



**Expression of Interest
for
Setting up of Driver Training Institutes (Updated)**

16th February 2017



Disclaimer:

All information contained in this Expression of Interest (EOI), subsequently provided / clarified, is in good interest and faith. This is neither an agreement nor an offer/ invitation to enter into an agreement of any kind with any party. Each applicant should conduct its own investigation and analysis and check the accuracy, reliability and completeness of the information in this EOI. Applicants should make their own independent investigation in relation to any additional information that may be required.

NSDC reserves the right to cancel this request for EOI and/ or invite the same afresh with or without amendments to this request for EOIs, without liability or any obligation for such request for EOI and without assigning any reason. Information provided at this stage is merely indicative.

Purpose:

The purpose of this EoI is to establish Driver Training Institute in various towns and cities across India with the support of organizations who have the business capabilities to expand, modernize and operate Driver Training Institutes, adopting technology and managerial practices consistent with emerging sectoral demand.

The EoI will support the DTIs to create essential capabilities, offering them loan from NSDC to create infrastructure and strengthen their managerial practices, contributing to Skill India initiatives.

The shortlisting of an Institutes through this EoI does not imply any guarantee of partnership or funding.

Background:

The Ministry of Skill Development and Entrepreneurship (MSDE), through National Skill Development Corporation (NSDC), envisions to set up Driver Training Institutes (DTI) in India to produce skilled drivers across India covering (i) Light Motor Vehicles (LMVs)/Light Commercial Vehicles (LCVs), (ii) Heavy Commercial Vehicles (HCVs) and (iii) Heavy Equipment (HE)/Industrial Equipment.

The DTIs are expected to embody best practices in training, operationalizing centres, mobilizing candidates, developing localized training content, placement linkages, etc. Drivers trained by DTI are expected to be technically competent, financially aware and socially responsible in conducting their jobs. The training is expected to enable drivers to access market for new or superior jobs or take up entrepreneurial ventures. NSDC has MoUs with Uber and Ola Taxi service agencies to provide them drivers over next few years; therefore, drivers trained in DTIs on LCVs will have high potential for employment in them.

MSDE, through NSDC, invites Expression of Interest (EoI) for setting up of Driver Training Institute (DTI) in any part of India covering at least one or more of the below three categories,

- (i) Light Motor Vehicles (LMVs)/Light Commercial Vehicles (LCVs)
- (ii) Heavy Commercial Vehicles (HCVs)
- (iii) Heavy Equipment (HE)/Industrial Equipment

A detailed proposal is requested from applicants and an illustration of business model is provided in Annexure 2 to help applicants in developing their plans.

NSDC also proposes to organize a one day consultative workshop with applicants on various aspects of the project and respond to any queries that applicants might have. The date of the workshop will be announced in the NSDC website.

The proposal should broadly cover the following;

- (i) Locations where DTIs are proposed and availability of land for this purpose (or intent to lease), including the area of land available for the set up.
- (ii) Understanding of the proposed business model and its sustainability. The extent of soft loan that will be extended by NSDC to successful organizations and the loan conditions may be seen below for conceptualizing a business model. Business model should reflect an understanding of candidate mobilization, business processes, training content, placement linkages, annual training capacity, etc.
- (iii) Understanding of infrastructure and equipment needed for the purpose of constructing the DTIs of the categories applying for.
- (iv) A rough estimate of the financial requirement covering both the capital expenditure and operational expenditure.
- (v) An explanation of the financial and managerial capacity of the organizations for executing the task at scale, repaying loans, ensuring good quality of training and being socially responsible.
- (vi) The risks perceived by the organization (business risk and any other risks) and risk mitigating measures proposed to limit risk exposure.
- (vii) An explanation of partnerships, if any, with corporates that have interest in DTIs, giving some details of the partnership.

