strengthening Capacity to Develop Curriculum and Resource Materials</b> <ul style="list-style-type: none"> <li>AHI - number of trades upgraded annually with new curricula for emerging technologies</li> </ul>		20 4	0 0	24 Yearly	AHI's mandate is not to revise trade curricula. Under the Project, AHI was to develop AM instructor training curricula, which AHI has developed for 21 COE sector.
<b>Component 3: Project Management, Monitoring and Evaluation</b>					
<b>Component 3.1: Project Management</b> <ul style="list-style-type: none"> <li>A National Steering Committee (NSC), supported by NPIU, established</li> </ul>			NSC is established		

Intermediate Output Indicators	Baseline	Data collection and reporting			Remarks
		Mid-term Target	Mid-term Achievement	End-term Target	
<ul style="list-style-type: none"> <li>State-level Steering Committees (SSC), supported by SPIU, established within 3 months of project effectiveness</li> </ul>			All SSCs are established		
<b>Sub-Component 3.2: Monitoring and Evaluation</b> <ul style="list-style-type: none"> <li>ITI institutional survey</li> <li>Tracer study of ITI pass-outs</li> <li>Web-based Management Information System (MIS) implemented, based on baseline surveys and field visits.</li> <li>Bi-annual joint GoI-IDA review of project implementation progress</li> <li>Project evaluation undertaken at mid-term and end-term by independent local/international consultant firms.</li> </ul>	Yes Yes  Yes  Yes	Yes Yes  Yes	Done Done  Done  Done  Underway	Yearly Yearly  Bi-annual  Periodic	

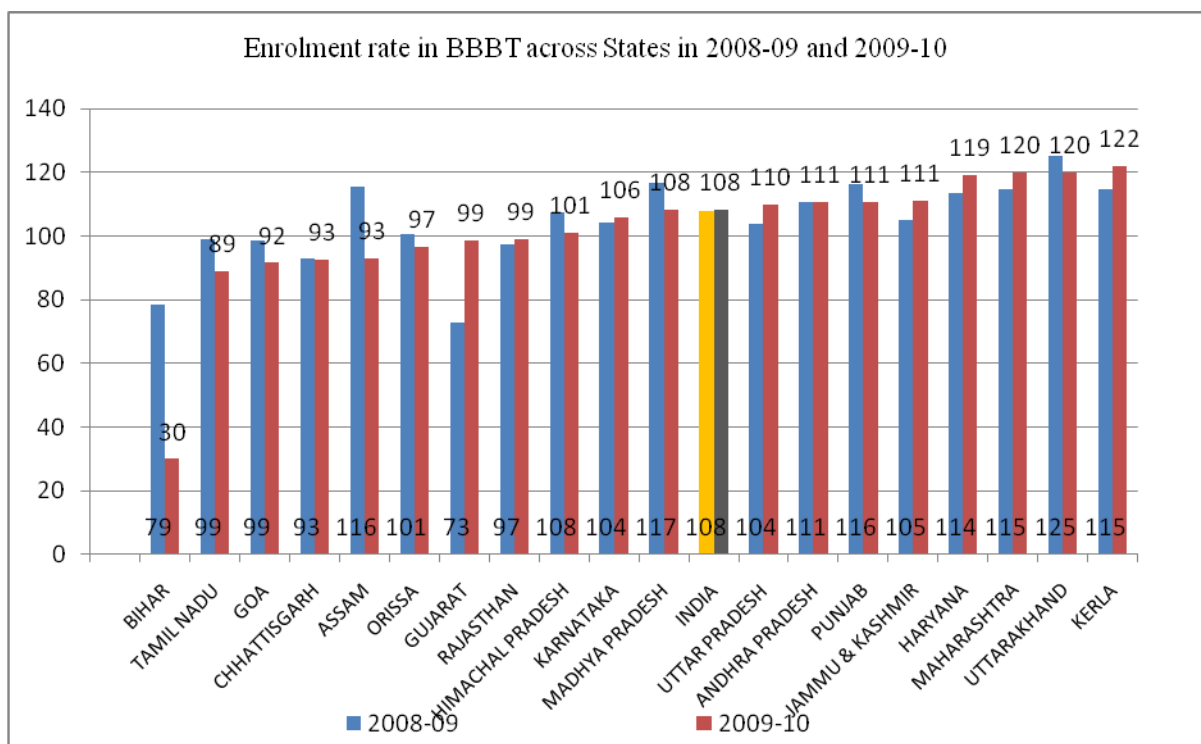
## India: Vocational Training Improvement Project Mid-Term Review Performance Report Card

### A. Participation and Achievement in Broad Based Basic Training

#### Enrolment in BBBT

- i. The average enrolment rate in Broad Based Basic Training (BBBT) has been over 100% in both 2008-09 and 2009-10.
- ii. There has been an increase in enrolment rates over time in most states. Bihar is the only state showing a substantial drop (from 80% to 30%) which can be due to both real decline and faulty data. Tamil Nadu, Goa and Assam have also reported some declines, although in all three states enrollment rates are above 80%.
- iii. As long as the enrolment rates are 80% or more, the internal efficiency target of 100% is met because the actual number of seats in one BBBT unit is 96, and enrolment rates have been measured against 121 which include supernumerary seats.

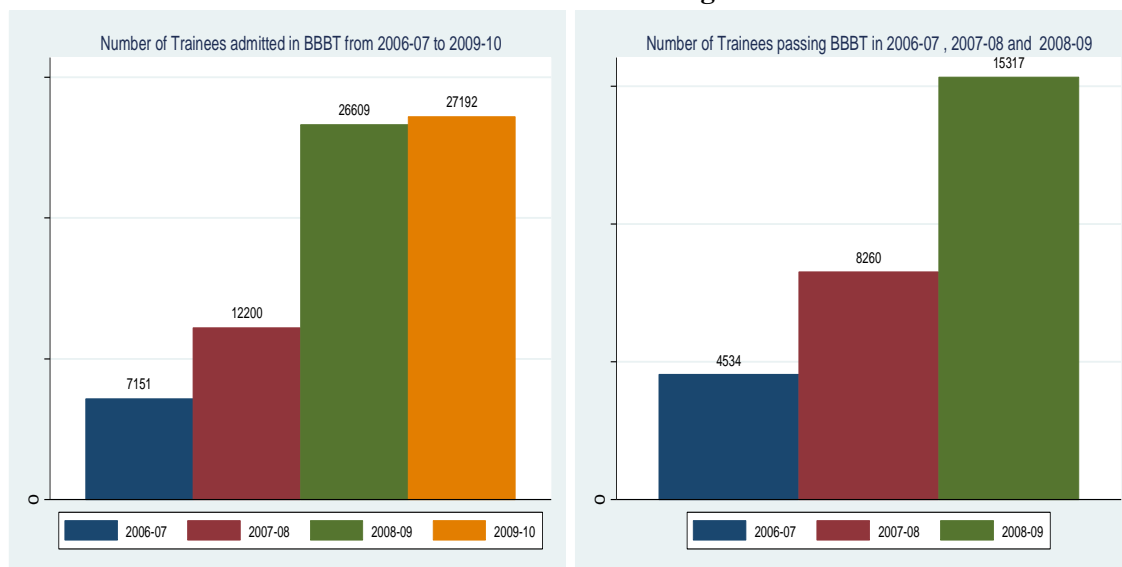
**Figure 1: Percentage trainees admitted in Broad Based Basic Training Modules across States and Union Territories, 2008-09 and 2009-10**



