

2016



FUNDING GUIDELINES

[NSDC FUNDING GUIDELINES]

This document contains guidelines for submission and evaluation of business proposals for financial assistance from NSDC, effective from March 29th, 2016.

NSDC reserves the right to review, amend and alter this guideline document any time at its sole discretion.

I. Disclaimer

- a) The various clauses/sub-clauses of this document have been incorporated based on approval given by the Board of NSDC. The authority to change/ modify/ remove/ add any clause/ sub-clause of this document lies with the Board of NSDC.
- b) The various clauses/sub-clauses of this document will be adhered to in letter and spirit. Any proposed deviation/exception related to any clause/sub- clause of funding guidelines pertaining to any proposal submitted to NSDC shall have to be approved by NSDC Board, on a case to case basis.

II. Introduction

National Skill Development Corporation (**'NSDC'**), a Section 25 Company under Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013), was initially set up under the Prime Minister's National Council on Skill Development with the primary mandate of enhancing and supporting Private Sector initiatives for Skill Development in India.

At present, NSDC functions under the aegis of the Ministry of Skill Development & Entrepreneurship (**'MSDE'**). In order to fulfill its objectives, NSDC solicits and funds proposals that have sustainable business models. Proposals need to be submitted in prescribed formats and will be evaluated under the tenets of the guidelines set out under the 'Financial Management & Procurement Manual'.

The proposals submitted should be robust with scalable and sustainable business models catering to sectors with unmet needs. Ideally, the business models should be serving high growth sectors, unorganized sectors or training to develop the skill ecosystem. Proposals must be outcome oriented and should focus on employability through placement in industry and/or self-employment opportunities.

This document contains guidelines under which proposals for different training / skilling categories should be submitted.

III. Funding Guidelines for Skilling Proposals

The Funding Guidelines are aligned to the philosophy that the business plans and viabilities thereof will be different for **'for-profit'** entity and **'not-for-profit'** entity. Hence, the guidelines given in the following section are detailed separately for the **'for profit'** and **'not for profit'** entities.

NSDC assistance (Equity/ Grant/ Loan) shall be sanctioned to any form of legal entity including but not limited to Company/ Society / Trust as per the process and applicable laws and guidelines. Such legal entity shall have a positive net-worth. In case of a newly incorporated entity, the positive net-worth and the financial viability for implementation of the project aimed at Skill Development shall be duly evaluated by the Due Diligence partners and committees and shall be considered by the Board of NSDC on a case to case basis. In case of Non-for-Profit entity for which the positive net-worth may not be possible, the same shall be evaluated by the Due Diligence partners and committees and shall be considered by the Board of NSDC on a case to case basis.

The Project cost/ investment requirement for the purpose of this section shall mean the total funds required for implementing the Project in the initial three years.

Funding Guidelines- NSDC (2016)

IV. Funding Guidelines for setting and scaling up of Training Institutes,

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
1.	Proposal submission	<p>The proposal shall be submitted as per the template(s) provided/ uploaded on the NSDC website. The project shall be for a period of seven (7) years (exceptions in tenure may be considered at the sole discretion of the Board of NSDC) clearly detailing out a <u>sustainable and viable business proposal</u>.</p> <p>The proposal shall be evaluated as per the process set out in the Financial Management & Procurement Manual.</p> <p>The proposal from erstwhile employee(s) of a previously approved NSDC project/ organization will be considered after a minimum of 2 years from the date of such employee(s) being relieved from that previous project/ organization.</p>	As for 'For profit' Entity
2.	No. of persons trained	Minimum 20,000 people during the project phase.	As for 'For profit' Entity
3.	NSDC Funding	<p>NSDC will provide funding assistance for creation of skills infrastructure and / or working capital requirement for skill development activity for the first three years only. NSDC assistance shall not be provided for creation of immovable property such as land & building etc.</p> <p>In case financial assistance for loss funding is required for the first three years of the Project, the same may be considered as a part of total investment requirement for implementation of the Project. In case the loss funding requirement for the Project is greater than the Promoter Contribution in the initial 3 years, Promoter may be required to infuse additional funds.</p>	As for 'For profit' Entity
4.	Extent of NSDC Funding	Funding would be up to a maximum of 75% of the investment requirement (subject to conditions stipulated in Sl.No 3 above).	Funding would be up to a maximum of 85% of the investment requirement (subject to conditions stipulated in Sl.No 3 above).

