STANDARD OPERATING PROCEDURES

Social and Financial Monitoring of NSDC Training Partners

SoP for Social and Financial Monitoring of NSDC Training Partners

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SoP for Social and Financial Monitoring of NSDC Training Partners

Abbreviations used in the document

NSDC	National Skill Development Corporation
MSDE	Ministry of Skill Development and Entrepreneurship
CMA	Central Monitoring Agency
SPOC	Special Point of Contact
TP	Training Partner
TC	Training Center
SSC	Sector Skill Council
SDMS	Skill Development Management System
QP-NOS	Qualification Pack-National Occupational Standards
VET	Vocational Education and Training
MIS	Management of Information System
TcVerify	Training center Verify
PDC	Pre Disbursement Conditions
UC	Utilization Certificate
DSD	Debt Service Default
AFS	Annual Financial Statements
P&L	Profit & Loss
SMA	Special Mention Account
CSR	Corporate Social Responsibility
REC	Restructuring Evaluation Committee
PEC	Proposal Evaluation Committee
PAC	Proposal Approval Committee

1. Introduction

1.1 NSDC at a glance

National Skill Development Corporation (NSDC) is a one of a kind public private partnership under the Ministry of Skill Development and Entrepreneurship (MSDE), set up as part of Government's coordinated action in the skills space. NSDC operates mainly by fostering private sector initiatives in the area of skill development. In order to achieve its objectives, NSDC has been working on three key mandates:

- Create: Proactively catalyze creation of large, quality vocational training institutions
- Fund: Reduce risk by providing patient capital and improve returns by providing viability gap funding
- Enable: Facilitate the creation of support systems required for skill development

With a training partners' (TPs) network of over 400 affiliates, 39 industry-led Sector Skill Councils (SSCs) and various enabling systems and programs under fee based program, NSDC is a major contributor to the Government's Skill India mission.

NSDC provides support to build scalable and profitable vocational training initiatives. It also enables a support system which focuses on quality assurance, information systems, capacity building and train the trainer academies either directly or through partnerships. NSDC acts as a catalyst in skill development by providing funding/technical assistance to enterprises, companies and organizations which are active in skilling ecosystem. These include private sector firms, not-for profit organizations and government established autonomous bodies. NSDC also supports training entities with innovative skilling models that include spreading awareness, use of technological interventions, facilitate industry linkages, promote eLearning & digital content and have a special focus on inclusion.

Under funding assistance, NSDC provides concessional loan (soft loan) to Training Partners (TPs), up to 85% of the project investment (remaining portion is invested in the form of equity infused by the TP) to cover the expenditure related to training infrastructure, content & curriculum and other associated expenses.

Under technical assistance, NSDC extends support to TPs in terms of alignment of courses to QP-NOS (created by Sector Skill Councils), data management on Skill Development Management System (SDMS), centralized system for assessment and certification (through Sector Skill Councils) and branding of training centers in alignment NSDC Branding Guidelines.

Partnership Models

NSDC creates a viable ecosystem by enabling various skill development initiatives through funding or capacity building in terms of resources, access to thought leaderships in Vocational Education and Training (VET) space, knowledge management or by playing a role of market-maker i.e. bringing in financing in sectors where market mechanisms are weak or missing. NSDC has played a pivotal role in developing various types of partnership models, as listed below:

I.   **Funded Partnership:** Any legal entity including but not limited to Company, Society and Trust is eligible for applying for funding from NSDC at a concessional interest rate. Training infrastructure and working capital gets funded as per the proposal and necessary due diligence is undertaken by NSDC. Proposals consist of targets related to training and placement, NSQF aligned courses, number of centers etc. which are to be achieved during the tenure of the proposal, supported by a viable financial model.

II. **Non Funded Partnership:** NSDC also invites and supports reputed entities with established credentials who wish to be a part of the "Skill India" and/or "Make in India Mission" through NSDC partnership but do not require funding. Proposals submitted under this category cater to sectors with high growth, unmet needs and/or unorganized sector. These are outcome oriented and focus on placement in industry, self-employment and entrepreneurship.

III. **Innovation Models:** In an effort to generate new ideas across the skilling value chain, NSDC looks at innovations that can particularly add value and address various challenges in the skill development ecosystem. Innovative models include spreading awareness, technological interventions, industry linkages, eLearning, digital content, special focus initiatives (group, sector) etc.

IV. **Sector Skill Councils (SSCs):** SSCs are set up as autonomous industry-led bodies by NSDC. They create Occupational Standards and Qualification Packs, develop competency framework, conduct Train the Trainer programs and assess & certify trainees on the curriculum aligned to National Occupational Standards developed by them. SSCs ensure that the trainings conducted in the skill development space are relevant to the industry and are aligned with the objectives of National Skill Development policy.

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. Detailed guidelines for funding can be accessed at: https://www.nsdcindia.org/New/funding

1.2 Scope of this document

This document summarizes the key processes and activities performed by NSDC and its outsourced Central Monitoring Agency (CMA) for monitoring Social and Financial Performance of its funded and non-funded TPs and provides important details with respect to the below areas:-

1) Objective of the activity/process
2) Brief detail of the activity/process
3) Expected output
4) Other important information

2. Social Monitoring and Capacity Building

The primary objective of Social Monitoring is to monitor the performance of TPs against the planned milestones as per the Agreement in terms of various KPIs such training numbers, placement percentage, number of operational training centers etc. In order to achieve better outcomes, 3 core areas of social monitoring, along with key activities under each, are identified and listed below:

A. Training Partner Onboarding	B. Training Partner Lifecycle Support	C. Data Validation, Compliance and Quality Control
Induction & Kickoff Session	Support through JIRA	Training and Placement Criteria
TP Registration on SDMS for data upload	Conference Calls	Call Center Validation of Candidates
TP Profile creation on TP Hub	Partnership Renewal	Center Visit

2.1 Training Partner Onboarding

2.1.1 Induction and Kick-off Meeting

Upon signing of agreement between NSDC and TP, key documents including copy of agreement, Term Sheet, financial model and primary contact details of the TP are shared with the CMA. CMA then initiates the TP's onboarding process by inviting them for project kick-off meeting. The agenda of the meeting is to get the TP acquainted with NSDC's ecosystem, monitoring processes, branding guidelines, and quality control mechanism etc. Following sessions are conducted for TPs on the day of onboarding:
  a. Monitoring & MIS
  b. NSDC Branding & Social Media Session
  c. NSDC Partnership Certificate distribution
  d. Skill Development Management System (SDMS)

After the meeting, key contact details with respect to the project are collected from new TPs including Senior Management, SPOC from Monitoring & MIS Department and Finance Department for further communication. Every TP is allocated to a SPOC from NSDC CMA, who is introduced to TP after their onboarding. CMA SPOC acts as a facilitator and coordinator for all day-to-day communication between the TP and NSDC with respect to monitoring function.

