

Guidelines for
‘Rural Self Employment
Training Institutes’
(RSETIs)

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Ministry of Rural Development
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Chapter I

SCHEME FOR ESTABLISHING

Rural Self Employment Training Institutes

Background

Lakhs of youth are entering the job market every year in this country but are unable to find suitable employment. Non-availability of adequate employment opportunities in the organized & unorganized sectors is one of the serious challenges the country is facing. In such a scenario, the need for promoting self employment for the unemployed rural youth, particularly those below the poverty line, and periodic skill up gradation to keep them abreast of latest technologies, need not be overstated. Once trained appropriately, the youth will launch profitable micro-enterprises and enhance their own standards of living and thereby contribute to the overall national economy. They can also feed the services sector, both within the country and abroad.

The Government of India is already implementing the Swarnjayanti Gram Swarajgar Yojana (SGSY) aimed at providing sustainable income to rural BPL families, largely through the process of formation of Self Help Groups that are provided with credit linkage with Banks and subsidy for creation of income generating assets so as to bring them above the poverty line. However, due to **lack of necessary skills** for undertaking particular enterprises and also their **lack of capacity to access** the formal vocational training institutions due to lack of basic entry qualifications, it is difficult for the BPL youth to take up any trade for self employment. Even if they are already engaged in some trade they need some hand holding in the form of periodic doses of skill up gradation training for making their initiative viable and sustainable in an increasingly competitive environment.

With the aim of mitigating the unemployment problem among the youth, a new initiative was tried jointly by Sri Dharmasthala Manjunatheshwara Educational Trust, Syndicate Bank and Canara Bank in 1982 which was the setting up of the "**RURAL DEVELOPMENT AND SELF EMPLOYMENT TRAINING INSTITUTE**" with its acronym RUDSETI near Dharmasthala in Karnataka. Several centers of the RUDSETI are already operating successfully now.

However, there is an urgent need for up scaling the operations in this area keeping in view the mammoth requirements in the country. Ministry of Rural Development (MoRD) is convinced that there is a need for a dedicated structure to ensure necessary skill up gradation of the rural BPL Youth. Since the RUDSETI has today become a replicable model, the MoRD proposes to support establishment of one RUDSETI type of Institution in each district of the country to tap the rural BPL youth from the rural hinterland. These will be **bank led institutions** i.e. will be managed and run by the Public

Sector/Private Sector Banks with active co-operation from the State Governments.

RUDSETI's core offering includes its **free, unique and intensive short-term residential self-employment training programmes with free food and accommodation, designed specifically for rural youth**. Another important feature of the RUDSETIs is its vision statement which differentiates this institution from the normal run of the mill vocational training centers and has established them as a unique brand. All these are proposed to be replicated in the RUDSETI type of Institutions to be aided by GoI. The RUDSETI type of Institutions aided by GoI will, therefore, have the following objectives:

- i. The trainings offered will be demand driven
- ii. Rural BPL youth will be given priority
- iii. Area in which training will be provided to a particular rural BPL youth will be decided after assessment of the aptitude of the candidate
- iv. Hand holding will be provided for assured credit linkage with Banks
- v. Escort services will be provided for ensuring at least a two year follow up to ensure sustainability of micro enterprise undertaken by the rural BPL youth.
- vi. Provide intensive short-term residential self-employment training programmes with free food and accommodation to rural youth for taking up self employment initiatives and skill up gradation for running their micro-enterprises successfully.

While seeking to establish the RUDSETI type institutions, the MoRD is fully conscious of the uniqueness of the RUDSETIs with their distinctive set of values, ethos and culture and insists that the RSETIs that are going to be established under the present scheme shall conform to the values of the RUDSETI. The Govt. of India also recognize that the principal reason behind the success of the RUDSETI model is the unflinching commitment of the sponsors to the cause of youth development and seek that the same shall continue in the RSETIs that are going to be established under the new scheme as well.

Chapter-II:

MANAGEMENT AND OBJECTIVES OF

RUDSETI TYPE OF INSTITUTES

I) RUDSETIs

The RUDSETI is a society established jointly by three agencies, i.e., Syndicate Bank, Canara Bank and Sri Manjunatheswara Trust. To ensure commonality in the institutional structure across the country, it is felt expedient that the new institutes proposed to be set up in the country be registered as societies/trusts.