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
5.	Promoter Contribution	<p>Promoter Contribution shall be to the tune of minimum 25% of the investment requirement.</p> <p>Promoter Contribution shall be through fresh infusion in the form of share capital/ cash/ interest free subordinated loan from promoters or contribution in the form of non-government grant specific to the project.</p> <p>The amount of Promoter's Contribution should be clearly reflected as part of project financials.</p> <p>If the Promoter Contribution comes in through unsecured loans or interest free advance, it must remain invested in the Project till the Secured Obligations are paid off and upon achievement of milestones to the satisfaction of NSDC.</p>	<p>Promoter Contribution shall be to the tune of minimum 15% of the investment requirement.</p> <p>Promoter Contribution may be in the form of cash and or contribution in the form of non-government grants specific to the project.</p> <p>The amount of promoter's contribution should be clearly reflected as part of project financials.</p> <p>If the Promoter Contribution comes in through unsecured loans or interest free advance, it must remain invested in the project till the Secured Obligations are paid off and upon achievement of milestones to the satisfaction of NSDC.</p>
	Nature/ Mode of Funding	<p>NSDC may provide funding in the form of loan, equity, preference shares, debentures and grant. However, NSDC will prefer to provide funding in form of loan.</p> <p>The proposal shall be examined by NSDC as per the process laid out in the Financial Management & Procurement Manual.</p> <p>NSDC may invest in the equity of the project implementing company based on some of the following investment criteria:</p> <ol style="list-style-type: none"> Talented management team with a proven track record of creating stable processes and profitable business; Products and services with a sustainable competitive advantage in target market; Capability of creating high value through innovation through content, product development and process improvement Clear strategy for /exit; 	<p>NSDC may provide funding in the form of loan and grant. However, NSDC will prefer to provide funding in form of loan.</p> <p>The proposal shall be examined by NSDC as per the process laid out in the Financial Management & Procurement Manual.</p> <p>Grant funding is an exception and may be considered only in select cases.</p> <p>The limit for grant will be 10% of the project cost. Grant will be restricted to proposals where sustainability is an issue and paid model is not feasible or proposal addressing underserved areas / underserved sectors, as a part of the proposal.</p> <p>The PEC, PAC may recommend a lower rate of interest instead of a grant, after examining the business model and projected cash flows.</p>

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
		<p>e) The skilling initiative creates social impact in underserved areas / underserved sectors.</p> <p>NSDC will invest in the equity of the project company only if it is involved exclusively in providing skill development as per the mandate by Central Government.</p> <p>In case NSDC takes equity in an entity, then NSDC will reserve the right to participate in management which includes veto power in major decisions and reserve matters.</p> <p>Please also refer to the Investment Management Agreement available at NSDC website for all other matters like reserve matters, exit clauses etc.</p> <p>Following points needs to be noted in case of equity investment:</p> <ul style="list-style-type: none"> a) Investment from NSDC in equity shall be valued at par. b) NSDC's equity stake shall be a maximum of 19% (may be higher subject to approval of the NSDC Board) c) NSDC retains the right of first offer to sell in case the proposing entity / promoter decides to sell his (her) stake to another investor. <p>For clarity, profitable/ for-profit projects where the proposing entity does not have a clear path for exit, NSDC may not take investment option in such project in the form of equity.</p> <p>Grant funding is an exception and may be considered only in select cases. The limit for grant will be 10% of project cost. Grant will be restricted to proposals where sustainability is an issue and paid model is not feasible or if addressing underserved areas / underserved sectors, as a part of the proposal.</p>	<p>It may be noted that NSDC funding model may have a mix of Grant and Loan subject to the total NSDC funding not exceeding 85% of the total investment requirement.</p> <p>NSDC's investment in the form of equity in a not for profit entity shall always be subject to prior approval of the Board.</p>