2.1.2 Training Partner Registration on SDMS and Data Upload

SDMS: Skill Development Management System
  + SDMS is NSDC's integrated platform for capturing Training Lifecycle Management, Assessment and Certification, and reporting of Training Data. SDMS Support team maintains the system and provides technical and functional support to users including TPs, SSCs, NSDC Management and NSDC CMA.

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➕ Every user has a unique set of read-write-delete access and customized interface as per user need. All TPs are required to register on SDMS through their login credentials so that they can upload the data.

The latest version of SDMS – SDMS Next-Gen allows TPs to register themselves on Skill India Portal (https://skillindia.gov.in/) and generate a unique id for themselves. The link to Skill India Portal and other relevant documents are provided to TPs in the form of a welcome docket after the kick off meeting. The TPs can register themselves and start creating their profiles, centers, trainers and courses for uploading training and placement data on SDMS

➕ SDMS broadly captures information on TPs and data uploaded by them. This information is segregated into the following heads:

a. **Registration**: TP has to self-register on Skill India portal with following details:
    a. Head/Corporate office details
    b. Company profile
    c. Contact details (CEO, SPOC, MIS SPOC, Finance SPOC etc.)

b. **Scheme/Program enrollment:** TP selects the approved scheme in the portal:
    a. TP fills in the required information from the term sheet

c. **Training Centers:** TPs need to create new centers by providing following information:
    a. Type of center: Mobile/Fixed and Owned/Franchisee
    b. Demographic Details
    c. Center SPOC detail

d. **Trainers**: Trainers registered on Trainer/assessor portal can be linked by the Training Partner

e. **Courses:** TPs are required to create courses by providing the following details:
    a. Course Name
    b. Sector
    c. QP Name/QP reference ID
    d. NSQF Level
    e. Undertaking on a stamp paper

f. **Assessment agency (third party):** TP enters the basic details of the assessment agency if assessment is being conducted for a course through third party

g. **Assessor details (self-assessment/third party):** Assessor registered on Trainer/assessor portal can be linked by the Training Partner to self/assessment agency (third-party) profile

h. **Candidate Data**: Details of candidates enrolled by the TP are uploaded and updated. These include personal details like name, address, contact number, date of birth etc.; center details like name of the center, center location; sector name, training status as enrolled, ongoing or completed and placement details.
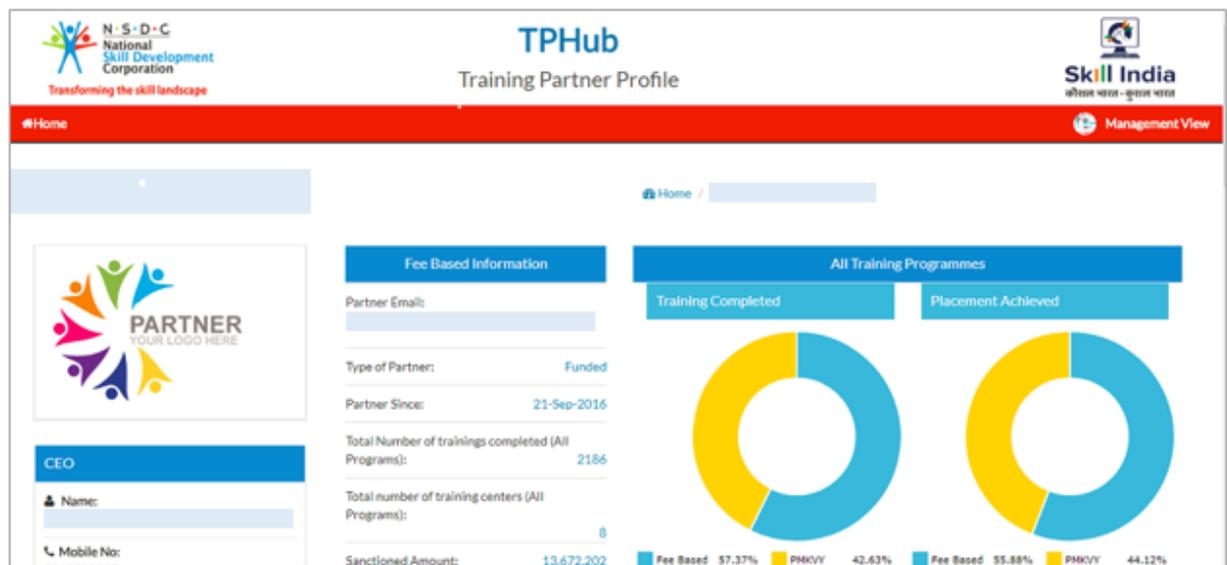
2.1.3   Training Partner Profile on TP Hub

TP Hub is a **web based application** created by NSDC to have an overview of TP's contribution across skilling space. The intent is to create a platform where TPs can update their achievement in various skilling schemes and can present a consolidated view of their skilling portfolio to NSDC.

Key highlights of TP Hub

1. Senior Management and SPOC from the TP Organization will be shared a unique link to access and update their profile on TP Hub
2. TPs can provide information on their achievement in various skilling schemes along with fee based program
3. The platform also provides space to upload the videos of key skilling testimonials

4. An automatic reminder is sent to all the key contacts of TPs on 1st of every month to update the profile
5. The profile will be published on NSDC's website to enable its access to all the stakeholders within and outside the skilling ecosystem

2.2 Training Partner Lifecycle Support

A TP once on-boarded requires regular support from NSDC CMA for running successful operations and attaining sustainability in the project. CMA provides support mainly under the following categories:-

Operational- Addition of new sectors to the agreed proposal, courses and centers which need prior approval of NSDC management.

Technical: - Coordination with SDMS team to support TPs in uploading data on regular basis.

Business: - Connecting TP to the other teams like CSR, Education Initiatives etc. to explore other business opportunities and assisting TP in renewal of partnership with NSDC.

2.2.1 Monitoring Support through JIRA

CMA communicates with TPs through an incident management tool called JIRA. It is an automated solution for effective tracking and timely closure of issues, requests and complaints raised by Training Partners. The tool can be accessed through the following link with the help of user id and password created for each TP.

https://nsdcrural.atlassian.net/servicedesk/customer/portal/2

TPs can raise monitoring related requests under the selected categories identified and listed on the tool. Once the request is raised and ticket is created, it is assigned to the respective CMA SPOC who coordinates and facilitates the timely resolution. Once resolved, the ticket is marked as closed/resolved on the tool. Some of the key requests received from the TPs are related to sector addition, course approval, center approval, and support in uploading data on SDMS.