#### Output of BBBT courses

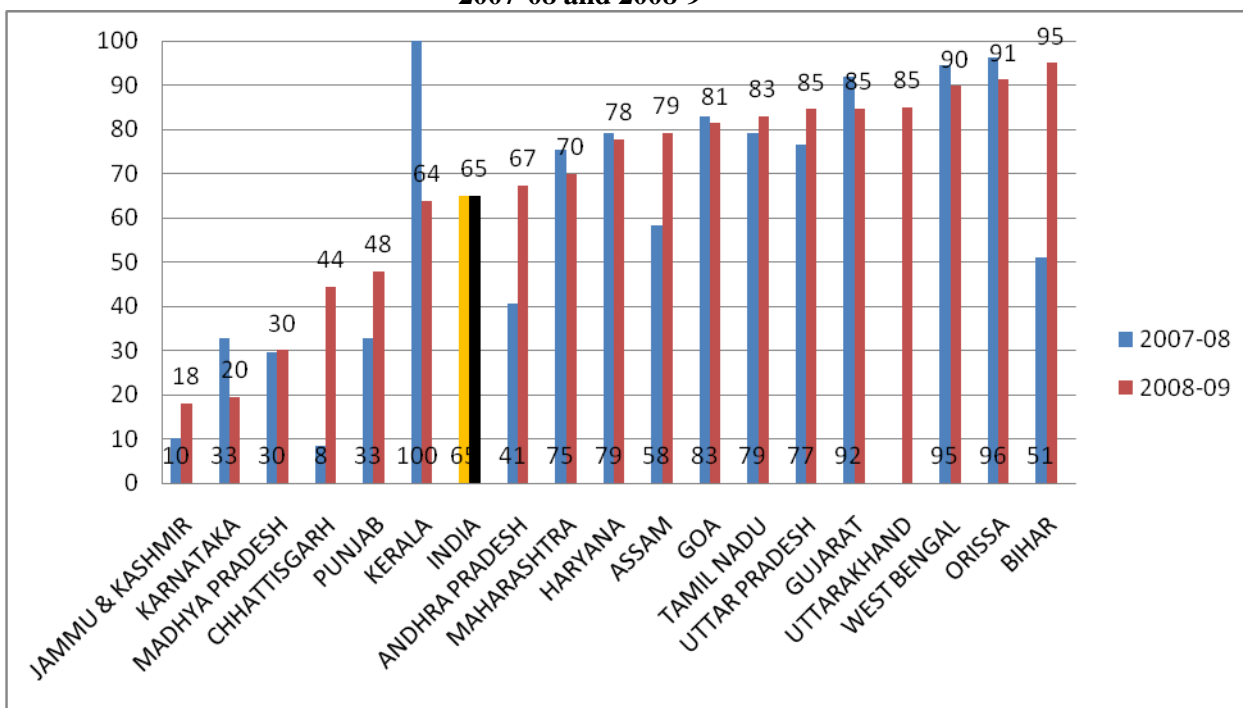
- iv. Between 2006-07 and 2009-10, more than 73000 trainees had enrolled in BBBT courses.
- v. The average pass rate for those who successfully cleared their BBBT exams in their first attempt for 2006-09 was 66%.

**Figures 2 & 3: Number of trainees admitted (2006-10) and passed (2006-09) at first attempt in Broad Based Basic Training Modules**



vi. In 2007-08, BBMT pass-rates ranged from 10% in Jammu & Kashmir to 100% in Kerala. In 2008-09, they ranged from 18% in Jammu & Kashmir to 95% in Bihar. While the average pass-rate for both years was 66%, there was a decrease in variability across states.

**Figure 4: Percentage trainees passed in Broad Based Basic Training Modules across States, 2007-08 and 2008-9**

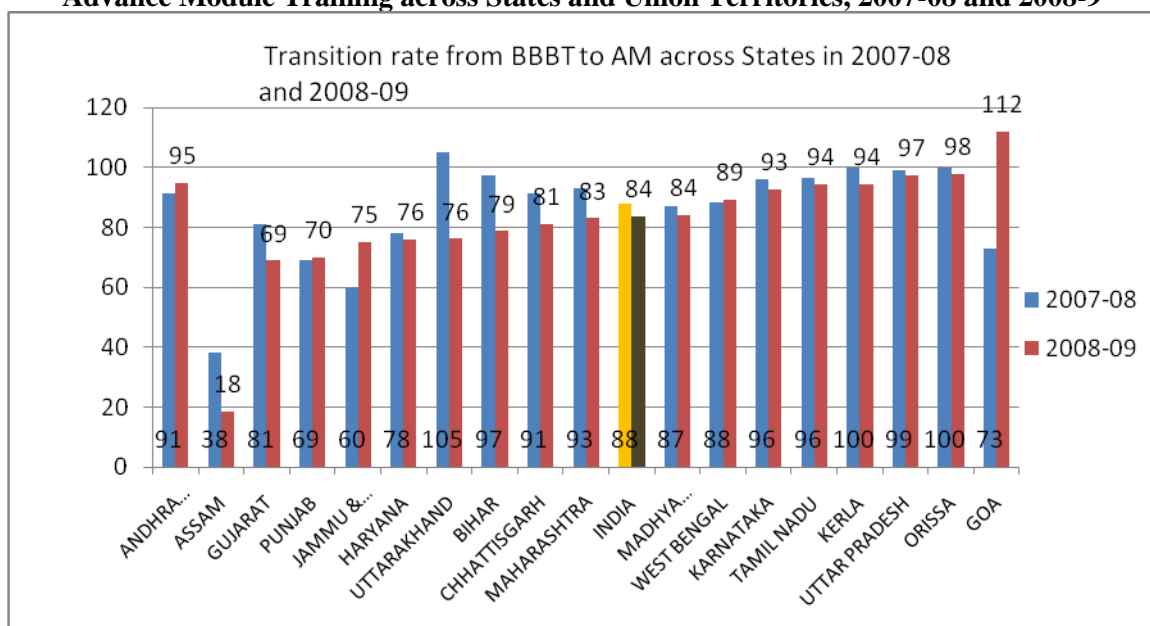


## B. Participation and Achievement in Advanced Module Training (AM)

### Enrolment in AM

- vii. Transition rate from BBT to AM has declined slightly from 88% to 84% between 2007-08 and 2008-09.
- i. Transition rates ranged from 38% (Assam) to 100% (Kerala and Orissa) in 2007-08. They ranged from 18% (Assam) to 112% (Goa) in 2008-09. Apart from Assam in 2008-09, transition rates in 2008-09 are 70% or more in all the other states and union territories.

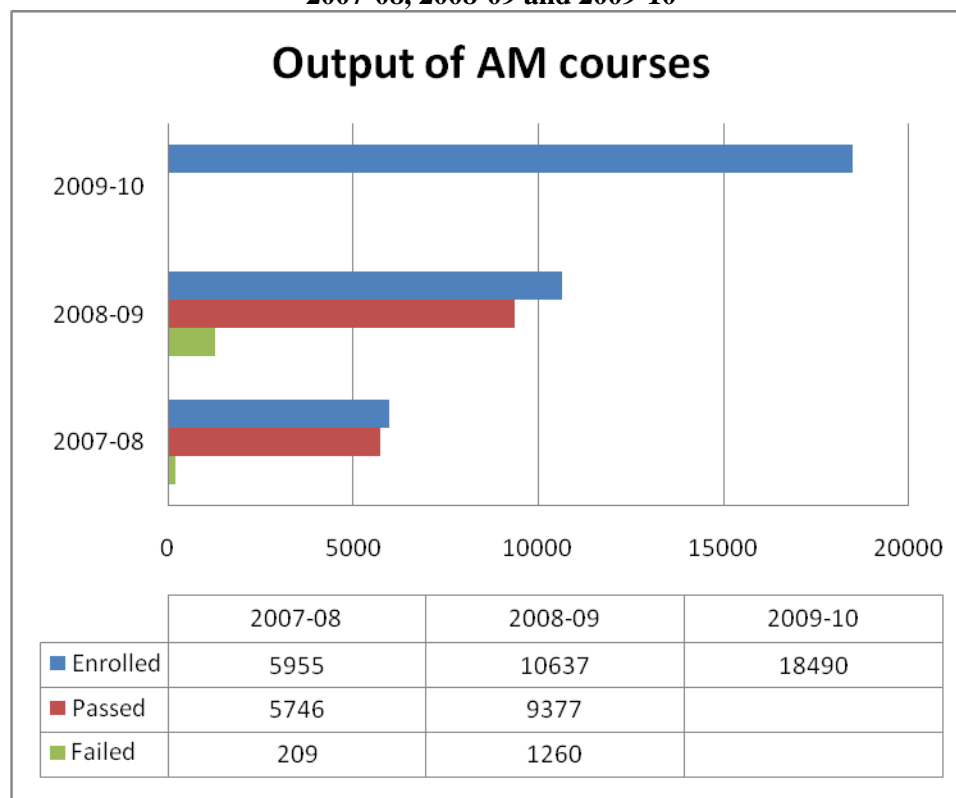
**Figure 5: Percentage trainees making the transition from Broad Based Basic Training to Advance Module Training across States and Union Territories, 2007-08 and 2008-9**



### Output of AM courses

- ii. More than 35,000 trainees enrolled in AM courses in the first three years of the project, 2007-08, 2008-09 and 2009-10.
- iii. For the 2007-08 and 2008-09 AM batches, the average pass-rate for trainees was 91% (total enrolled trainees for these two years was 16600).