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
		It may be noted that NSDC funding model may have a mix of grant (upto 10%), equity (upto 19%; may be higher subject to NSDC Board approval) and rest as loan subject to NSDC funding not exceeding 75% of the total investment requirement.	
6.	Moratorium Period	Principal Moratorium shall be for a period of three (3) years, No moratorium shall be granted on interest. If the principal moratorium period extends beyond three (3) years, the PEC must examine the need for the same and if recommended to the PAC, it must cite the reasons for doing so. Such exceptions can include; 1. Projects requiring a higher Capital Investment due to the nature of sector proposed to be skilled e.g. Manufacturing, Engineering etc. 2. Projects related to setting up of physical centers with substantial investment in capital expenditure for underserved areas / underserved sectors.	As for "For profit" Entity
8.	Debt Funding – Tenure and Rates	Debt should be repaid within 7 years or earlier (including moratorium period, if any). This is applicable to all entities. Any exceptions subject to the sole discretion of the NSDC Board. Interest Rate is 6% per annum (simple interest) for proposals other than, underserved areas / underserved sectors. In case of underserved areas / underserved sectors, applicable rate of interest will be 6% p.a. However, NSDC may extend a rebate of 3% p.a. provided all the following conditions are fulfilled: 1. The operational centers in underserved areas / underserved	Debt should be repaid within 7 years or earlier (including moratorium period, if any). This is applicable to all entities. Any exceptions subject to the sole discretion of the NSDC Board. Interest Rate is 6% per annum (simple interest) for proposals other than, underserved areas / underserved sectors. In case of underserved areas / underserved sectors, applicable rate of interest will be 6% p.a. However, NSDC may extend a rebate of 3% p.a, provided all the following conditions are fulfilled: 1. The operational centers in underserved areas / underserved

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
		<p>sectors are setup within the first year of the project.</p> <ol style="list-style-type: none"> Achievement of minimum 50% of the project milestones from underserved areas / underserved sectors. Fulfillment of obligations, terms and conditions in the agreement(s) executed with NSDC. <p>Any pre-payment of NSDC financial assistance in part or in totality from its approved tenure shall be subject to approval of NSDC Board and in such a case pre-payment charges and other conditions may apply.</p>	<p>sectors are setup within the first year of the project.</p> <ol style="list-style-type: none"> Achievement of minimum 50% of the project milestones from underserved areas / underserved sectors. Fulfillment of obligations, terms and conditions in the agreement(s) executed with NSDC. <p>Any pre-payment of NSDC financial assistance in part or in totality from its approved tenure shall be subject to approval of NSDC Board and in such a case pre-payment charges and other conditions may apply.</p>
9.	Underserved Areas / Sector	<p>Underserved Areas: North Eastern States, Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Andaman & Nicobar Islands, Lakshadweep, and districts affected by Left Wing Extremism as identified by the Ministry of Home Affairs for the Integrated Action Plan.</p> <p>Districts where no Government Industrial Training Institute (ITI) exists (as on the date of submission of proposal) will also qualify as underserved areas.</p> <p>The list for Underserved Sectors will be updated periodically and can be obtained from NSDC.</p>	
10.	Representation on the Board	<p>Where NSDC funding is in the form of Debt, NSDC reserves the right to appoint its nominee director(s) on the Board of borrowing entity.</p> <p>Where NSDC funding is in the form of equity:</p> <ul style="list-style-type: none"> < 10% stake, NSDC reserves the right to appoint at least its 1 nominee director on the Board of Directors of borrowing entity. > 10% stake, NSDC reserves the right to appoint at least its 2 directors on the Board of Directors of borrowing entity. <p>However, NSDC Director(s) shall hold a non-executive position.</p>	<p>NSDC reserves the right to appoint its nominee director(s) / on the Board of borrowing entity. However, NSDC Director shall hold a non-executive position.</p>
11.	Mandatory Collateral	<ol style="list-style-type: none"> First charge on assets of the project. 	<ol style="list-style-type: none"> First charge on assets of the project.