Key steps in the process of raising a ticket on the tool and its resolution are described below:

1. TP receives an invitation email from NSDC to setup their account on Atlassian website:
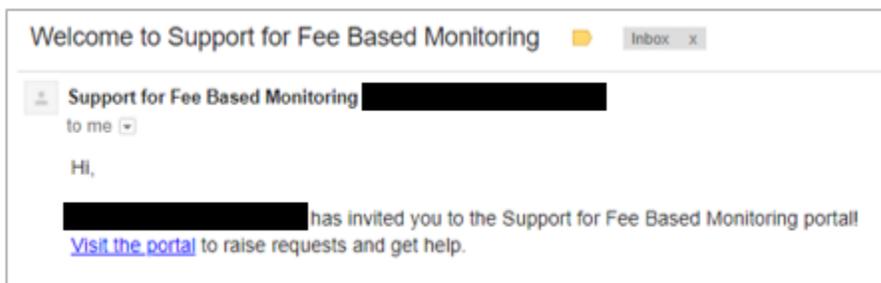
2. TP clicks on "Visit the portal" link in the invitation email (provided below) and login using the email id on which the invitation is received. After entering the login id, an option is provided to setup the password.

   URL: https://nsdcrural.atlassian.net/servicedesk/customer/portal/2

3. TP can raise a ticket in the form of an incident or service request for CMA to take action or can also reply on a ticket raised by the team. Additionally, TP can upload related data file(s) of size up to 10mb.
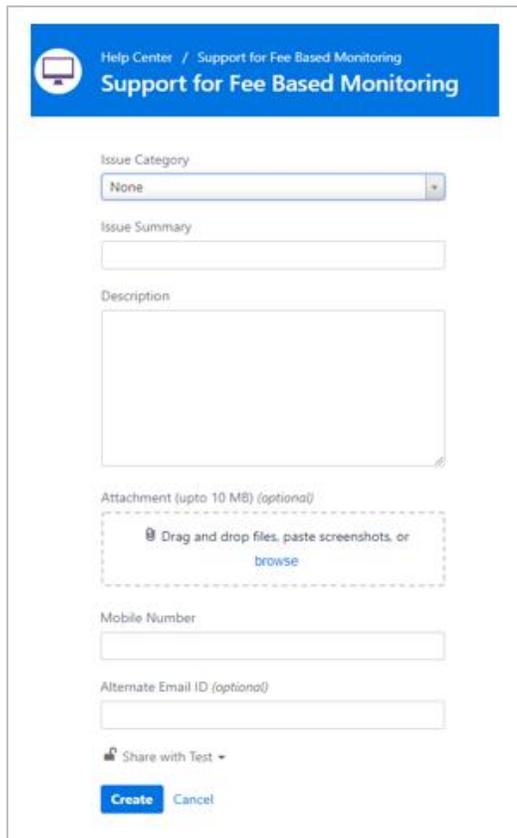
While raising a ticket TP has an option to select the most relevant issue category from the dropdown which correctly defines the concerned issue.
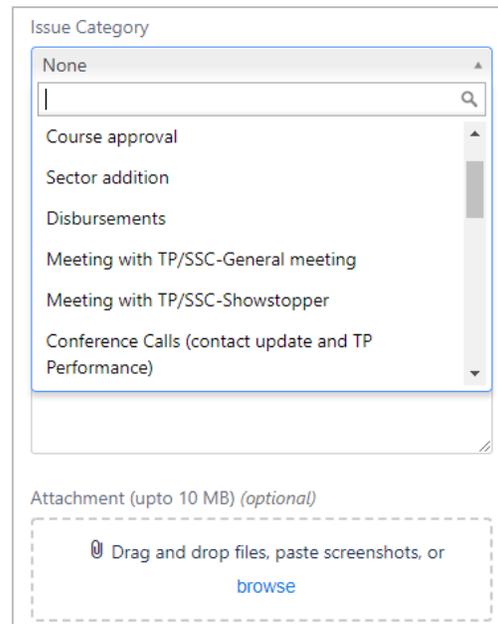
4. The ticket is then assigned to the respective SPOC from CMA for resolution.

5. TP receives a notification via email when a ticket/service request has been raised, assigned or whenever there is an update on the ticket by NSDC

6. TP can also check the progress on the ticket and add a comment or attach a file on the ticket.

7. CMA SPOC updates the ticket with the required information and resolves the same, however TP has an option to reopen the ticket within 3 working days of resolving it, if the resolution provided seemed unsatisfactory.

After on-boarding, key components of a TP's project, as per their approved proposal by NSDC, are updated on SDMS as part of TP's profile. These are targeted sectors, courses/ job roles and center locations which need to be approved by CMA before a TP starts uploading data on SDMS. The approval process ensures that the data is uploaded only under NSDC approved sectors/courses and verified centers. However, while executing the project, and depending upon the market dynamics, TPs may see potential opportunities to work in new sectors, courses and locations. These new offerings need to be approved by NSDC Management, before the same can be updated to TPs' profile on SDMS. The CMA assists TP in facilitating such changes through guidance, approval of requests from Management and co-ordination with SDMS support Team. The process flow and pre-requisites for such changes are discussed below:

[PS: All courses offered under NSDC's partnership should be aligned QP-NOS aligned (if available)]

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Sector Addition

The process of sector addition allows TPs to conduct trainings in additional sectors apart from the ones mentioned in the approved proposal. If any TP wishes to get any specific sector added to their proposal and subsequently to their SDMS profile for conducting training in that sector, they shall raise a ticket for the same on JIRA using the following link:

https://nsdcrural.atlassian.net/servicedesk/customer/portal/2

Steps to be followed for sector addition:

1. Post allocation of ticket, the CMA SPOC needs to share the Sector addition "Undertaking document" with the TP on the JIRA ticket itself. Please refer templates for **Sector Addition** under **Documents** section of the web page.

2. TP needs to fill and upload the undertaking document on the tool itself. TP is also required to pay an amount of INR 10,000 per sector as a processing fee for sector addition. The instructions for submission of documents are listed below:
   - Information shall be filled and printed on a notarized Rs. 100 stamp paper
   - Authorized representative of the TP needs to sign and stamp the document
   - The TP is required to attach the required Annexure including Affiliation certificates from the concerned SSC with relevant validity period
   - Share the bank transaction ID for payment of processing fee
   - Share the related Work Order basis which the sector is being added

3. Post receipt of completed documents, the concerned CMA SPOC shall perform following checks:
   - If undertaking is in prescribed format
   - That all requisite information has been furnished by TP
   - That the processing fee has been received by the NSDC Accounts Team
   - In-case of incomplete or missing information, the SPOC shall communicate the same to TP through the ticket and ask for re-submission of correct documents

4. Once the documents shared by TP are found to be complete and in correct format, the CMA SPOC shall prepare an internal Note for vetting by Legal Team of NSDC and Approval Note for Senior Management to obtain approval for sector addition.