II) Organizational Structure of the New RUDSETI Type Institutions:

a) Nomenclature:

The institutes to be opened in all the districts of the country may have a simpler name and preferably should be identical. Accordingly, these institutes will be called '**Rural Self Employment Training Institutes**' (RSETI). The acronym 'RSETI' name may be suffixed with the abbreviation of the concerned bank, e.g., PNB RSETI, BOB RSETI, CORP RSETI, etc. Some Banks have already established their organizations with similar objectives and distinctive names with some brand image. They may continue with their own nomenclature but they may indicate within the parentheses that it is a RSETI type institution established with support from the MoRD.

b) Sponsorship:

For setting up of RSETIs the following procedure will be followed:

- i. The State Government will in consultation with the banks in SLBC, assign districts, preferably, to the respective Lead Banks in the States to set up RSETIs.
- ii. There shall be single bank's sponsorship of the RSETI in a district to avoid any overlapping / disruption in management. This will also help in branding the RSETIs in future.
- iii. Land for setting up the RSETIs will be allotted to the concerned Banks, free of cost, by the State Governments.
- iv. The construction of the building for the RSETIs will be undertaken by the concerned Bank, Trust/Society. In case the banks so desire they may request the State Government for assistance for construction.
- v. Till the time a suitable land is identified and building constructed the RSETI may start operation from hired premises.

c) Registration:

Banks who have already established Registered Society/ Trust can start the institutes under the existing Society/ Trust. In case of other banks, the new entity should be registered either as a Society or as a Trust. Individual institutes need not be registered in both the cases.

d) National Level Steering Committee

A national level steering committee headed by the Secretary, Ministry of Rural Development will ensure the grounding of the institutes in all the rural districts of the country. The constitution of the committee shall be as below:

- Secretary, MoRD -- Chairperson
- Joint Secretary, Banking, MoF -- Member
- Nominee of Secretary, Planning Commission -- Member
- CMD, NABARD (or his representative) -- Member
- Representative of RBI -- Member
- DG, NIRD, Hyderabad -- Member
- Director, BIRD, Lucknow -- Member
- Executive Director, RUDSETI -- Member
- 3 Chairmen of the PSBs or their nominees (on rotation basis) -- Members
- Principal Secretary, Rural Development of 3 States (on rotation basis) -- Members
- One chairman of RRB (on rotation basis) -- Member
- Joint Secretary (SGSY), MoRD – Member
Convener

The committee shall have the following terms of reference:

1. To lay down the policies concerning the RSETIs, and approve the guidelines for operationalizing the scheme.
2. To periodically monitor the progress and review the performance of each of the sponsoring banks.
3. To peruse and approve the reporting formats and to furnish such reports, as may be necessary, to the Planning Commission as well as the Ministry of Finance, on the functioning of the scheme.
4. To commission periodical studies or evaluations, to be done by agencies as decided by the Committee.
5. Any other matter related to the functioning of RSETIs.

The Committee shall meet at least twice in a year at half yearly intervals. The Committee, if it feels the need for it, may invite representatives of any Bank/s, other than those specified above, as special invitees.

e) State level Steering Committee

A sub-committee of the SLBC may be set up in every State which will function as the State level Steering Committee for all the RSETIs functioning

in the State. This will be co-chaired by the Principal Secretary, Rural Development of the State and the SLBC Convener bank of the State and the members will include top executives of those banks which have set up/are proposing to set up RSETIs in the State and CGM, NABARD.

The committee shall have the following terms of reference:

1. To monitor the progress and review the performance of each of the RSETIs through the Lead Bank forums i.e. DCC/SLBC.
2. To conduct evaluations of functioning of RSETIs to be done by agencies as decided by the Committee.
3. Any other matter related to the functioning of RSETIs.

The Committee shall meet at least four times in a year at quarterly intervals. The Committee, if it feels the need for it, may invite representatives of any Bank/s, other than those specified above, as special invitees.

f) Governing Council

There shall be a Governing Council at the apex level to lay down the goals, general policies and set directions to the RSETIs. **The goal would be to set up RSETIs in all districts where the concerned Bank is the lead bank.** The Governing Council, which will be a Bank level body, shall consist of Chairman & Managing Director of the sponsor bank or his nominee, not below the level of General Manager of the Bank, as the Chairman of the committee and a few executives from the sponsoring banks as its members. The Council may co-opt members from RBI and NABARD.