**Figure 6: Enrollment and Examination Success in Advanced Module Courses, 2007-08, 2008-09 and 2009-10**

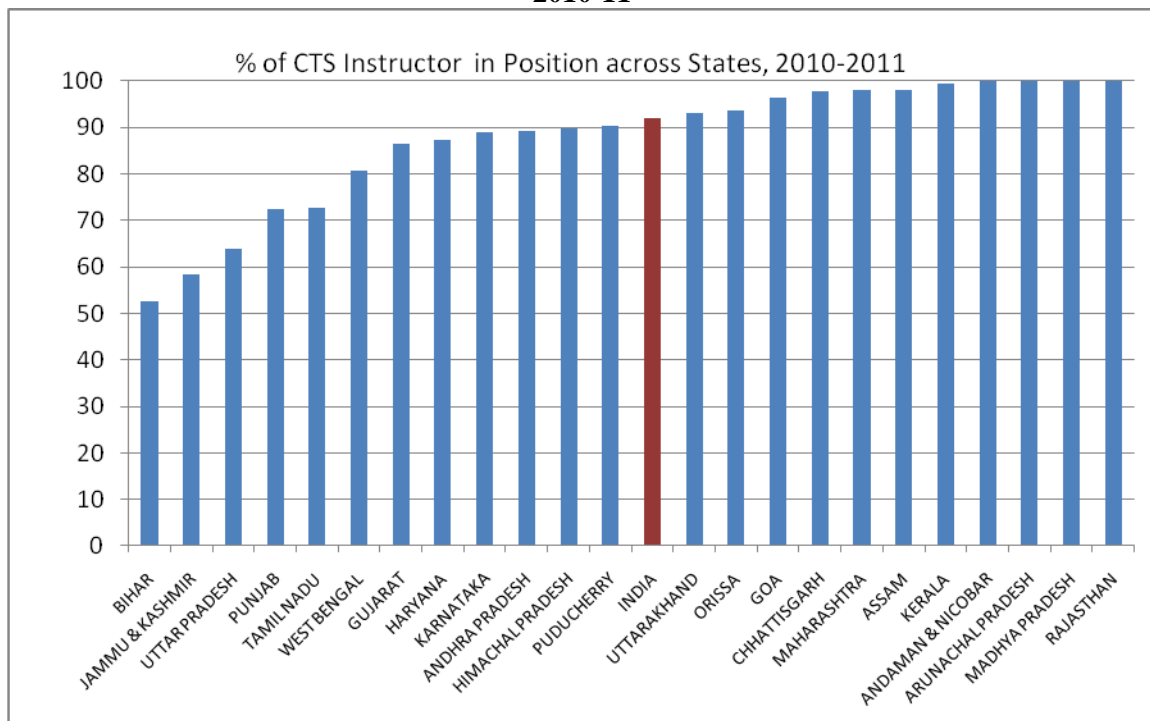


### **C. Instructors in Position, Reduction in Instructor Vacancy, Principals and Instructor Training**

#### Craftsman Training Scheme (CTS) Instructors

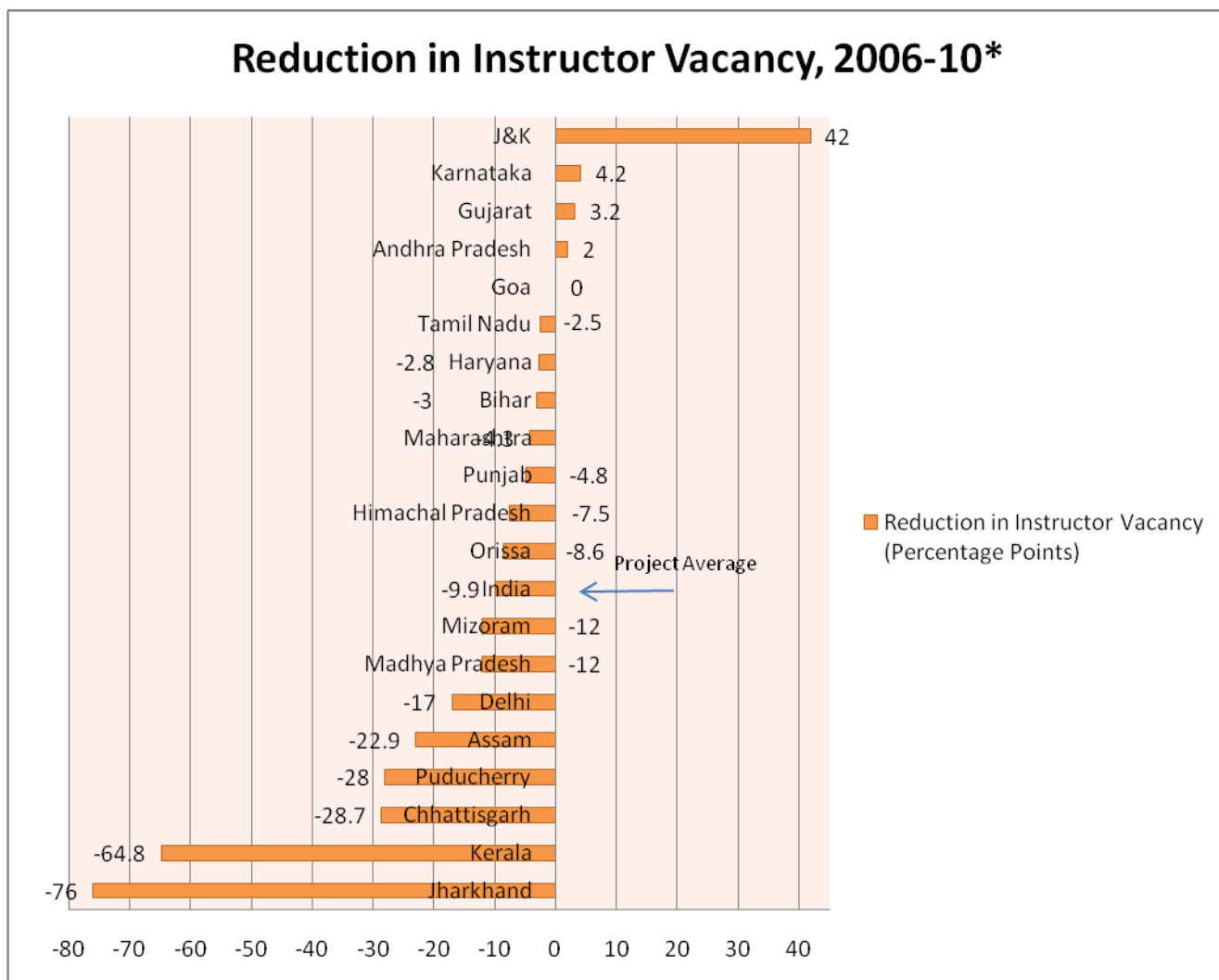
- i. Against the target of 90% or more CTS instructors in position in ITIs supported by VTIP, the average for the total project across India is encouraging. According to the base-line data, xx% instructors were in position against their sanctioned strength. By 2010-2011, the average was 92%. The greatest shortfalls are in Bihar (47%), Jammu and Kashmir (42%) and Uttar Pradesh (36%).

**Figure 7: Percentage CTS instructors in position, States and Union Territories of India, 2010-11**



State-wise reduction in overall Instructor Vacancy

- ii. For the project overall, instructor vacancy had declined by nearly 10 percentage points, from 20% to 10% between the first joint review mission and the mid-term review of the project.
- iii. The largest reduction in instructor vacancy between the first Joint Review Mission (xx, 2008) and the Mid-Term Review (xx, 2011) has been in Jharkhand (75 percentage points) and Kerala (65.8 percentage points). Some states have shown an increase in overall instructor vacancy. Jammu & Kashmir's instructor vacancy has increased by 42 percentage points.

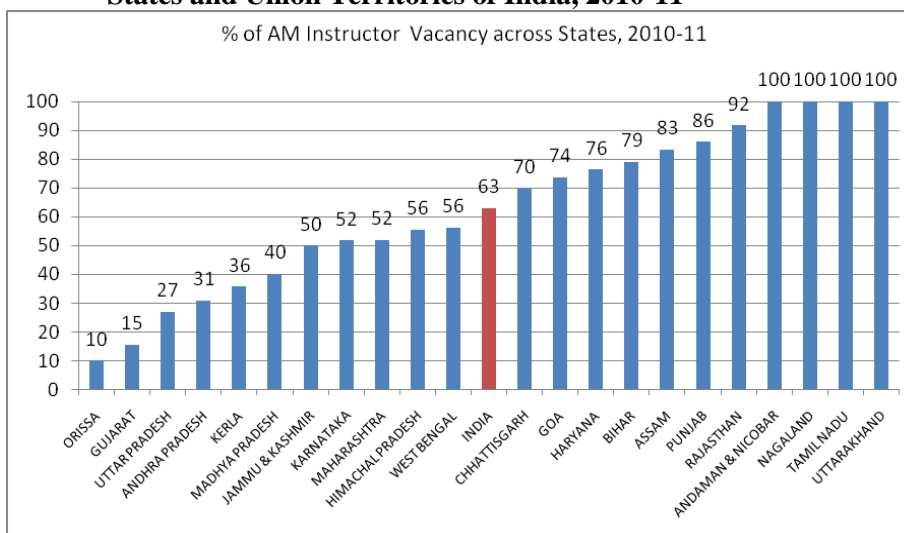


\*Change is calculated as difference in percentage points between the 1<sup>st</sup> JRM (2006-07, 2007-08 and 2008-09 Project ITIs) and Mid-Term values

#### Centre of Excellence (COE) Instructors

- iv. Almost all COEs report having 100% of the required BBT instructors in their COEs.
- v. The extent of unfilled AM instructors posts across project COEs in India is 63%. Orissa does the best in terms of having AM instructors (90%) while Rajasthan, Tamil Nadu and Uttarakhand (100%) do the worst.
- vi. Shortfall in AM instructors in COEs is due to a cluster of reasons: (a) delays in creating AM instructor positions, (b) delays in changing recruitment rules for hiring AM instructors with their higher qualifications, and (c) delays in hiring AM instructors and (e) instructors to be hired when the first batch students enroll in AM (for COEs that did not admit students despite having entered the project and new COEs such as those entering the project in 2009-10).