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
		<ol style="list-style-type: none"> 2. First charge on cash flows of the project. 3. First charge on the Intellectual Property developed under the project (e g- Content, Innovation technology etc.). Intellectual Property of the project (e.g., Content, Innovation technology etc.) will vest with NSDC in case of default in payment of the agreed Secured Obligations. Proposing entity must apply for copyright at the earliest. 4. Pledge of shares to the tune of minimum 51% of the equity of the project implementing entity. 5. Personal Guarantee/ Corporate Guarantee/ Put-Option on another Associate Company (as defined under the Companies Act, 2013). 6. Post Dated Cheques 7. Hard collateral which can include but not limited to a bank guarantee, Equitable mortgage of immovable property, lien on fixed deposits etc. covering minimum 30% of the loan amount. <p>In case a proposing entity is offering a higher percentage of hard collateral in the form of bank guarantee / lien on FD etc. then the personal guarantee / corporate guarantee / put option may be waived off subject to approval of NSDC Board.</p> <p>Based on the evaluation of the proposal NSDC may ask for additional security over and above 30% in the form of hard collateral for proposals entailing higher risk. The collateral, so specified, will rest with NSDC till the Secured Obligations are paid off.</p> <p>Collateral may be reviewed every year during the tenure of the agreement.</p>	<ol style="list-style-type: none"> 2. First charge on cash flows of the project. 3. First charge on the Intellectual Property developed under the project (e.g. Content, Innovation technology etc.) Intellectual Property of the project (e.g., Content, Innovation technology etc.) will vest in NSDC in case of default in payment of agreed Secured Obligations. Proposing entity must apply for copyright at the earliest 4. Pledge letters to be taken 5. Personal Guarantee/ Corporate Guarantee/ Put-Option on another Associate Company (as defined under the Companies Act, 2013). 6. Post Dated Cheques. 7. Hard collateral which can include but not limited to a bank guarantee, equitable mortgage of immovable property, lien on fixed deposits etc. covering minimum 30% of the loan amount. <p>In case a proposing entity is offering a higher percentage of hard collateral in the form of Bank guarantee/ lien on FD etc. then personal guarantee/ corporate guarantee / put option may be waived off subject to approval of NSDC Board.</p> <p>Based on the evaluation of the proposal NSDC may ask for additional security over and above 30% in the form of hard collateral for proposals entailing higher risk. The collateral, so specified, will rest with NSDC till the Secured Obligations are paid off.</p> <p>Collateral may be reviewed every year during the tenure of the agreement.</p>

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
13.	Employability	NSDC's mandate is for creating employability. Hence, proposals submitted to NSDC have to ensure employability as per the following definition; In the case of fresh skilling, at least 70% employment. In case of up skilling, the nature of up skilling as proposed will be examined as per the tenets of the Financial Management & Procurement Manual. Industry endorsement for the same will be needed as a part of the proposal. In case of self-employability, self-certification by the person being skilled. Any other parameter to be suggested by NSDC on a case to case basis. The employment verification will be carried out as per the requirements of the Monitoring Policy, available on the NSDC website.	As for "For Profit" Entities
14.	Corporate Entity owning the proposal	Proposal should have a clearly defined proposing entity, a clear corporate structure and management team, and an implementation and roll-out plan. Details for first year plan should also be provided.	As for "For Profit" Entities
15.	Leverage existing infrastructure and content	Proposal should leverage existing Infrastructure, land/ building etc. Proposal should also leverage on existing training content/ modules, if applicable, and rely on the third party assessment and certification, or leverage on capabilities of parties suggested by NSDC from time to time.	As for "For Profit" Entities
16.	Linkages	Proposal should focus on linkages with industry for training and placement.	As for "For Profit" Entities

Funding Guidelines- NSDC (2016)

V. Corporate Partnership with Financial Assistance:

Eligibility: Corporates listed in BSE/ NSE for more than 3 years with minimum credit rating of A- or foundation/social ventures of similar corporates.

Criteria: At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.

Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
Corporates listed in BSE/ NSE for more than 3 years with credit rating of A-	At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.	At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.

Funding Guidelines- NSDC (2016)

VI. Funding assistance to Private Universities, Engineering Colleges, ITIs, Polytechnics for Skill Development:

Eligibility: Any firm/corporate / society / trust with sustainable and viable business model.

Criteria: At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.

Parameter	Guideline for 'for-profit' Entity	Guideline for 'not-for-profit' Entity
Funding assistance to Private Universities, Engineering colleges, ITIs, Polytechnics for skill development:	At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.	At least 5000 persons to be trained per center over seven years in short term and long term courses. All other terms and conditions as per NSDC Funding Guidelines.