5. Post approval from legal team and higher management of NSDC, the sector is added to Partner's SDMS profile and a confirmation is sent on the ticket as resolution.

Course Approval

After the new sector has been successfully added and linked with the TP's account on SDMS, a separate process for approval and alignment of desired courses under the linked sectors is required to be initiated. In order to initiate the process, TP shall raise a ticket for the same on JIRA using the same link:

https://nsdcrural.atlassian.net/servicedesk/customer/portal/2

Steps to be followed for course approval:

1. Post allocation of ticket, the CMA SPOC needs to share the Course Approval "Undertaking document" with the TP on the JIRA tool itself. Please refer templates for **Course Approval** under Documents section of the web page.

2. TP needs to fill and submit the Undertaking Document and create the course on SDMS to get the course ID. The instructions to complete the Undertaking are listed below:
   ▪ Information shall be filled and printed on a notarized Rs. 100 stamp paper
   ▪ Authorized representative of the TP need to sign and stamp the document
   ▪ Upload the soft copy of the document on JIRA ticket and courier the original document

3. Post receipt of completed 'Undertaking Document', the concerned CMA SPOC shall perform following checks:
   ▪ If undertaking is in prescribed format
   ▪ That all requisite information has been furnished by TP
   ▪ In-case of incomplete or missing information, the CMA SPOC shall communicate the same to TP through JIRA and ask for re-submission of correct document

4. Once the documents are found to be completed with all the relevant information, CMA SPOC shall approve the courses created on SDMS.

5. Post approval of the course, CMA SPOC shall communicate the same to the TP through JIRA and mark the ticket as closed.

Center Approval

1. In order to initiate the trainings under approved sectors and courses, it is required for TPs to get their Training Centers added and approved on the SDMS. In order to do so, they need to create Centers by providing relevant information on SDMS using their login credentials.

2. The following details are provided by the TP while creating a training center:
   • Name and contact details of Center SPOC
   • Photographs of training centers
   • Address of the training center
   • Type of training center – Fixed or Mobile

3. After providing the complete and accurate information with respect to training center, a Center id is generated by SDMS.

4. TP needs to share the Center id with the CMA SPOC by raising a ticket for the same on JIRA using the following link:

https://nsdcrural.atlassian.net/servicedesk/customer/portal/2

5. **Steps to be followed by CMA SPOC for center approval on SDMS :**

   - Post creation of a center on SDMS, a unique Center ID is generated by the system which is shared with CMA by 'SDMS Support Team' for approval.
   - The concerned CMA member shall then verify the center details provided by TP including contact details of SPOC, photographs of classroom, lab, cafeteria, wash room etc. before approving a center.
   - In case of any discrepancies/ or non-compliance with respect to the contact and corresponding details provided or center infrastructure visible in photographs uploaded by TP on SDMS, CMA member shall inform the TP regarding the same and request for clarification or rectification.

6. If the center details are found to be valid and accurate, the center is approved by CMA SPOC and a confirmation is sent on the ticket as resolution.

Support in Data Upload on SDMS

Similar to IT tool for monitoring related activities, JIRA is being used as an incident management tool for SDMS related issues as well. Issues reported on JIRA can be categorized in different types of incident like Request/ Feedback/ Complaint etc. A unique system generated ID is allotted to each Incident raised which is being used during follow up.

Each TP is issued a login credential for JIRA to report any SDMS related issues by logging to below mentioned link.

https://nsdcsupport.atlassian.net/

Process Flow for use of JIRA while uploading data:

1. TP uploads candidate data by logging on SDMS Portal with given credentials in prescribed template available on SDMS portal.
2. In case data upload is failed due to incorrect information, system generates an error sheet with details of error and error location.
3. In case TP couldn't resolve the error, they may raise a request by logging to SDMS JIRA Portal.
4. SDMS team replies with resolution to the issue raised by the TP
5. If issue is not resolved or stayed non responsive beyond the timeline, TP may escalate the same to CMA by raising another ticket on JIRA for Monitoring.
6. The ticket will be assigned to the concerned NSDC SPOC, who will then follow up with SDMS team for resolution of incident raised by TP.

2.2.2 Quarterly Conference Calls

Apart from supporting the TPs through Service Requests on JIRA, CMA SPOC also conducts Conference Calls with the TPs every quarter. It allows TPs to discuss their progress in terms of trainings conducted, financial health, and overall project performance and discuss any challenges/issues being faced by them. The SPOC understands and addresses the concerns raised by the TPs and suggests possible solutions.

The invite for the call is sent to the people listed below:-

- CEO/Senior POC, TP (or any other person nominated by TP)
- TP SPOC, CMA

The CMA schedules conference calls with around 15-20 partners every week with an intent to touch base with all TPs over a quarter.

Points of discussions

The attendees discuss the progress and issues along with a recap of the status and progress on action items from the last call covering but not limited to following agenda items:

A. **Social Performance:-**
   - Progress towards training achievement of yearly targets
   - Update on Business Plan for current financial year
   - Updating of Contacts details information (SPOC, MIS, Curriculum, Finance & Senior)
B. **Financial Performance:-**
   - Utilization Certificate submission for current quarter
   - Query discussion post UC analysis of last quarter.
   - Analysis of Annual financial statement (Balance sheet) & its queries
   - Reminder to pay financial dues, if any
C. **Technical Issue Resolution:**
   - Discuss issues related to monitoring JIRA and data upload
   - Highlight any pending approval on SDMS
D. **Others:**
   - Call Validation report (quarterly)
   - Status on Course/Sector approval, if any

Post Conference Call Actions
- CMA SPOC circulates Minutes of the conference call with all the participants
- If any items are identified to be pending with the TP, CMA SPOC follows up with the TPs
- CMA also facilitates closure of open action items, if any, pending on NSDC

The issues discussed and the associated action items are documented in a pre-defined template which is reviewed in the subsequent call.

2.2.3 Partnership Renewal

NSDC issues Partnership Certificates to all its affiliated i.e. funded and non-funded TPs as a proof of affiliation with NSDC. Only TPs with a valid Partnership Certificate and/or Agreement shall have the right to use NSDC Branding (as per Branding Guidelines set by NSDC), and can claim benefits of NSDC affiliation. It is important to note that the Partnership Certificate is issued only to the implementing organization of the training organization.