**Figure xx: Advance Modules Instructor Vacancy, States and Union Territories of India, 2010-11**



### Full-time Principals in Position

- vii. Based on data provided by 377 ITIs, there has been an increase in the percentage of ITIs with full-time Principals in position from 91% to 96% between the first JRM and the Mid-Term.

State	1st JRM*		Mid-Term		No. of Principals positions filled between 1 <sup>st</sup> JRM and now	Current Deficit
	# ITIs	# Principals	# ITIs	# Principals		
Andhra Pradesh	19	17	25	23	6	2
Arunachal Pradesh			1	1		
Assam	7	4	7	6	2	1
Bihar			5	5		
Chattisgarh	10	10	18	16	6	2
Delhi	2	2				
Goa	7	6	7	6	0	1
Gujarat	29	27	29	29	2	
Haryana	11	11	16	16	5	
Himachal Pradesh			8	8		
Jammu & Kashmir	5	5	10	9	4	1
Karnataka	10	9	30	29	20	1
Kerala	1	0	7	7	7	
Lakswadeep	1	1	1	1	0	

Maharashtra	70	70	86	86	16	
Madhya Pradesh	16	16	28	27	11	1
Nagaland	1	1	1	1		
Orissa	9	8	8	6	-2	3**
Puducherry			1	1		
Punjab	25	18	27	24	6	3
Rajasthan			10	10		
Tamil Nadu	14	9	17	16	7	1
Tripura	1	1				
Daman & Diu	1	1				
Uttar Pradesh	7	7	16	15	8	1
Uttarakhand			10	10		
West Bengal	9	9	9	9		
Total	255	232	377	361		
%		91%		96%		

\*Includes 2006-07, 2007-08, 2008-09 Project ITIs

### Training of Instructors

### Training of Contract Instructors

- i. Many institutions have appointed instructors hired on a contractual basis to teach the basic, and especially the advanced modules.
- ii. At the time the project started most states did not have a policy for sending contract instructors for training. Also, these instructors were paid very low salaries which made it difficult to attract instructors of requisite quality. Under VTIP, many states have introduced policies whereby contract instructors are sent for training and they have also raised contract instructors' salaries typically at the basic pay level of a new regular instructor for the position for which they are hired.

**Table xx: State Policy for Contract Instructors Training**

State/Union Territory	Send contractual staff on training
Andaman & Nicobar Islands	Yes
Andhra Pradesh	Yes
Arunachal Pradesh	Yes
Assam	No
Bihar	Yes
Chhattisgarh	-
Goa	No
Gujarat	No
Haryana	Yes

Himachal Pradesh	Yes
Jammu & Kashmir	No
Karnataka	-
Kerala	No
Madhya Pradesh	Yes
Maharashtra	Yes
Nagaland	No
Orissa	Yes
Punjab	Yes
Rajasthan	-
Tamil Nadu	No
Uttar Pradesh	Yes
Uttarakhand	Yes
West Bengal	Yes

## **EXPERT GROUP MEETING ON COE ISSUES**

An expert group meeting was held on 25/1/2011 in committee room in C wing, Shram Shakti Bhawan under the chairman ship of DG/IS to discuss following issues relating to the implementation of multi-skilling courses offered in 21 sectors at ITI's covered under the project (list of the participants appended). The discussion mainly focused on the following major issues of concern which has adversely affected the training programmes offered at these ITIs.

1. Low intake of trainees into COE and their poor performance at the All India Trade Tests both in BBT & AM courses.
2. Poor placement of COE passed out trainees as compared to trainees of conventional trades under CTS.
3. Difficulties in organizing the SM training at industry, lack of mechanism of joint testing & certification.
4. Fragmented certification & non recognition of certificate by PSU for recruitment.

Above issues were discussed in length & following observations were:-

1. A trainee is to appear in 9 modules covered in the first year of BBT training courses and the trainees forget the modules learnt at the beginning of the course.
2. Maximum numbers of trainees fail in the subject w/s cal & science & Engineering Drawing mainly because it has a common paper of four hours duration. In case of CTS, there are 2 separate questions papers for these 2 subjects.
3. The trainees are still not familiar with the trade test pattern & therefore find it very difficult to take three modules in one theory paper. Even the distribution of marks is not as per the CTS pattern.
4. The trade test of COE trainees are conducted after 15-20 days of AITT for regular ITI's trainees. During this period, trainees are disconnected with the institute & tend to forget the topics learnt by them.
5. Content of some of the modules need basic knowledge which is covered in another module & therefore the trainees of former module do not understand the content of the course. Therefore, there is a strong need for sequencing of the module or rescheduling the time table of the course. The outcomes/terminal behaviour of the modules have not been defined & hence the paper setters at time set the question paper which is either very tough or out of the syllabus.
6. Some of the members also felt that the duration of course curriculum is less & therefore should be increased.
7. The trade test of AM for different modules to be conducted in such a way that failed trainees of any module could appear in the failed subject at the time appearing for 2<sup>nd</sup> module taken by them.
8. As the failure rate is high, it gives a negative publicity to the course by the old students of the institute resulting in low admission.
9. Another reason put forth for low admission was lack of infrastructural facilities both in BBT & AM resulting poor quality of training.

### **SUGGESTED ACTIONS**

- 1. LOW INTAKE OF TRAINEES INTO COE AND THEIR POOR PERFORMANCE AT THE ALL INDIA TRADE TESTS BOTH IN BBT & AM COURSES**

A small group may be formed by DGET to look into the need for sequencing of the modules and suggest some workable solution. The group may study various alternative adopted by states like Maharashtra, Gujarat, Punjab to overcome the issue.

- ✓ The existing trade test procedures may be reviewed & possibility of having separate question paper for engineering training & workshop cal may be explored.
- ✓ Marketing schemes is to be revisited by the small group.
- ✓ The outcome i.e. the terminal behavior of the trainees for each module may be defined so as to enable the instructor to impart training accordingly. This would also help the paper setter to set the question paper accordingly.
- ✓ The question banks be developed and model question paper be made available at the website to enable the students & instructors to understand the trade test pattern.
- ✓ Mock test be conducted by TT cell/State Directorate to help the trainees in becoming familiar with the type of questions asked in the trade test.
- ✓ Semester system may be introduced & trade test for three modules taught during the semester be taken up at the end of six months. This would help the trainees to perform better.
- ✓ The trade test for COE trainees as well as CTS conventional trade be conducted at the same time and there should not be any gap between the two stream of trainees in the same ITI.
- ✓ The IMPs developed by NIMI for BBT & AM be translated in the regional language so that the trainees understand the subject better. For this purpose the state directorate may be roped in. NIMI may train the state content developer in developing the material.
- ✓ NIMI to conduct training courses for instructors on how to use IMP effectively.
- ✓ It has also been suggested to supply the question paper in regional language so that the trainees do not find difficulty in understanding the questions asked in the paper. DT intimated that the issue is under consideration.

## 2. POOR PLACEMENT

- ✓ There is a need to strengthen the facilities at ITI's under the project so that the quality training is offered at the institute. State Directorate has to ensure that CW is complete, equipment is procured & installed and trained instructors are in position to ensure that the trainees learn the necessary skills covered under the syllabus.
- ✓ Result of the AM should be declared immediately after the test to enable the trainee to get suitable employment/SM training.
- ✓ There should be wide publicity to COE courses & local industry should be visited regularly for better placement of the graduate of COE courses.
- ✓ Employable soft skills should be imparted to the trainees to enhance their employability in the industry.
- ✓ Industry associations/local industry should be approached by the principal on regular basis.
- ✓ Newsletter for the COE courses be taken out by the DGET to document the good practices & then disseminate to give wide publicity.

## 3. DIFFICULTY IN ORGANIZING SM TRAINING

- ✓ SM training be brought under App. Training scheme so that the AM pass out trainees could be engaged as apprentice under the Act 1961.
- ✓ Training under the act does not offer flexibility to design the curriculum and testing & certification is done by the NCVT, the members felt that the whole purpose of the scheme to offer shop floor training as per the need of the local industry is lost. The idea was to rope in industry for giving shop floor training as per their own need and certify them so that these trainees are industry ready. Therefore majority of the members still felt the need for flexible curriculum & joint certification by industry and state Directorate.