VII. Incentives and Disincentives (for training & skilling institutes):

Incentives for Placements			Disincentives for Training		
Applicable for partners achieving min. 75% of training targets as per agreement			Applicable for under achievement of training targets as per agreement		
Placement Achievement	Reduction of Interest	Effective Rate	Training Achievement	Additional Interest	Effective Interest
61%-70%	Nil	6.0%	51%-60%	0.5%	6.5%
71%-80%	1.0%	5.0%	41%-50%	1.0%	7.0%
81%-90%	2.0%	4.0%	Below 40%	1.5%	7.5%
Above 90%	3.0%	3.0%			

- a) Placement definition as per Common Norms
- b) Rebate or additional interest to be calculated for a block of 3 years
- c) In case of training achievement below 35% for consecutive 3 years – NSDC will reserve the right to recall the loan
- d) Minimum rate of interest of 3% will still be applicable after applying all incentives (including those for higher placement, underserved areas / underserved sector)
- e) Projects with captive training and employment of up to 50% to be considered for funding
- f) The incentives and disincentives will be applicable from FY 2016-17 onwards and will be as per monitoring guidelines of NSDC

Funding Guidelines- NSDC (2016)

VIII. Funding Guidelines for Sector Skills Councils

National Skill Development Policy 2009 mandates NSDC to constitute Sector Skill Councils with the following objectives:

- a) Identification of skill development needs including preparing a catalogue of types of skills, range and depth of skills to facilitate individuals to choose from them.
- b) Development of a sector skill development plan and maintain skill inventory.
- c) Determining skills/competency standards and qualifications.
- d) Standardization of affiliation and accreditation process.
- e) Participation in Affiliation, accreditation, examination and certification.
- f) Plan and execute Training of Trainers.
- g) Promotion of academies of excellence.
- h) Establishment of a well-structured sector specific Labour Market Information System (LMIS) to assist planning and delivery of training.

Each Sector Skill Council should have a fair representation from Industry bodies, associations, academicians and Government nominees. The SSC Proposal should endeavor to address the current and future skill needs of an Industry Sector, including but not restricted to, Sub Para (a) to (h) above.

The following table details the guidelines for different parameters.

Sl. No	Parameter	Guideline for Sector Skills Councils
1.	Proposal & Business Model submission	The proposal should be submitted as per the templates available on the NSDC website. The proposal submitted should have a clear cut strategy to achieve the objectives of the Sector Skills Council as mandated by the National Skills Policy 2009.
2.	Nature/Mode of Funding	NSDC may provide a funding of up to Rs 5 crore in the form of grant for the first 3 years of operation of the SSC. Any further funding, if required: Additional funding may be granted or be made available in the form of a loan (0-6%), depending on the case.
3.	Industry Contribution	Rs. 50 lakh.
4.	Viability of Business Model	While viability and sustainability of the business model of a SSC remain an important part of the evaluation, it should be accepted that most SSC plans may not be able to envisage a clear revenue model. In the short term, SSCs will need to be funded through grants. (SSCs across the world are government funded)
5.	Collateral	Collateral is applicable in case there is a loan component in total funding sought from NSDC <ol style="list-style-type: none">1. First charge on all assets of the project funded by NSDC2. First charge on cash flows of the project funded by NSDC
6.	Submission of Detailed project report (DPR)	All SSCs must necessarily submit a detailed project report (DPR) at the end of 3 years to NSDC. NSDC will then evaluate the progress and achievement of the SSC; and

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for Sector Skills Councils
		also examine the need of further funding. The principles of further funding will need to be discussed at the time of submission of the DPR.
7.	Governing Council/Governing Board	The Governing Council/Governing Board of the SSC must have : <ol style="list-style-type: none">1. Adequate Industry Representation2. Representation from concerned Ministry3. Representation from Academia4. Representation from NSDC5. Any other , as deemed fit, for a particular industry sector

IX. Funding Guidelines for Innovation Funding:

To strengthen the skill development ecosystem and to make it more responsive, effective, inclusive, and efficient, there is a need to support out-of-the-box solutions and new concepts. Proposals that address such specific needs may be considered for Innovation funding.

It is envisaged that such proposals, primarily targeted at underserved sectors and population with immediate societal needs, may fall within the following broad areas.