The funded TPs have their agreement signed with NSDC for 7 to 10 years, and they are issued Partnership Certificate every year based on pre-determined financial and social performance milestones. For a newly signed funded TP, the Certificate is issued after the first disbursement is availed by the TP. Agreement with non-funded partners is signed for 3 years only and the issuance of partnership certificate to them is linked to their past performance along with the payment of partnership fee of INR 1 Lakh every year.

There are some Special cases for Partnership Certificate Renewal which include the following:

- In case where two or more organizations have formed a Consortium or a Joint Venture to become NSDC Training Partners, the Certificate will be issued in the name of consortium or joint venture and not individually to each party.
- In case where two or more organizations have become co-borrowers to the loan/grant sanctioned to the Training Partner, single Certificate will be issued with name of each borrower.
- For any partner who has multiple approved proposals under the same legal entity would be issued a single partnership certificate post the fulfillment of eligibility conditions.

Please note that NSDC reserves its rights to affiliate or terminate affiliation with any Training Partner basis various performance and compliance parameters, and is not bound to provide any prior notice or evidence for the same.

2.3 Performance Reporting & Documentation

Monitoring social performance of the TPs is one of the primary responsibility of NSDC's CMA. This includes evaluation of TPs' annual achievement against the targets/milestones proposed at the time of agreement signing. While the targets/milestones proposed are annual, continuous monitoring and reporting is done on monthly basis to ensure that the performance of the TP is on track to achieve annual targets.

Various reports and dashboards depicting KPIs set up by NSDC and its CMA are developed and shared with higher management on a periodic basis. KPIs include training target achievement, new capacity creation, assessment and certification success rates, wage employment, self-employment and dropout ratio amongst others.

A complete portfolio of social achievement of TPs is developed and maintained, using SDMS data as a primary input. An Account Sheet of every TP, summarizing both Social and Financial Performance, is prepared by CMA, and is updated on quarterly basis.

TP Rating Framework

In order to effectively monitor the ability of TPs to run the business on a sustainable basis and achieve agreed social targets, NSDC has formulated a framework for its internal stakeholders. The framework assesses annual performance of training partners, basis their social and financial achievements, derived from their yearly targets and proposed business models, thereby segregating TPs into five categories indicating their sustainability in the NSDC eco-system.

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

Social parameters – These are parameters which represent the operational health of the partners, e.g., number trained vs. target, actual placed vs. target, etc.
Financial parameters – These are parameters which represent the financial health of the partners, e.g., revenue, profit margin, liquidity etc.

Each parameter is assigned a highest score between 5 to 10 (depending on their weightage), and the values achieved by TPs against each parameter is calculated as per the ranges assigned to them. The score against each parameter is added and the TPs is rated separately for its social and financial performance under the following categories:

Rating Index and TP categorization		
S. No	Range	Category
1	>=35	Very Good
2	>=30 < 35	Good
3	>=20 < 30	Moderate
4	>=12.5 < 20	Caution
5	<12.5	Unsatisfactory

2.4 Data Validation, Compliance and Quality Control

2.4.1 Training and Placement Criteria

Under fee based program of NSDC, the performance of a TP is measured against the training and placement target committed by the TP in their proposal which later forms the part of their agreement with NSDC.

To evaluate the performance of the TP, only those candidates are considered as trained who have successfully completed their training program and have been duly certified either by training partner or through a third party (Assessment Agency) or a Sector Skill Council (as per the terms of the Agreement signed with NSDC).

Similarly, to evaluate the placement achievement of a training, following three types of employment status are considered as placements:

a. **Wage Employment:** When a TP is able to place the trained candidates successfully with identified employers who agree to pay wages to the employee. In this case, TPs are advised to keep required proof of placement duly countersigned by the Employer and the candidate (e.g. monthly salary / employment.

b. **Self-Employment:** When the trainees who successfully complete the course and are certified but desire to start his/her own Business. Self-employment should be encouraged for all the trades wherever possible. Candidates are required to submit an Undertaking declaring that they are opting for Self-Employment.

c. **Up-Skilling:** When the trainees who are already employed but joined the training program for up-skilling. In case the up-skilling is sponsored by an Employer, the Employer should provide a letter to the partner, stating that they are ready to sponsor their employees for 'Up-skilling'. Or the candidates can also submit an Undertaking declaring that they have joined training program to enhance their skills.

2.4.2 Call Center Validation of Candidates

NSDC conducts a validation exercise on the data reported by the TPs through outbound calling to the candidates and center managers which is managed by third party service provider.

All information related to candidates trained including details of center uploaded by TP on SDMS System, is validated through call validation process on Quarterly basis.

Expected Outcome & Non-compliance Consequences

Deviations and gaps in the candidate and training data reported on SDMS by TP are shared by the service provider with CMA. The CMA asks for clarification/proofs from concerned TPs. In case the gaps are not closed or the TP fails to justify for gaps observed, the call validation is marked as unsatisfactory for that TP. In such a scenario following processes would be adversely impacted:

- Benefits under incentive policy
- Renewal of NSDC partnership certificate
- Fund disbursement
- Allocation of targets under various State Government Schemes, CSR etc.
- Revision in interest rates
- Rating/Ranking of TP

Please note that NSDC reserves the right to amend the consequences mentioned above at its discretion, and shall not limit itself to above mentioned ways of penalizing

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2.4.3 Center Visit

NSDC, including the members of CMA, conducts site visits to Training Centers (TCs) operated by affiliated TPs on a quarterly basis to monitor on ground operations, and collate feedback from its stakeholders including Center Managers, Students, Trainers etc. Site visits/physical inspection of centers are also a quality assurance mechanism to ensure compliance to NSDC's project implementation guidelines.

Every year a number of new training centers are added to SDMS by the TPs. It is therefore, imperative to shortlist/select a few TCs (representative of the total set) for site visits. A center visit framework has been

created by CMS which captures the process of selection of TPs/TCs for site visits. It also includes key parameters/features/functions to be verified during the visit and recommends a consequence management framework in case of deviations identified during visits.

Process Flow included Planning, Initiation, Reporting and Actions across 3 phases

1. Planning	2. Execution	3. Review & Consequence Management
NSDC Monitoring Team prepares a plan for the forthcoming quarter's site visits to be conducted. The key activities undertaken during this stage are as below: **A.** Clustering of States and UTs **B.** Shortlisting of TPs **C.** Selection of TCs to be visited **D.** Preparation of Site Visit Plan	NSDC Monitoring Team visits the identified centers. The key activities undertaken are as below: **A.** Visits made to the centers **B.** Reporting the observations on the center-visit form/App	NSDC Monitoring team prepares a center wise report and takes requisite action on the findings. **A.** Clarification sought from the TP on the identified deviations/ anomalies **B.** Consequence Management for deviations/anomalies identified, if any

As part of Execution, a visit is made to the shortlisted training centers and observations are captured on a mobile application developed by NSDC.