Indicative Financial Support and Conditions

NSDC project support is in the form of soft loan to cover up to 75% of capital cost including:

- Equipment/Machinery/Cut Sections/Simulators
- Development of driving training track
- Other peripherals like office equipment, furniture, classroom, library, workshops, store etc
- Computer, labs, smart classrooms
- Installation of machines & equipment/electrical connections, transformers, etc.

NSDC assistance 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.

NSDC provides soft loan in support of a project assuming a 7 years model which includes a principal moratorium period of 3 years. The interest rate applicable for the project shall be as per NSDC funding guidelines and will vary from 3% to 6% depending on location of the project, with lower interest rate applying to NE, J&K and LWE Districts.

The proposal should articulate the revenue streams for the DTI, this may include fee based revenue, grant-based revenue from government sponsored schemes and revenue from CSR of corporates. MSDE has consented to support DTIs through PMKVY 2 grants (up to 2020) for candidates enrolled in the centers, ensuring a steady revenue stream. The DTIs will also be treated as Pradhan Mantri Kaushal Kendra (PMKK) in case they want to run additional training for job roles other than driving, and will receive grant support under PMKVY 2 for candidates enrolled in such additional job roles.

The DTIs will be considered for subsidy support of Rs 1.00 crores to be given by Ministry of Road Transport and Highways (MoRTH), with MSDE assuring the facilitation of the grant through MoRTH to the eligible DTIs.

A 5 acre model project (infrastructure specifications) is attached (annexure 2) as guidance but the applicant is free to suggest a model that is suited to their local condition.

NSDC/MSDE will also try to assist the applicant in accessing CSR support from corporates in case available in their locality.

Eligibility Criteria for Applicant:

- Any organization/corporate desirous of setting up DTI can apply.
- Organizations/corporates having financial and managerial capacity for setting up multiple DTIs across India within 18 months of commencement of partnership shall be given preference.
- Organizations are encouraged to establish the DTIs as Pradhan Mantri Kaushal Kendra supporting training in multiple related sectors like automotive, heavy equipment and other locally relevant industry trades.
- Applicant must not be blacklisted by any of the state and central government/ related government bodies and corporations.
- The funding support provided shall be as per NSDC funding guidelines. Please refer to NSDC website for NSDC Funding Guidelines (<http://www.nsdcindia.org/sites/default/files/files/NSDC-Updated-Funding-Guidelines.pdf>)

Application Procedure:

Documents to be submitted shall include:

1. Applicant's Expression of Interest as per annexure-1
2. A proposal as mentioned in preceding paras.
3. Letter of Registration of the applicant entity.

4. PAN Copy of applying entity
5. Organizational Contact Details.
6. Scanned copy of the declaration letter on the correctness of the information provided.

Soft copies of the aforesaid documents are to be submitted to:

swachhand@nsdcindia.org

The subject line of the e-mail should be:

“Response to EoI: For setting up of Driver Training Institutes”

The deadline for responding to this EoI is 17th March 2017, by 11:59 PM. Only online submission would be accepted.

The proposal will be evaluated by a team of experts from NSDC and the industry. The experts may reach out to applicants for additional information, if needed. The organizations whose proposal is found suitable will be shortlisted and invited for submitting detailed proposal, following the regular process of applying for NSDC loans.

Annexure 1:

Applicant's Expression of Interest

(On the letterhead of the applying entity)

To,
National Skill Development Corporation
Block A, Clarion Collection
Shaheed Jeet Singh Marg,
New Delhi - 110016.

Dated:

Subject: Expressions of Interest for Setting up of Driver Training Institutes

Dear Madam/ Sir,

In response to the Invitation for Expressions of Interest (EoI) published on 16th Feb 2017 for 'Expressions of Interest for Setting up of New Driver Training Institute (DTI)', we would like to Express Interest to carry out the aforementioned activity. We are enclosing following documents:

1. A detailed proposal.
2. Letter of Registration of the applicant entity, as applicable.
3. PAN Copy of applying entity
4. Organizational Contact Details.
5. Scanned copy of the declaration letter containing an undertaking to ensure correctness of the information provided. (to be furnished on the letter head of the organization)

The name of the contact person for our organization and his/her address is as follows;

Name:

Designation:

Phone Number:

Email ID:

Address:

Yours Sincerely

Signature of the applicant

[Full name of applicant]

Stamp

[Date:]

Note: This is to be furnished on the letter head of the organization.