1. Technology-aided solutions to address critical gaps in the skilling ecosystem. These solutions may be developed by re-engineering existing solutions for better outcomes (reduced cost, increased access, better monitoring, etc.), through new product development (simulators, assistive technologies, virtual learning labs, improved content delivery etc.) or improving access to such products/services through adequate provisioning of digital infrastructure (connectivity, information, native language access, banking, citizen verification, etc.).
2. Market-linked value chain models that improve productivity, enhance quality, increase operational efficiency or decrease risk with focus on rural and urban poor, e.g., tribal farmers, home-based workers, bamboo artisans, slum dwellers, etc. and thus addressing the need of informal sector employability and employment.
3. Disruptive products/solutions that will result in development of highly skilled workforce in strategic/manufacturing sectors with domestic and/or overseas demand.
4. Project-based funding on a case-to-case basis for development of model skill development projects, viz. Rural BPOs, cluster skill development programs, migration support centers, skilling for smart cities and smart villages, etc. Thus, addressing and evolving solutions to critical issues currently untouched by most skill development initiatives and in line with industrial and government focus.
5. Incubation, job orientation and enterprise development with stronger hand-holding support, improving adaptability and acclimatization and providing strong post-training support to create higher sustainability and viability for the entire ecosystem.
6. Large scale solutions-oriented models leading to engagement with Training Provider and Sector Skill Council ecosystem thus developed, addressing important gaps across the skill development space ensuring improved outcomes for the entities in the ecosystem

Hence, NSDC actively solicits proposals that could address some of these challenges. NSDC will work with other critical stakeholders in skill development efforts (Central Govt. agencies, State Skill Development Missions, autonomous institutions, reputed academic institutions, industry associations, etc.), examine each proposal individually and establish the effect of the proposed solution/model.

The following table details the guidelines for different parameters.

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for Innovation
1.	Proposal submission	<p>The proposal shall be submitted as per the template(s) provided/ uploaded on the NSDC website. The project shall be for a minimum period of three (3) years, however not exceeding a period of seven (7) years, clearly detailing out a <u>sustainable and viable business model</u>. Any deviations may be considered at the sole discretion of the Board of NSDC.</p> <p>The proposal shall be evaluated as per the process set out in the Financial Management & Procurement Manual.</p> <p>The proposal is acceptable from any form of legal entity including but not limited to Company/ Society / Trust as per the process and applicable laws and guidelines.</p>
2.	No. of persons trained/Milestones	<p>In case, the project may not have any direct training component, it must outline at least 3 relevant, measurable milestones during its tenancy.</p> <p>At least one of the milestones, thus envisaged, must be directly linked with the existing Training Provider/Sector Skill Council network of NSDC</p>
3.	NSDC Funding	<p>NSDC will provide funding assistance for creation of infrastructure, working capital requirements and / or operational financial gap for the envisaged activity for up to first three years of the project. NSDC assistance shall not be provided for creation of immovable property such as land & building etc.</p>
4.	Extent of NSDC Funding	<p>Funding would be up to a maximum of 75% of the investment requirement (subject to conditions stipulated in Sl. No 3 above).</p>
5.	Promoter Contribution	<p>Promoter Contribution shall be a minimum 25% of the investment requirement. Promoter Contribution shall be through fresh infusion in the form of share capital/ cash/ interest free subordinated loan from promoters or contribution in the form of non-government grant specific to the project.</p> <p>The amount of Promoter's Contribution should be clearly reflected as part of project financials.</p> <p>If the Promoter Contribution comes in through unsecured loans or interest free advance, it must remain invested in the Project till the Secured Obligations are paid off and upon achievement of milestones to the satisfaction of NSDC.</p>
6.	Nature/ Mode of Funding	<p>NSDC may provide funding in the form of loan, equity, preference shares, debentures and grant. However, NSDC will prefer to provide funding in form of loan. The proposal shall be examined by NSDC as per the process laid out in the Financial Management & Procurement Manual.</p> <p>NSDC may invest in the equity of the project implementing company based on some of the following investment criteria:</p> <ol style="list-style-type: none"> Talented management team with a proven track record of creating stable processes and profitable business; Products and services with a sustainable competitive advantage in target market; Clear exit strategy <p>In case NSDC takes equity in an entity, then NSDC will reserve the right to participate in management which includes veto power in major decisions and reserve matters.</p> <p>Please also refer to the Investment Management Agreement available on NSDC website for all other matters like reserve matters, exit clauses etc.</p> <p>Following points need to be noted in case of equity investment:</p>