- ✓ DGET/ state directorate are to approach sector skill council for their involvement for the SM training & also to take up the responsibility of testing & certification. This would enhance the mobility of the trainees both within the country & abroad to take up the jobs.
- ✓ The industry should become the brand ambassador for COE courses & recognize them for their recruitment.
- ✓ For the trainees of ITI's which do not have cluster of industry in the region, some financial input should be given to principal of the ITI to enable them to send their AM passed out for SM training in nearby industry.
- ✓ To make SM training attractive, some stipend to trainees should be considered as is being done under ATS.
- ✓ Pool the resources including principals of ITI's to share how they could place their trainees in industry for SM training.
- ✓ Industry association may also be approached to help principal of ITI's for placing their AM graduates for SM training in member industry.

#### **4. FRAGMENTATION CERTIFICATION & RECOGNITION OF CERTIFICATE BY SPIUs**

- ✓ Three certificates are awarded under the scheme as against one under CTS, therefore a final certificate at the end of two years course including six months SM training has been stressed upon. A small group under DDG(T)/DT may look into it & suggest if this would help in better placement & what will be its status.
- ✓ MOL E may write to head of PSU requesting them to recognize the COE certificate for recruitment in their undertaking.
- ✓ Campaign should be taken up at the state level with the local industry to recognize the COE certificate
- ✓ IMCs to arrange COE awareness programmes with the local industry for better placement of the trainees.

### Expert Group Recommendations on the Role of AHI

The AHI features prominently in the VTIP. Under Component 1.2, *Strengthening Instructor Training*, the AHI was given the role as the nodal institute for instructor training (the issues surrounding instructor training are described in more detail in the next section). In addition, the AHI, under Component 2.3, was to strengthen its capacity to support curriculum development for emerging sectors and to strengthen its capacity to develop curricula for the training of instructors. Particular reference was made to the AHI's role in benchmarking ITI training against international standards, an important consideration given the GOI's stated goal of making vocational training comparable to the training provided in more developed economies.

It has been difficult for the AHI to make progress. The most pressing issue remains instructor training. The AHI was meant to engineer and oversee a quantum improvement in the training provided by the Instructor Training Network (ITN) but it has had only limited success. In part, this is because it needs the cooperation of the States, which have been preoccupied with Component 1.1, *Strengthening Industrial Training Institutes*. In part, it has also been due to problems within AHI itself, largely in its organisation structure and its inadequate resources. Other activities assigned to AHI under Component 2.3 are less pressing but there has been little progress, although some curricula were developed for the training of the instructors in the ITN.

The Director General of Employment and Training asked a group to consider the future for the AHI. A meeting was held in the AHI on 16 January 2011: representatives of employers, of private training providers, of the Karnataka Government, of the World Bank and by staff of DGET and the Institute. A core group<sup>2</sup> met the following day to build on that meeting. The findings of the group were endorsed by Central Field Institutes on 9 February 2011, with the DG directing another group to develop the details of the proposals as necessary<sup>3</sup>. The World Bank agreed to provide support to the group as and when necessary.

The decisions of the DG concerning the role of the DGET are provided in Attachment XX.

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<sup>2</sup> Director of AHI (S D Lahiri), the Director of Training in DGET (R L Singh), a former Deputy Director-General of DGET (H A K Murthy), 2 World Bank consultants (Y P Sharma & A Abrahart) and Chairman of the IMC for AHI (S Chandrasekhar)

<sup>3</sup> Director of Training in DGET and the Directors of AHI, CSTARI and NIMI, the four key development institutes of DGET.

## Attachment: The Role of the Apex Hi-tech Institute

### 2. *The Core Functions of the AHI*

There are four core functions for the AHI. The functions are focused on supporting the core mandate of the ITI/ITC network, which is to train skilled workers under the Craftsmen Training Scheme and the Apprenticeship Scheme.

#### (a) *Manage the Instructor Training Network (ITN)*

Maintain a Database of ITI Instructors. Responsibility for maintaining the database at a national level as a physical entity would remain with the AHI. However, responsibility for ensuring the integrity, accuracy and completeness of the data supplied to the database should be with States.

Analyze the Training Needs of Instructors. This responsibility should be shared with States. States would identify the needs as they see them. In addition, the AHI would provide States with broad analyses and would develop ways of meeting the training needs. As part of these needs, the core group recommends that refresher training be mandatory every few years.

Develop Training Courses for ITI Instructors. This should be done by hiring consultant training experts developing specially designed courses, or by collaborating with other providers (for example, ad hoc courses on new training technologies) to offer existing courses. Courses developed by AHI would be delivered by the ITN and other providers as appropriate.

Develop New Approaches to the Training of ITI Instructors. The AHI would remain abreast of developments in training techniques and technologies and work to ensure they are used, as appropriate, by the ITN and the network of ITIs.

Develop and Provide Training Courses for Master Instructors. The classification of Master Trainer does not exist in India. For the sake of its work in this respect, the AHI would take its initial target group to be instructors in ATIs, followed by instructors in ITWs. The AHI will eventually open its courses to master trainers in industry. In addition, the AHI would arrange for fellowships (for example, in other institutions) and internships (for example, in industry) for master instructors in ATIs.

#### (b) *Develop Training Courses and Instructional Materials*

In order to develop training courses for ITI instructors, AHI would be responsible for the curriculum development of all instructor training in the ITI network. Some of this development could be contracted out (for example, to individual ATIs, to training experts and to industry) but the AHI would retain responsibility for the quality of the curricula that resulted. The AHI would also be responsible for developing the instructional materials to be used in the training courses. However, the production of the materials would be contracted out to NIMI, which has the capacity to produce, disseminate and store materials.

#### (c) *Identify and Respond to Emerging Industry Needs*

Maintain Links with Industry to Identify Emerging Training Needs. Options include using a broad based industry-management group, sector advisory groups, and conducting field studies. Emerging needs could include the impact of new technology across many industries or industry-specific developments. They would also include occupations and industries that are not yet covered by under the Craftsmen Training Scheme implemented

through ITIs. The core group will shortly identify key sectors where early links should be forged with industry.

Develop Training Methodologies and Training Courses to Respond to Those Needs. The AHI will maintain training laboratories in its new premises; the workshops in the premises would be sub-divided into laboratories, as required, to develop practical training courses on a pilot/regular basis. The laboratories would, as far as practicable, be conducted as joint ventures – PPPs - between the AHI and industry representatives. Individual laboratories would offer the courses for varying periods – from a few months to a year or more - depending on the need. It is expected that most laboratories would need to be upgraded after a couple of years as technology changes rapidly.

Provide Training for the Master Trainers Who Would Deliver New Courses. The training for master Trainers would be, in part, provided by including them in the work of the laboratories, through secondment.

(d) *Benchmark ITI courses against International Standards*

Maintain Links with Industry so as to Recognize When Industry Upgrades its Training Needs to Meet International Standards. Industry is in the best position to identify certain types of international benchmarks – e.g., car manufacturing standards or internationally competitive standards for tourism and hospitality. Their training needs will change from time to time as they seek new markets for their products.

Research International Standards. In many occupations, ITI students would seek overseas work. To be acceptable they would need to meet relevant benchmarks. These could vary from country to country and AHI would need to be aware of the predominant standards in particular destination countries. AHI would determine the need to provide overseas qualifications and could eventually enter into partnership arrangements for this purpose.

Test Instructors against International Benchmarks. ITI instructors would need to be trained to the same benchmarks. The AHI would maintain a watch on instructor training standards in other countries and develop comparable standards for India. The AHI would determine the need to provide overseas qualifications and could eventually enter into partnership arrangements for this purpose.

The AHI should oversee the operations of the ITN, particularly the DGET instructor training institutions. It should develop policies for the employment conditions (recruitment and procedures for advancement) of ITN staff, particularly instructors in the ITN.

In order to develop a private sector capacity for training instructors, the AHI should develop norms for could be termed “Advanced Training Centres (ATCs)”, which would have the same relationship to ATIs as ITCs have to ITIs.

AHI should be responsible for the curriculum development of all instructor training in the ITI network but some of this work could be contracted out (for example, to individual ATIs, to training experts and to industry). The AHI would retain responsibility for the quality of the curriculum that resulted.

### 3. *Managing the AHI*

There are four ways to manage the AHI. Three of these would involve a change in the governance of the AHI. They are:

- To develop the AHI as an autonomous body with a Board of Directors, an appropriate mandate and appropriate resources.

- To outsource the management of the AHI to an established training provider, headquartered in India. The contract, for five years, would be in the form of a service agreement covering the functions described in (b) above.
- To enter into a PPP arrangement for managing the AHI.

The fourth is the standard approach:

- To upgrade the AHI to fulfill its mandate. That requires detailed decisions about how to finance and staff the AHI and how to ensure sustainability.