Annexure 2

Infrastructure Requirements – for a 5 acre Model DTI covering LMV and HMV. This Model and associated cost computation is meant for guidance and does not imply a model that will necessarily be financially viable. Please note that all cost shown are indicative only and the applicant is expected to make all computations for a sustainable model based on their own understanding of business needs and local conditions.

Approximately, 5 acres of land would be required to set up a Driving School with various infrastructure facilities such as class rooms with audio-visual training aids, simulators and training labs for hands-on training on both LMV and HMV. The 5 acres campus is expected to accommodate a 1000 meter test track and a 10,000-15,000 sq. ft. training facility.

Other infrastructure like workshop, shed, hostel and pantry facilities are also to be provided in the Driving School.

Illustrative Infrastructure Specifications for training facility:

Category	No. of Units	Total Area (sq. feet)
Classroom	6	1,800
Lab Area (For simulators, display & training lab)	1	4,500
Reception Area	1	200
Placement and Counselling Room	2	200
Washroom	2	200
Common Area (Area except lab area and classrooms)	1	600
Hostel	1	4,000
Total Area		11,500

Illustrative Capacity of a DTI

Course	No. of trainees (Per Annum)	Training duration (hours)	Training fee realization per trainee (INR)*
LMV/LCV Driver	300	440	17,776
HMV Driver	300	440	17,776
Crane/ Excavator Operator	720	190	7,676
Automotive Service Technician	300	490	19,796
Automotive Sales Executive	300	450	15,615
Total (fresh training)	1920		
Refresher Training	4,500	12	1,000**

*as per PMKVY 2 guidelines

**as per MoRTH guidelines

Illustrative Cost of Setting up DTI

The table given below represents the Cap-ex of establishing a DTI

Particulars	Capital Expenditure Amount (in INR Lakhs)	Details
Track (1 Km)	100	-
Driving Lab with equipment	58.50	Includes 5 cut sections: Common Aggregates like transmission system, braking system, fuel system & special tools- 2 sets HCV: 1 set LMV: 1 set LCV: 1 set Automotive service technical training set up: 1 lab
Training facility	115.50	Prefabricated Infrastructure @ 1000 Rs per sq. ft.

Refurbishment including interiors and furniture	40.50	@ 350 Rs per sq. ft. Includes cost of procuring and deploying 5 CCTV cameras for automated monitoring
Vehicles	57	Second hand vehicles shall be deployed for training Light Motor Vehicle: 2 Heavy Commercial vehicle: 1 Light Commercial vehicle: 1 Bus: 1
Simulators	20	Heavy commercial vehicles simulators: 2 Light motor vehicles simulators: 2
IT Lab	10	30 computers
Power Back up	10	-
Total	411.50	

The table given below represents illustrative operational expenses for running a DTI

Particulars	No. of Resources	Salary per Resource per month
Trainers	12	30,000
Office / admin staff	4	25,000
Mobilization staff	4	25,000
Security	2	10,000
Other Operational Expenses		
Cost of utilities per month		50,000
Consumable cost per trainee per month		1,200
Land lease cost per annum(estimated assuming land is provided by State Government)		2,50,000
Miscellaneous cost		12% of operational expenses

Summary of financial support as per illustrative example:

Variable	Details
DTI Setup Cost	411.5 Lakh INR
Grant from MoRTH	100 Lakh INR
Loan from NSDC (75%)	233.6 Lakh INR
TP Contribution (25%)	78 Lakh INR
Rate of Interest	3% to 6%
Principal Moratorium Period	3 years
Repayment Period	7 years
Hourly rate of training fee	INR 40 approximate
Approximate number of candidates who can be trained	1920 per annum and 4500 refresher training