Center-visit App (TcVerify)

The details of the center visit are captured on an application called TcVerify. Center inspector duly fills up the details, observations and feedback of the visit in the application. Information captured in the application is supported by the photographs clicked at the center and geo-coordinates of the center.

Verification during Center Visit

A comprehensive list of items has been prepared for verification which are categorized into the following:

1. Mobilization of Candidates
2. Center Infrastructure
3. Training Delivery including Trainers, Sectors, Courses, and Placement Support etc.
4. Data Management

After the verification of all the factors under the categories mentioned above, visitor is required to rate the center individually for each category and overall.

NSDC Branding Guidelines:

One of the important factor that needs to be verified during the center visit is "Compliance towards NSDC Branding Guidelines."

SoP for Social and Financial Monitoring of NSDC Training Partners

Please refer NSDC Branding guidelines under the Documents section of the web page.

Interface for NSDC Senior Management

The app provides a comprehensive view of all the visited training centers, collectively as well as individually, with respect to the following parameters:

1. Rating of the training center
2. Major deviations observed with respect to data reported on SDMS
3. Status of NSDC Branding
4. Operational efficiency

Expected Outcome & Non-compliance Consequences

All gaps in infrastructure and training delivery at the visited Training Centers are documented. The CMA asks for clarification from concerned TP. In case the gaps are not closed/ clarified or the visit is marked as unsatisfactory, following processes would be adversely impacted:

- Benefits under incentive policy
- Renewal of NSDC partnership certificate
- Fund disbursement
- Allocation of targets under other schemes/projects such as PMKVY, CSR etc.
- Revision in interest rates
- Rating/Ranking of TP

Please note that NSDC reserves the right to amend the consequences mentioned above at its discretion, and shall not limit itself to above mentioned ways of penalizing

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3. Credit Operations and Risk Management

One of the major objectives of NSDC is to provide funding support to various players in the skilling ecosystem for them to contribute effectively towards their assigned goals. The funding support to partners is provided in terms of loan/grant/equity infusion or a combination of all three basis business viability and the potential beneficiaries from the funding support.

Since inception, NSDC has funded close to 272 proposals as on March 2018, which includes Training Partners (TP) (219), Innovation Partners (12), Special Projects (3) and Sector Skill Councils (38).

For funded partners, the initial disbursement is done by the Legal and Finance Team while the ongoing monitoring and subsequent disbursements are managed by the Monitoring Team.

In order to help the partners attain sustainability in their operations, NSDC provides funding at a nominal rate of interest and may allow a moratorium period on the principal repayment, on case to case basis.

NSDC's portfolio has seen a considerable increase over the last couple of years and to monitor the inherent risks faced by NSDC due to its nature of operations, a robust Financial Monitoring process has been setup with the following objectives:-

- Processing of subsequent disbursement requests in a timely fashion
- Analyzing performance trends of the Partners for critical financial parameters like revenue, expenses, profits, utilization of disbursed funds etc.
- Provide early view of financial risks to enable early mitigation
- Analyzing profitability of business models and assessing long term sustainability
- Assessing the ability of a T P to pay back its debt (Principal and Interest) and provide an insight into NSDC's credit risk exposure

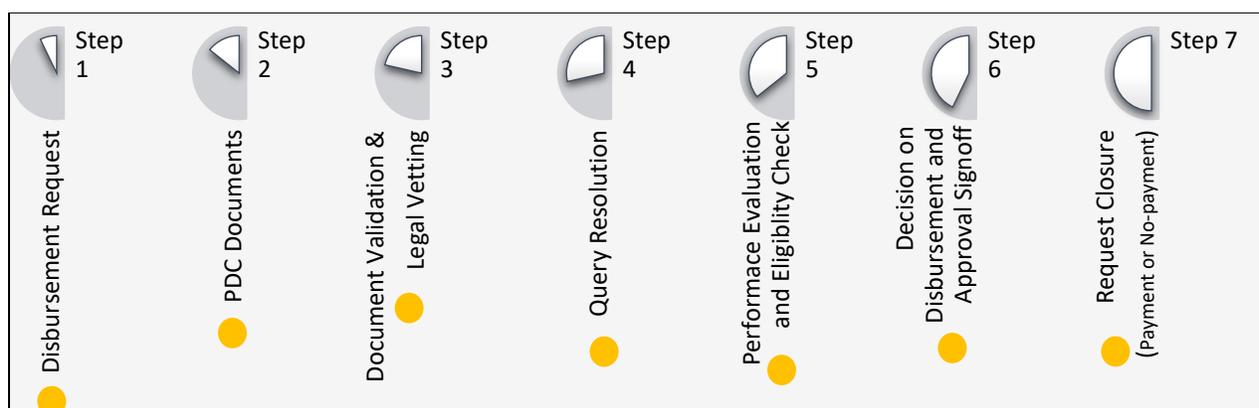| A. Disbursements	B. Financial Monitoring and Risk Management	C. Account Restructuring	D. Annual Management Audit
Disbursement Request	Quarterly UC Analysis	Eligibility	Process Audit
Request for PDC	Annual Financial Statement Analysis	Viability	Financial Audit
Document Validation and Legal Vetting	Stressed Account Management	Conditions related to Restructuring under the Framework	Scope and Coverage
Query Resolution	Net Off of NSDC Dues		Standards
Performance Evaluation and Eligibilty Check	Account Classification	Monitoring of upgraded/restructured accounts.	
Decision on Disbursement and Approval Sign Off	Debt service default partner		
Request Closure			

3.1 Disbursement

Disbursement refers to transfer of funds by NSDC to the TP as per terms and conditions agreed to between the parties at the time on approval of TPs Project and signing of agreement. Once the loan agreement is signed, the Training Partner will get in touch with the disbursement team at

firstdisbursement@nsdcindia.org for completion of Pre Disbursement Conditions (PDCs) in line with loan agreement and availing the 1st disbursement of loan. The disbursement team and legal team will guide the Training Partner for compliance with credit and legal PDCs respectively. Post compliance with all PDCs in line with loan agreement, 1st tranche of the loan will be disbursed. Post 1st disbursement, monitoring team of NSDC will get in touch with the Training Partner for financial and social monitoring. Further, monitoring team will engage in account management activities for regular requests raised by the Training Partner. Disbursement of subsequent tranches is processed by the Credit Team which performs a series of checks before submitting the performance note for further approvals.