Irrespective of which model is chosen, the present role of the Institution's IMC should be reconsidered. It would be more appropriate to have at least a Board of Advisors, if not a Board of Directors with executive responsibilities.

*(a) Establishing the AHI as an Autonomous Body*

As an autonomous body the AHI would be able to establish its HR policies outside the usual civil service requirements. It would have a Board of Directors with the head of the AHI being in effect the CEO. If this were done, attention would need to be paid to the relationship between the AHI and the Instructor Training Network. Would it be possible, for example, to include the whole of the ATI network under the umbrella of the AHI.

*(b) Outsourcing the Management of the AHI*

A service agreement to cover third party management of the AHI could include:

- (i) Background details of the ITN
- (ii) DGET obligations under the contract – these would have to be determined
- (iii) Contractor' obligations under the contract – these would have to be determined
- (iv) Duration of contract
- (v) Fees and expenses

*(c) Entering into a PPP Arrangement*

Under a partnership between the GOI and all parties would contribute what was most suitable for them (for example, funds, buildings, equipment, materials, personnel, expertise) and all parties would receive what they considered to be a reasonable return on their contribution. There is a wide range of options and it would be reasonable to express the PPP in terms of a contract, similar to a contract that would be written if the management of the AHI were outsourced. Any arrangement should stress the outcomes-oriented nature of the partnership.

A PPP need not be inconsistent with any of the other management options. It could be regarded as an additional feature. Partners could include industry associations, which would garner support from their members. Members should know they were contributing to a results-oriented organisation. The PPP would need to be governed by a Board of Directors.

*(d) Organization of the AHI*

If the AHI is to be upgraded the following need to be considered.

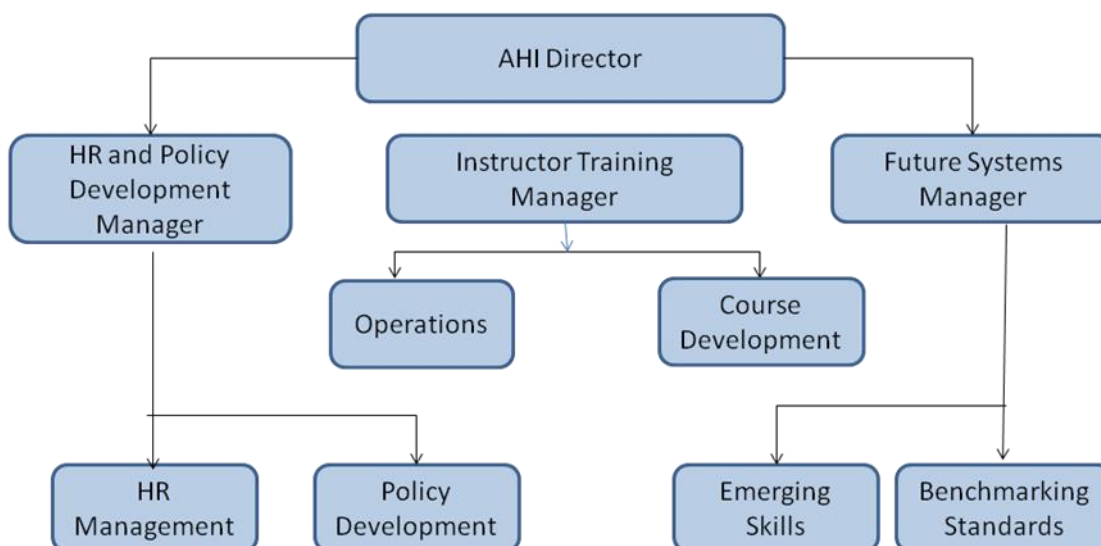
*(i) Human Resources*

The critical resource constraint for the AHI is staff. There are four directions to follow:

1. Recruiting Key People. These are needed to lead research activities and manage course development. These key people, new full-time positions, are:
  - An officer responsible for instructor training: experienced in the field – perhaps taken from one of the institutes in the ITN.

- An officer responsible for future developments in the AHI. This would cover identifying emerging skills, and benchmarking ITI against international standards.
  - An officer responsible for policy developments in ITIs. Initially the work should involve redefining the duties and employment conditions of full-time instructors, contractors and guest faculty
2. Using Contract Staff. It will be necessary to use contract staff for all activities of the AHI: research, course development and training. Attention needs to be given to the conditions under which contractors are engaged, including the need to review the honorariums paid, daily allowances and limits imposed on travel.
  3. Upgrading Skills of AHI Personnel. Fellowships and internships outside of the AHI can allow staff members to do their job better – with improved skills and a better understanding of their jobs. These can be within India or abroad.
  4. Obtaining Support Under VTIP. It should be possible to provide long-term support, perhaps on a full-time basis, for the remaining duration of the VTIP

### Indicative Organisation Chart



The duties of the key positions shown can be briefly described as follows:

- **HR Policy and Development Manager:**
  - HR Management - to manage information on instructors through the Instructor Database and to manage and oversee the training of instructors;
  - Policy Development - to oversee policies governing the recruitment of instructors; and to develop and manage policies governing the employment conditions of instructors.
- **Instructor Training Manager:**
  - Operations - to manage the operations of the Instructor Training Network, largely to manage the operations of ATIs; and to provide advice and assistance to ITWs and private providers;
  - Course Development - to develop training courses for instructors and to take responsibility for the training materials being provided.

- Future Systems Manager:
  - Emerging Skills – to take responsibility for identifying and responding to emerging industry needs (see Attachment 2 (c));
  - Benchmarking Standards: - to take responsibility for benchmarking ITI courses against international standards.

*(ii) Financial Resources*

In the short-term, consideration could be given to financing the activities of the AHI through the VTIP. This would be akin to the financing of the NPIU through the program. The financing could cover the key positions shown in the organisation chart. In particular, consideration could be given to establishing a Materials Fund under VTIP. The Fund would be used to purchase training materials and training aids for distribution to the ITN and, as far as practicable, to ITIs.

Finally, the AHI should maintain a distance learning capability through partnership with established providers. Consideration could be given to a partnership with NIMI, which is already undertaking this sort of work or through procuring the services of another provider.

*(iii) Quality Issues*

Attention needs to be paid to quality issues within the AHI. Techniques to ensure quality management are now widely practiced in industry and could be adopted by the AHI. Consideration could be given to engaging the services of an agency such as Quality Control India (QCI) to recommend the procedures and techniques that could be adopted by the AHI. The recommendations would first apply to the AHI but would be made with the prospect of spreading them throughout the ITN.

## Procurement

### 1. General

This is a MTR mission. The procurement in the project is largely handled at ITI level following shopping procedure and at the state SPIU level following NCB and shopping procedures. As part of MTR, the mission looked at what has succeeded and what has not worked in the project procurement arrangement.

The success stories are (i) Preparation of procurement plans at ITI level and consolidated at SPIU level and all SPIUs and NPIU have approved procurement plans (ii) Procurement training rolled at NIFM for the project ITIs and SPIUs has built procurement capacity at these levels to a reasonable level; (iii) Some SPIUs such as Maharashtra, Karnataka, Tamil Nadu, MP, Punjab and Goa have finalized number of procurement of goods following NCB procedures which was conceived as a challenge during project preparation (Shopping threshold for this project is \$100,000) (iv) Empowerment of ITI Principals with delegation of powers to procure up to INR 900,000 and supervise quality of civil works; and (v) Development of MIS for the MoLE being rolled out to all ITIs in the country.

The mission noted the following did not work:

<b>Issues identified</b>	<b>Possible solutions</b>
Staffing: Lack of procurement staff and civil works coordinator in NPIU and inadequate staffing in most of the SPIUs to handhold and train ITI staff handling procurement.	Hiring of Implementation Support Consultant at NPIU
Unable to hire individual procurement consultant at NPIU and SPIUs [PIP expects to hire two consultants at NPIU and one each in SPIUs]	The ministry need to look into remuneration for consultants and hire additional staff to effectively monitor procurement.
Disclosure: Not publishing the PPs, contract wise physical and financial progress, complaint handling mechanism, list of contracts and NCB contract awards in many SPIU and NPIU websites. IFBs for NCB are published in SPIU websites.	Intensive monitoring by nominated officer in NPIU
Complaint handling: Inadequate monitoring of complaints received.	Intensive monitoring by nominated officer in NPIU and SPIUs.
Civil works by state construction agencies: Delay in civil works	Hiring of civil works coordinator by NPIU and intensive monitoring by NPIU and SPIUs.
Mis-match between procurement of goods and completion of civil works and large number of equipments not commissioned	Sample equipment utilization survey by NPIU and close monitoring SPIUs
Learning from PPR: Inability to disseminate the PPR findings and monitoring the agreed actions by NPIU	Intensive monitoring by nominated officer in NPIU

## 2. Follow up on AM of Second and Third JRM Jan-Feb 2010:

The agreed actions in the AM of previous mission were discussed and the following agreed actions are still pending

<u>Agreed actions</u>	<u>Current Status</u>
Hiring of Procurement Consultant by NPIU	Hired for six months only. Now there is no Procurement Consultant
Hiring of Implementation Support Consultant	Hiring not yet completed. NOL for TER was issued on Sep 21, 2010
Procurement training by NPIU for ITI staff	Not conducted
Improving complaint handling and monitoring by NPIU	Not yet initiated
Restructuring of procurement training at NIFM	Not yet initiated
To submit complaints received and action taken report	Not submitted

## 3. Procurement Plan:

The NPIU has submitted the procurement plans for all SPIUs, CTIs and NPIU. All IAs have approved procurement plans.