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for Innovation
		<p>d) NSDC's equity stake shall be a maximum of 19% (may be higher subject to approval of the NSDC Board)</p> <p>e) NSDC retains the right of first offer to sell in case the proposing entity / promoter decides to sell his (her) stake to another investor.</p> <p>Grant funding is an exception and may be considered only in select cases. In such projects, ownership of industry utilities thus created, such as content, certification & assessment framework etc will rest with NSDC (to the extent of the grant thus offered).</p> <p>It may be noted that NSDC funding model may have a mix of grant, equity and loan subject to the following:</p> <p>a) Total NSDC funding not exceeding 75% of the total investment requirement</p> <p>b) Equity contribution by NSDC to not exceed 10% of the total investment requirement</p> <p>c) Grant contribution by NSDC to not exceed 10% of the total investment requirement</p> <p>Any exception to the above shall be subject to the sole discretion of the NSDC Board.</p>
7.	Moratorium Period	<p>Principal Moratorium shall be for a period up to three (3) years, no moratorium shall be granted on interest.</p> <p>If the principal moratorium period extends beyond three (3) years, the PEC must examine the need for the same and if recommended to the PAC, it must cite the reasons for doing so.</p>
12.	Debt Funding – Tenure and Rates	<p>Debt should be repaid within the tenancy of the project or earlier (including moratorium period, if any).</p> <p>Interest Rate is 6% per annum (simple interest) for proposals.</p> <p>This is applicable to all entities. Any exception shall be subject to the sole discretion of the NSDC Board.</p> <p>However, NSDC may extend a rebate of 3% p.a. provided all the following conditions are fulfilled:</p> <ol style="list-style-type: none"> 1. Projects having measurable impact on underserved geographies/sectors (as already defined in the guidelines) 2. Achievement of minimum 50% of the project milestones from underserved areas / underserved sectors 3. Fulfilment of obligations, terms and conditions in the agreement(s) executed with NSDC. <p>Any pre-payment of NSDC financial assistance in part or in totality from its approved tenure shall be subject to approval of NSDC Board and in such a case pre-payment charges and other conditions may apply</p>
13.	Representation on the Board	<p>Where NSDC funding is in the form of Debt, NSDC reserves the right to appoint its nominee director(s) on the Board of borrowing entity.</p> <p>Where NSDC funding is in the form of equity:</p> <ul style="list-style-type: none"> o < 10% stake, NSDC reserves the right to appoint at least its 1 director on the Board of Directors of borrowing entity o > 10% stake, NSDC reserves the right to appoint at least its 2 directors on the Board of Directors of borrowing entity. <p>However, NSDC Director(s) shall hold a non-executive position.</p>

Funding Guidelines- NSDC (2016)

Sl. No	Parameter	Guideline for Innovation
14.	Mandatory Collateral	<ol style="list-style-type: none"> 1. First charge on assets of the project. 2. First charge on cash flows of the project. 3. First charge on the Intellectual Property developed under the project (e.g., Content, Innovation technology etc.). Intellectual Property of the project (e.g., Content, Innovation technology etc.) will vest with NSDC in case of default in payment of the agreed Secured Obligations. Proposing entity must apply for copyright at the earliest. 4. Pledge of shares to the tune of minimum 51% (can be relaxed to 26% in case of previously invested entities) of the equity of the project implementing entity. (Not applicable for entities other than companies) 5. Personal Guarantee/ Corporate Guarantee 6. Post Dated Cheques <p>Additional hard collateral which can include but not limited to a bank guarantee, equitable mortgage of immovable property, lien on fixed deposits etc. may be sought for projects entailing higher risk as per recommendations of the PEC, PAC and Board of NSDC.</p> <p>In case a proposing entity is offering a higher percentage of hard collateral in the form of bank guarantee / lien on FD etc. then the personal guarantee / corporate guarantee / other collateral may be waived off subject to approval of NSDC Board. The collateral, so specified, will rest with NSDC till the Secured Obligations are paid off. Collateral may be reviewed every year during the tenure of the agreement.</p>
14.	Employability	NA
15.	Leverage existing infrastructure and content	Proposal should leverage existing Infrastructure, land/ building etc. Proposal should also leverage on existing training content/ modules, if applicable, or leverage on capabilities of parties suggested by NSDC from time to time.
17.	Linkages	Proposal should focus on linkages with industry for various support systems.