Key steps in Disbursement Process

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Disbursement Request	PDC Documents	Document Validation & Legal Vetting	Query Resolution	Performance Evaluation and Eligibility Check	Decision on Disbursement and Approval Signoff	Request Closure (Payment or No-payment)

Click on dots to navigate

3.1.1   Disbursement Request

a. To initiate the disbursement request, the partner should submit a formal request for subsequent tranche of loan. The request should be submitted in the template specified by NSDC. The request can be submitted through following modes:

> Raising the Ticket: By raising the ticket on ticketing tool
> or
> Physical letter: By sending a letter at the following address:
> Senior Head- Credit Risk
> National Skill Development Corporation
> 301, 3rd Floor, West Wing, Worldmark 1,
> Asset 11, Aerocity, New Delhi 110037

b. To start the disbursement process, TP should submit request letter as per the prescribed format. Please refer templates for Request Letter under **Documents** section of the web page.

3.1.2   Pre Disbursement Condition (PDC) Documents

TP should submit all the PDC documents mentioned in the loan/investment/Grant Agreement along with the request letter.

On submission of the disbursement request by the TP, NSDC will review the requirements as per the Loan Agreement in relation to PDC documents vis-a-vis the documents submitted along with the request letter. If additional documents/clarifications are required, the same is communicated to the TP:

a. TP should submit the defined PDCs (for each tranche of loan) within reasonable time.
b. No request is processed further until all the PDCs documents are submitted by the partner.
c. If in any case, TP doesn't respond for document requests / clarifications sought within a reasonable time, the disbursement request is closed. The request would be re-initiated for processing only after the TP submits a fresh request post submission of the relevant PDC documents.

3.1.3 Document Validation and Legal Vetting

Once the required documents are submitted by the TP, the same are submitted to the Legal Team for vetting, if required

3.1.4 Query Resolution

If at any point, NSDC Management needs further documents/clarifications, the same is communicated to the partner in a timely fashion. Partner is required to respond to the same within a reasonable time frame.

3.1.5 Performance Evaluation and Eligibility Check

TP Performance is evaluated as per the disbursement guidelines (updated from time to time). Full disbursement, Partial Disbursement or No Disbursement is recommended based on the disbursement guidelines.

3.1.6 Decision on Disbursement and Approval Signoff

a. Credit team takes the decision on disbursement after receiving all documents
b. If the credit team decides to go ahead with the disbursement, additional approvals are sought internally from key NSDC senior management personals.

3.1.7 Request Closure

a. Disbursement approved – upon approval from key NSDC personals, the funds are transferred.
b. Disbursement not approved - In case any TP is not eligible for disbursement, the same is communicated to them.

3.2 Financial Monitoring and Risk Management

Post the first disbursement, monitoring team closely observes the financial health of TPs who have availed funding from NSDC. All TPs provide Annual Financial Statements and Quarterly Utilization Certificates, along with other documents as requested by monitoring team to assess the financial progress of the partner. Key activities of Financial Monitoring and Risk Management are discussed below:

3.2.1 Quarterly Utilization Certificate (UC) Analysis

Post disbursement of the 1st tranche of NSDC Loan and as per the signed agreement with NSDC, the partner is required to submit the Quarterly Utilization Certificate to NSDC duly signed and stamped by a Chartered Accountant. The UC provides information about the sources of revenue, operating expenditure and capital expenditure undertaken by the partner in implementing the project. Below are the steps for collection and analysis of the UC:-

Step 1: Collection of Audited Utilisation certificates for the previous quarter by the 15th day of the first month every quarter.

Step 2: Review and Analysis is conducted for the certificate submitted by the Partner.

Step 3: Subsequent discussion and queries raised post analysis.

Step 4: Follow Up for clarifications and subsequent Closure with TP.

Note: UC should be signed off by the same chartered accountant, who audits the accounts of the TP.

3.2.2 Annual Financial Statement Analysis

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

To assess performance of the business and create an opinion about the financial health of the organisation, a detailed analysis of the Financial Statements is warranted. Below are the steps followed for collection and analysis of the annual financial statements:-

Step 1: Collection of Audited Annual Financial Statements

Step 2: Review and Analysis is conducted on the AFS and Auditors Report submitted by the Partner.

Step 3: Subsequent discussion and queries raised post analysis.

Step 4: Follow Up for clarifications and subsequent Closure with TP.

3.2.3 Debtor Confirmations, Balance Confirmations, Insurance Policies, etc.:

The assets of the project are generally pledged as security to NSDC. At regular intervals NSDC may conduct valuation of the pledged assets, confirm the balances of debtors, seek submission of insurance policies covering the assets created under the project, etc.

Further, training partners are required to submit balance confirmations/letter of acknowledgement of debt, duly signed by their authorized signatory, to NSDC at regular intervals as per the discretion of NSDC.

3.2.4 Sending non-compliance letters and seeking justifications:

In case any non-compliance with respect to terms of sanctions is observed during the course of monitoring training partner's performance, non-compliance letter(s) seeking justification is sent to training partners and they are required to respond to such letter(s) within the prescribed time.

Continuous non-compliance by training partners may result in remedial actions including but not limited to levying of penal interest, cancellation of partnership status, disclosure of names on website etc.

3.3 Asset Classification and Management of Stress Accounts

In order to track the status of Interest and Principal Repayments of the partner, necessary MIS are prepared and shared within the team. Monitoring team conducts the follows up with the defaulting partners for the payment of overdue amount.

3.3.1   Account Classification

TPs referred to as Assets here are classified based on their financial health, and repayment history. The matrix below summarizes the categories for account classification along with the corresponding criterion:

No. of days since interest and/or principal became due for payment	Asset Category	Sub-category
0 < DPD < 30 days	Stressed	SMA '0'
31 < DPD < 60 days	Stressed	SMA '1'
61 < DPD < 180 Days	Stressed	SMA '2'
DPD > 180 Days	Debt Service Default (DSD)	substandard/ doubtful/ loss

DPD refers to day past dues

3.3.2   Stressed Account Management

Before a loan is classified as DSD, the Credit Monitoring Team identifies reasons for stress in the account by creating a sub-asset category viz. 'Special Mention Account' (SMA) which is further sub-divided as SMA-0, SMA-1 and SMA-2.