## 4. Procurement of Civil Works:

There are 400 ITIs in the project and NPIU had information for 330 ITIs. In 175 ITIs civil works have been completed and for balance ITIs, it was agreed to complete civil works by July 2012. NPIU agreed to get commitment from SPIUs on award of civil works and inform the Bank by July 30, 2011.

## 5. Procurement Capacity Building:

NPIU has rolled out Procurement training for ITI principals and SPIU staff (for 53 staff) in two batches during last six months. In third JRM AM, the mission requested NPIU to rollout procurement training for ITI stores clerks by Procurement Consultant of NPIU. This could not be rolled out and NPIU agreed to roll out with the help of ISC once they are hired. Looking at the phase of the project, in third JRM, the Bank requested NPIU to restructure the procurement training at NIFM. Now NPIU has agreed to pursue restructured training program as follows: (a) Two day training program for SPIU and ITI principals on procurement of goods and finance; (b) Two day training program for master trainers to train ITI stores clerks on procurement of goods following shopping; and (c) One day training program for civil works executing agencies [targeting AE (Estimates) or similar staff of the divisions].

## 6. Procurement Post Review:

The PPR FY 09 action plan was reviewed and noted with concern that actions are still pending. PPR FY 10 was conducted in eleven states. They are AP, Gujarat, Haryana, HP, Karnataka, MP,

Maharashtra, Orissa, Punjab, TN and UP. The major deviations noticed were disseminated in the workshop held in Hyderabad as part of JRM. During PPR FY 10, 527 contracts were reviewed and 94 contracts were identified as not complaint with the agree procurement procedures. The details are:

Sl. No.	Project Name	No. of Contracts for PPR	No Of contracts reviewed during FY 10	% of contract reviewed during PPR FY10	No. of Non-Compliant Contracts	% of contracts Non-Compliant
1	AP	320	59	18.44	4	6.78
2	Gujarat	129	36	27.91	3	8.33
3	Haryana	525	99	18.86	37	37.37
4	HP	80	16	20.00	2	12.50
5	Karnataka	272	44	16.18	14	31.82
6	MP	238	42	17.65	0	0.00
7	Maharashtra	85	17	20.00	8	47.06
8	Orissa	25	5	20.00	0	0.00
9	Punjab	290	58	20.00	1	1.72
10	TN	29	11	37.93	2	18.18
11	UP	868	140	16.13	23	16.43
	<b>Total</b>	<b>2861</b>	<b>527</b>	<b>18.42</b>	<b>94</b>	<b>17.84</b>

The Bank will communicate separately on this issue.

### 7. Complaint Handling:

There are no outstanding complaints in the Bank's project compliant database. During third JRM it was agreed that it is not possible to resolve the complaint within 15 days as stated in the Procurement Manual Para 5.21.1 and it was taking more than 180 days to resolve complaint. It was agreed to develop improved complaint monitoring system and communicate to the Bank for review and then publish the same in NPIU website. Further it was agreed to furnish quarterly compliant monitoring report to the Bank. These actions were not completed.

### 8. Disclosure Management:

The NPIU and SPIU websites has not published the updated PPs, list of contracts and NCB awards. The bidding opportunities are published in the relevant SPIU and NPIU website. This is a serious deviation. SPIUs agreed during JRM to publish theses data. NPIU to verify and send us the link of each SPIU by August 30, 2011.

### 9. Contract Management:

The PPR FY 10 has identified number of deviations. Some major ones are (i) delay in delivery of equipment and non levy of LD; (ii) delay in installation of equipment and (iii) defects noticed

during physical inspection. NPIU will get specific comments from the states and share it with the Bank by August 30, 2011.

**10. List of key actions to be taken in the next 6 months:**

- Hiring of ISC by NPIU by Aug 15, 2011(revised date)
- Ensure disclosure of PPs, contract wise physical and financial progress, complaint handling mechanism, list of contracts and NCB contract awards in many SPIU and NPIU websites by August 30, 2011
- Get comments on the deviations identified during PPR FY 10 by July 30, 2011 (revised date)
- Publish complaint handling in the NPIU website by Aug 15, 2011
- Rollout restructured procurement training by NIFM by Sep 15, 2011
- Finalize equipment utilization report by Aug 30, 2011
- Improve procurement staffing at NPIU and SPIUs

**11. Rating for Procurement Performance:**

Thus overall, the procurement performance during the period of review has been rated as moderately unsatisfactory. The above assessment is based on (i) Delays in hiring implementation support consultant (ii) NPIU unable to confirm publication of PPs, contract wise physical and financial progress, complaint handling mechanism, list of contracts and NCB contract awards in many SPIU and NPIU websites (iii) NPIU unable to monitor and provide PPR FY 10 follow up (iv) No civil works coordinator to monitor progress of civil works and to ensure quality standards and thereby delays in executing civil works (v) inadequate procurement staff in NPIU and many SPIUs and unable to follow up on AM of third JRM and (vii) Goods are arriving in many states without civil works being completed due to delay in civil works component and thereby affecting the effective utilization of machinery and equipments and its warranty obligations.

## Financial Management

### **Disbursement, Budget**

Out of total project allocation of SDR 185.10 million, disbursement as on June 10, 2011 is SDR 94.04 million. This signifies disbursement of 50.81% of the credit. MoLE made budgetary provision of Rs. 235 crores for FY 2010-11 for VTIP and the BE approved for the current year i.e. 2011-12 is Rs. 100 crores only. This seems to be insufficient and the reason for the same is not clear.

### **State Reviews**

Several FM aspects were considered not satisfactory during past reviews. To respond to these, MoLE conducted a series of review cum capacity building meetings with states. Each meeting included not more than two/ three states to enable a detailed discussion on issues like delays in audits/ IUFs, reconciliations, settlement of audit disallowances, eligibility issues etc. This resulted in settlement of several outstanding issues as well as providing clarifications/ training to state staff that in some cases was new to the project. World Bank staff also joined many of these meetings. Several states like Jharkhand, Uttrakhand, Uttar Pradesh, Andhra Pradesh, Mizoram and Delhi attended these meetings that were conducted nearly every week through February/ March 2011. This has now started to yield results and has led reduction in outstanding issues. MoLE plans to conduct similar meetings after a few months, as may be required.

### **Interim Unaudited Financial Reports (IUFs)**

IUFs are required to be submitted by the States to MoLE and then in turn to the Bank within 45 days of close of each quarter. In the past, IUFs submission has been routinely delayed; Jun, '10 IUFs were received 85 days and Sep. '10 IUFs received 90 days after end of the quarter. However MoLE has made a significant effort in this regard and been more vigorous in following up with the states. This has yielded results and it is reassuring to note that this legal requirement is now being adhered to. The Dec. '10 IUFs was received in 46 days and the Mar. '11 IUFs received in 29 days after end of the quarter.

In terms of qualitative aspects, a lesser numbers of errors are seen on review of the IUFs.

### **Annual Audit**

All audit reports for FY 09 – 10 have been received by end May '11. Audit reports have usually been delayed; though the due date for receipt is Sept. of each year very few state reports come in on time. For FY 09 – 10 a total of 10 reports came in by Dec. '10 (upto 3 months delay), further 18 reports came in by Mar. '11 (upto 6 months delay) and the balance 5 came in by end May '11 (upto 8 months delay).

A letter dated Mar. 30<sup>th</sup>, '11 was sent by the Bank to MoLE with a copy to the C&AG, highlighting the delays and the fact that the Terms of Reference have not been strictly adhered to. MoLE has been following up on this and the position is expected to improve in the next year.

### **Flow of Funds and Payment Procedure in States**

*Maharashtra:* During a joint visit to the state by MoLE and the Bank, it was noted that in some ITIs funds for project payments (other than civil works) were drawn from treasury and deposited in bank account of ITI Principal/DDO. This was a deviation from the agreed procedure for the project; as agreed in a meeting in Mumbai in November 2010, a Special Audit for VTIP expenditure in such ITIs was to be conducted as per terms of reference agreed with the Bank. The auditor selection process is underway and auditors will cover expenditure other than Civil Works from start of the project till December 2010. Once completed, the report will be shared with the Bank.