Funding Guidelines- NSDC (2016)

X. Sectors to be Funded:

Sl No	Industry / Services	Skill Gaps In Demand
1.	Automobile/Auto components	Machinist, welders, operators, painters etc. Drivers, Sales, Servicing, Repair, Financial Services sales, Insurers/ Valuers etc.
2.	Electronics Hardware	Computers, Telecom, and Consumer Electronics Manufacturing, Sales, Servicing/After Sales Support of electronics goods
3.	Textiles & Garments	Power loom operators, Apparel Manufacturing, Fashion Design, QA, Knitwear manufacturing, sewing machine operators.
4.	Leather/ Leather goods	Tanning, Cutting, Clicking, Stitching, Lasting, Finishing etc.
5.	Chemical & Pharmaceuticals	Chemicals: Industrial and Chemical Manufacturing, Process Attendant, Manufacturing Assistant, Lab Attendant, Equipment Operator, Sales. Pharmaceuticals: Operators, Sales
6.	Gems and Jewellery	Jewellery Fabrication, Grading, Faceting, Polishing, Cutting etc.
7.	Building & construction	Crane Operators, Electricians, Welders, Masons, Plumbers, Carpenters, Painters, etc.
8.	Food processing/ Cold Chain/ Refrigeration	Operators/Workers, Packaging and assembly line workers, skills specific to Food Grain Milling, Bakery, Dairy products, Meat and Poultry Processing, Fish Processing, Fruit and Vegetables and Edible Oils
9.	Handlooms & Handicrafts	Resident skill artisans etc.
10.	Building hardware and construction material	Cement: Mining, Blending, OHS, process compliance, machine Operation, PLC etc. Steel: Mining, Process compliance, Crane operation, machine operation, maintenance Construction Equipment: Manufacturing, Equipment operation, maintenance, after-sales support, crane/hoist/dumper/forklift/ aerial ropeway operation
11.	IT or software services	IT – Software Engineering, Maintenance and Application Development, End-to-End Solutions, Infrastructure Management, Testing, etc.
12.	ITES – BPO services	ITES – BPO, KPO – Legal, Medical, STM, Analytics and Research
13.	Tourism hospitality and travel trade	Front office staff, F&B Services and Kitchen and Housekeeping staff, Ticketing and Sales, Tour Guides,
14.	Transportation & logistics/ warehousing/ packaging	Road Transport (Truck drivers), Warehousing (Loading supervisors, Warehouse Managers, Warehouse Supervisors), Air Transport skills (Pilots, Aircraft Maintenance, Air Traffic Control, Instructors, Safety and Security)
15.	Organised retail	Shop floor executives, back-store operations, merchandising
16.	Real estate services	Front office coordinator, client management etc.
17.	Media/ Entertainment/ Broadcasting / Content creation/ Animation	Cinematographers, Editing, Script writers, Artists, Sound designers/ editors Animation Pre-Production, Animators, Game Design, Game Developer, Radio Jockeys, Digital Camera Photography, Videography
18.	Healthcare services	Doctors, Nurses, Technicians and Paramedics
19.	Banking/ Insurance/ Finance	Financial Intermediaries (including Direct Selling Agents), Banking and Insurance (including agents), NBFC, Mutual Funds
20.	Education/ Skill development services	School teachers, teachers in higher education, trainers for technical and vocational training (especially modular skills training)
21.	Unorganised sector	Unorganised/Informal sector: The unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers. Unorganised/Informal employment: Unorganised workers consist of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector

Funding Guidelines- NSDC (2016)

Sl No	Industry / Services	Skill Gaps In Demand
		without any employment/ social security benefits provided by the employers.
22.	Infrastructure Sector	Architect/designer, Draftsman, Supervisor/Foreman, Surveyor, Mason, Carpenter, Plumber, Electrician, Bar Bender/Binder, Blacksmith, Welder, Machine Operator, Machine Driver, Painter, Glazier, Fitter, Erection Gang, Engineer, Grinder, Radiographer, Rigger, Gas Cutter, Store Keeper.