SMA Status	Definition	NSDC Action	TP Action
SMA 0	0 < DPD < 30 days	• Follow-up calls to be made to TP for rectifying deficiencies and clearing of overdue amount at the earliest. Minutes of call to be recorded • Email/Jira Tickets highlighting overdue amount and seeking definite repayment timeline from the borrower • Credit Monitoring Team prepares Status Notes month post speaking with all stressed TPs • Name of the borrower and/or its director/partner/proprietors to be reported to CIBIL as defaulters • NSDC may revoke and/or prohibit issuance of partnership certificate to the defaulting partners	TP to submit a plan of action to move out of the current situation or pay the overdue amount

SMA 1	31 < DPD < 60 days	• Follow-up calls to be made to TP for getting updated status on overdue amount and non-financial parameters. Minutes of call to be recorded on e-mail/or JIRA ticket • Further analysis to ascertain and assess financial health of the TP • Credit Monitoring Team to present an update and Status Note on the repayment plan and progress made • Default notice is issued to partners	TP to submit monthly update on the repayment plan or pay the overdue amount
SMA 2	61 < DPD < 180 Days	• All the legal documents verified to ensure enforceability • Further disbursement to be put on hold, until clearance of dues. • Account statements of all operative accounts to be called for from partner and monitored	TP to submit corrective action plan or pay the overdue amount

3.3.3 Debt Service Defaults (DSDs)

DSDs are classified into the following three categories based on the period for which the asset has remained non-performing:

▪ **Substandard Assets:**
▪ **Doubtful Assets:**
▪ **Loss Assets:**

Follow-up and Action on DSD Accounts

1. The status of the accounts before slippage to Sub-standard category, would have already been known to NSDC as the accounts passed/ classified through SMA category. It is ensured that all accounts moving into DSD category are reported to the Senior Management of NSDC.

2. Other measures adopted by NSDC are as below:
   ▪ Other teams in NSDC, including but not limited to CSR team, Scheme(s) implementation team etc. are suitably notified about such accounts in order to treat them with appropriate caution
   ▪ Identifying and classifying willful defaulters for reporting to CIBIL and/or any other credit information agency the name of the borrower and/or its directors/partners/proprietor
   ▪ Assistance of government bodies/officials may be utilized for recovery of dues
   ▪ Publishing the photograph of the eligible defaulters/name of the defaulting partners on NSDC website wherever considered necessary.

3. Legal Actions and filing of suits at appropriate forums for DSD accounts:

   Legal action may be initiated for the DSD accounts on case to case basis. In case the partner requests for restructuring of the loan, NSDC examines whether the account is eligible for restructuring and in case of non-eligible proposals, accounts are referred for recovery action.

   Legal action as per executed agreement is adopted for recovery of dues simultaneously along with other modes of recovery. In other words, along with initiating legal action, steps are taken to ensure recovery through, among other means, encashing liquid securities / disposal of charged securities / exercise right of set off etc., and simultaneously other legal measures may be adopted such as initiation of civil/criminal/insolvency proceedings, invoking revenue recovery acts etc. Net off of NSDC Dues

3.3.4 Net off of NSDC Dues

Basis interactions with the stressed Partners it was observed that a lot of partners are doing other projects/ schemes being implemented by NSDC. Thus in order to facilitate the team to recover the overdues, a confirmation from Senior Credit Head is required before release of the payments under different Government schemes.

3.4 Restructuring

Restructuring typically means altering of loan repayment schedule and/ or other conditions laid down at the time of sanction.

Eligibility

- Restructuring cases shall be taken up at the Restructuring Evaluation Committee (REC) only for assets reported as Standard, Special Mention Account or under Sub-Standard category. However, Committee may consider restructuring of the debt under Doubtful category in special case after due deliberation
- Willful defaulters shall not be eligible for restructuring. However, the Committee may review the reasons for classification of the borrower as a willful defaulter and satisfy itself that the borrower is in a position to rectify the willful default. The decision to restructure such cases shall have the approval of the committee and MD & CEO, NSDC
- Cases of Frauds and Malfeasance remain ineligible for restructuring. However, in cases of fraud / malfeasance where the existing promoters are replaced by new promoters and the borrower company's management is totally delinked from such erstwhile promoters / management, Committee may take a view on restructuring of such accounts based on their viability, without prejudice to the continuance of criminal action against the erstwhile promoters / management.

Viability
- The viability of the account shall be determined by the REC basis a due diligence report and as per acceptable benchmarks. After the viability check, REC shall recommend the proposal to Proposal Approval Committee (PAC) and eventually the NSDC Board for approval.

- The parameters referenced for assessing viability may inter-alia include, but not limited to Debt Equity Ratio, Debt Service Coverage Ratio, Liquidity or Current Ratio, future Cash Flows of the company

Conditions related to Restructuring under the Framework
- The restructuring package shall stipulate the timeline during which certain viability milestones should be achieved (e.g. improvement in certain financial ratios after a period of 6 months).
- Based on the report submitted by the Credit Monitoring Team, the REC shall periodically review the account for achievement/non-achievement of milestones and shall consider initiating suitable measures including recovery measures as deemed appropriate.
- As part of the restructuring, additional collateral cover may be obtained to secure NSDC exposure.
- The general principal of restructuring is that the promoters bear the first loss of the enterprise. In case of a company, the Committee may consider the following options, when loan is getting restructured:
  - o Possibility of transferring equity of the company by promoters to NSDC, if NSDC so favors it
  - o Promoters infusing more capital into the company
  - o Transfer of the promoter's holdings to a security trustee or an escrow arrangement till turnaround of the enterprise, to enable change in management control, if NSDC favors it
  - o In case the borrower has undertaken diversification or expansion of activities which has resulted in stress in the core business of the group, a clause for sale of non-core assets or other assets may be stipulated as a condition for restructuring the account.

Monitoring of upgraded/ restructured accounts
- After restructuring, the account is monitored closely for an year on a monthly basis to verify the covenants stipulated during restructuring
- Site visits are conducted during the year, as per the discretion of NSDC
- The operative account and escrow account statements are reviewed monthly
- The account to be reviewed at the end of the year and the status of the same is presented to REC.

3.5 Annual Management Audit

Management Audit is undertaken through external auditors for TPs completing more than one year of operation.

These audits are conducted in order to ensure that funds disbursed by NSDC are used for the purpose intended in line with the approved proposals.

3.5.1   Scope of Management Audit

1. *__Process Audit__*:

    The process audit is conducted to ensure that the process of data flow across the organization is free from any errors or defects and that systems being used in the process are efficient and effective in terms of completeness and correctness on data output provided. The process audit

would also include the assessment of control checks being implemented by the organization to ensure that the information reported to NSDC is free from any errors.

The scope of process audit will also include the validation of key performance parameters of the partners.

2. *Financial Audit:*

The financial audit is to ensure that NSDC receives adequate, independent, professional audit assurance that the assistance provided is used for purpose intended and that the financial statements and books of accounts of TPs is free from material misstatements and the terms of assistance agreement with the TPs are complied with in all material respects.

The books of accounts as maintained by the partners at Headquarters and /or the centres shall form the basis for verification of financial statements as well as the consolidated financial statements for the partner as a whole. It will also help to reduce risks associated with the return on funds and the revenues.