*FM Questionnaire:* Following the visit to Maharashtra, the Bank sent a questionnaire to MoLE to collect specific information on flow of funds and payment system in states for VTIP. As on date response is awaited from Daman & Diu and Meghalaya and responses from five states (Bihar, Goa, Jharkhand, Lakshadweep and Pudicherry) are incomplete. For all the other states which have responded, there appears to be a limited level of non compliance only in case of two states.

### **FM Capacity**

FM Unit in NPIU is staffed with a Joint Director; an Assistant Director; an Accounts Officer; an Assistant Accounts Officer; and two support staff in clerical grade.

### **Supplementing Funding for Civil Works with Own funds of State**

Some states are supplementing funding under VTIP with domestic (states' own) Plan funds. For a single structure, with a single contract, two lines of funding are being used. The mission in January 2010 had mentioned that NPIU should issue guidelines in such cases to states about: ( a) entire state plan funds should be released in advance, so that there is no delay in structure due to delay in receipt of state share; and (b) The guidelines to include the following principles for reporting: reporting of overall expenditure, share of expenditure relating to VTIP to be clearly shown separately and share of VTIP shall not be greater than that of the 'plan' i.e. on a pro-rata basis. NPIU is yet to share a copy of the guidelines with the Bank.

### **Disclosure of Information**

This requirement is not complied with consistently and uniformly by the NPIU. As of mid February 2011, IUFRRs for period till September 2009 only are displayed on the website of DGE&T whereas IUFRR for each quarter is to be displayed within 45 days of the end of the quarter. Similarly, summary of releases of funds to states by NPIU for FY 2010-11 has not been displayed on the DGE&T website.

### Key Actions Points

Key actions are summarized below.

S. No.	Action	By Whom	By When
	Annual Audit Submission of pending audit reports for FY 2009-10, and for FY 2008-09 for J&K Response to audit observations for FY 2006-07 and 2007-08 to FY 2009-10 to the Bank	States/NPIU	Immediately  Immediately
	IUFR Submission of IUFR for quarter Oct-Dec 2010 to the Bank	NPIU	Due on 15 February 2011
	Flow of Funds Procedure FM Questionnaire on Flow of Funds procedure to be submitted by some states Maharashtra: to complete special audit in ITIs in which project funds were deposited in ITI Principal's account and share the report with the Bank	States/NPIU  Maharashtra	Immediately  30 June 2011
1.	<b>Civil Works</b> Issue guidelines for release of funds and expenditure reporting where state is supplementing civil works from own funds	NPIU	Immediately
2.	<b>FM Capacity</b> a) Regular monitoring visits by finance staff of NPIU to states and SPIU Finance Staff to ITIs b) Training on IUFRs and Audit	NPIU	Continuous
3.	<b>Disclosure Management</b> a) Regular display of IUFRs by all states/NPIU within 45 days of end of each quarter b) Summary of releases in FY 2010-11 by NPIU to states to be displayed on website	NPIU/states  NPIU	Continuous  Immediately

### **Environment Management and Safeguards**

1. The key objective from the environment management and safeguards perspective during the mid-term review was to assess the adequacy and quality of the implementation of Environment Management Framework (EMF) in the project. The mission primarily focused on the following: (a) review of the implementation of Campus Environment Management measures in the participating states, including the status of institutional arrangements made to facilitate this; (b) status of integration of environment, health and safety (EHS) aspects into the course curriculum; and (c) Independent Audit of the EMF implementation.
2. The over-all environmental safeguards and management in the project is being rated '*satisfactory*' in the light of the efforts made by NPIU and the encouraging performance shown by some of the states. From a scenario, when the concept of campus environmental management was quite weak (or even barely existing in some states) and its linkage to learning and teaching objectives was largely over-looked during the project preparation and the first year of its implementation, there has been a gradual but steady improvement in the over-all level of awareness and understanding on environment management issues and increasingly efforts are being made to improve compliance with EMF requirements. Most of the tasks/activities identified (other than a couple of actions identified in this annex) during the previous mission/s have been completed or are progressing satisfactorily. The following text describes the over-all status and progress on EMF compliance in the project:

#### *Campus Environment Management*

3. An increased level of awareness about the purpose and the requirements to fulfill EMF objectives has been observed among most SPIUs and many participating ITIs. In most states, State Environment Officers have been designated; initiatives towards improved campus environment management have been taken and; training programs have been organized to build awareness and capacity at the institute level (ITIs).
4. In terms of quality of EMF implementation/compliance, states such as Gujarat, Punjab, Maharashtra, Goa and Karnataka are clearly better performers in the said area in comparison to other states in the country. It was agreed that further efforts will be made towards improved campus environment management measures, particularly in states such as Uttar Pradesh, Orissa, West Bengal, Andhra Pradesh and Chattisgarh, with particular emphasis to sanitation, water supply, fire safety, use of personal protective equipment (PPE) and waste management.
5. Implementation of campus environment management measures during construction and repair/refurbishment works in the better performing states has by and large taken into account: (a) proper light and ventilation in classrooms and workshops; (b) appropriate sanitation arrangements; (c) proper display and storage of materials, tools, machinery and equipment; (d) landscaping and plantation; (d) display of charts and specific safety tools/equipment associated with a particular trade and (e) maintenance of an over-all satisfactory hygiene and cleanliness in the campus.
6. In Gujarat and Punjab, commendable effort has been made by the concerned SPIUs and good campus environment practices have been extended to institutes beyond the ITIs participating in the project. In Gujarat, some of these practices include the preparation of tree plantation plans in co-ordination with the State Forest Department; tree plantation and maintenance within ITI campus by involving students; improved material management (raw materials, tools etc.); awareness regarding safety practices; formulation of model civil

works development plan; upgrading of drinking water and sanitation facilities; improvement in entry points and internal circulation paths; and organization of sensitization and training workshops for students and staff of ITIs on climate change and environmental protection (for which training support has also been provided by the Bank team at the state's request in the initial phase to facilitate a larger roll-out of the same).

7. While most SPIUs have informed that the concerned state architect and/or PWD regarding the EMF requirements to be followed during the design and construction stages of civil works for new buildings/blocks, the mission re-iterated that close monitoring from SPIUs should continue and regular cross-checking should be done to ensure that the concerned line agencies comply with the EMF requirements.
8. The mission suggested NPIU to help the SPIUs in developing good practice notes, including some case studies to demonstrate the process adopted to achieve the above mentioned results. Apart from helping the 'EMF documentation' for the project, this will serve as guidance material for other states to learn and replicate from. Some of the basic inputs for this task would also emerge from the findings of the independent environment audit study, which is currently under-way.

#### *Integration of EHS aspects in curriculum*

9. Another important component of the Environment Management Framework deals with the integration of environment, occupational health and safety (EHS) aspects into the curriculum, which is one of the first such attempts in the vocational training sector of the country. The aim is to make skill training comprehensive by meeting industry/market expectations through functional/practical knowledge on occupational health and safety aspects that can be applied in the workplace. This activity is being carried out through Central Staff Training and Research Institute (CSTARI), based in Kolkatta. While the process (covered in the earlier mission notes) for doing so remains quite time consuming, challenging and continuous, an attempt and a beginning to do so has been made under the project.
10. Environment, occupational health and safety risks/hazards associated with a particular activity/work along with preventive/avoidance and mitigation/management measures are being introduced in the trade specific modules. The actual time allotment and coverage of EHS aspects depends upon the level of risks and hazards associated with the specific trade or activity. For the 'practical' classes, the integration of EHS aspects is being proposed as a part of floor training itself and therefore specific time allotment towards this end is not being considered. However, in some states, as part of soft skills training, topics on occupational safety have been introduced for increasing the level of awareness among students.

#### *Independent Environment Audit*

11. An Independent Third Party Audit Study for civil works and EMF implementation was to be carried out prior to the mid-term review, the results from which were expected to form the backbone of discussion with states during the review mission. However, with some delay the NPIU has completed all the procurement formalities and the consultant for the said study is now on-board. The consultant has submitted an Inception Report recently and the audit work has been initiated. The results from the independent audit study will now be used for comprehensive discussion and review with the participating states during the next implementation support mission.

12. The two key objectives of this assignment are: (a) to review the quality of civil works undertaken by the project institutions and; (b) assess the nature and extent of EMF compliance in the project and to use the findings towards improving the over-all project objectives through an improvement in the quality of learning and teaching environment in the ITIs.
13. Towards this end, the mission met the selected consultants along with NPIU officials and explained in detail the expectations, approach and requirements of the independent audit assignment (the first of its kind for the vocational training sector in the country) to review the environmental performance of the project. Under this assignment, a detailed review of the nature, extent and quality of compliance with regard to civil works and environment management aspects (particularly focusing on campus environment management measures) in the project supported ITIs will be carried out. The study will also help in identification of good practices and deficiencies in the existing system, which would be eventually used for wider dissemination to facilitate improvement through replication and learning of lessons.