The committee shall have the following terms of reference:

1. It shall be the apex body at the bank level to evolve strategies, take policy decisions and monitor the progress of all its units.
2. To monitor the progress and review the performance of each of the RSETIs.
3. To conduct evaluations of functioning of RSETIs.
4. Any other matter related to the functioning of RSETIs.

The committee should meet at least four times in a year at quarterly intervals.

g) Local Advisory Committee

A '**Local Advisory Committee**' (LAC) at the Institute level should be formed with Regional Head of the sponsoring bank acting as the Chairman and Lead district Manager, District Development manager, NABARD, GM, District Industries Centre, PD, DRDA, the Employment Exchange Officer, heads of vocational institutes in the district like ETCs, ITIs, Polytechnics, KVKs etc. and two or three eminent personalities connected with rural development training in the district as members. The Director of the RSETI shall be the Convener. The LAC shall have representation from local

business and industrial houses, and leading NGOs working in the areas of skill development and self-employment.

The committee shall have the following terms of reference:

1. Ensure that the objectives of RSETIs, as listed in Chapter I of these guidelines is followed in manner and spirit.
2. Identify, orient, motivate, train and assist the rural BPL youth to take up self-employment ventures as an alternative career or wage employment.
3. Periodically review and monitor the progress of the concerned RSETI
4. Provide a forum for networking with interest groups and stakeholders and ensure better identification of opportunities and demand.
5. Tracing the progress of the passed-out trainees who have set up their own ventures.

h) Director and Staff:

1. RSETIs should be headed by a Director on deputation from Sponsor bank with rural banking exposures. He should be an officer of scale II/III of the Bank.
2. He should have the flair for training with aptitude for rural development activities.
3. Supporting faculties and staff either on deputation from the Sponsoring bank or on contract basis shall be made available on regular basis.
4. The Banks may appoint fresh rural development management graduates from organizations like NIRD and IRMA, [etc.to](#) assist the Director in operationalizing the training programmes. These specialists can help in formulating training programmes, liasioning with organisations like BIRD and NABARD, evaluation and monitoring etc.

III) Programme Structure:

Each RSETI should offer 30 to 40 Skill Development Programmes in a financial year in various avenues. All the programmes should be of short duration ranging preferably from 1 to 6 weeks. While there is no necessity to list the entire range of trades in which the programmes could be organized, a general classification of the types of programmes is attempted below:

- **Agricultural Programmes:** - Agriculture and allied activities like Dairy, Poultry, Apiculture, Horticulture, Sericulture, Mushroom cultivation, floriculture, fisheries, etc.
- **Product Programmes:** - Dress designing for men and women, Rexine utility Articles, Agarbathi manufacturing, Foot ball making, Bags, Bakery Products, Leaf Cup making, recycled paper manufacturing, etc.
- **Process Programmes:** - Two Wheeler repairs, Radio / TV repairs, Motor rewinding, electrical transformer repairs, irrigation pump-set repairs, tractor and power tiller repairs, cell phone repairs, Beautician Course, Photography & Videography, Screen Printing, Photo

Lamination, Domestic Electrical appliances repair, Computer Hardware and DTP.

- **General Programmes:** - skill development programmes for women etc.
- **Other Programmes** - related to sectors like leather, construction, hospitality and any other sector depending on local requirements.

IV) Administrative Costs:

1. Land would be allotted by the concerned State government, free of cost, with nominal registration expenses. The sponsoring banks are free to choose the mechanism of the land transfer depending upon their own corporate culture and philosophy.
2. Government of India will provide one time grant assistance to the RSETIs, up to a maximum of Rs. 1.00 crore for meeting the expenditure on construction of building (minimum covered area should be 8000 sq feet) and furniture for the same. This assistance would also be provided if Banks already have land and wish to start a RSETI there. One time funding support, up to a maximum of Rs. 1 crore, can also be provided to existing RUDSETI type Institutions for upgrading present infrastructure up to the minimum standards prescribed in these guidelines. The procedure for fund transfer shall be notified separately.
3. In situations where the land transfer is likely to take time due to lengthy procedures, the Banks may start functioning immediately from hired premises. Rent for hiring of premises may be borne up to a maximum of Rs. 10.00 lakh, for a period not exceeding three years, out of the Rs. 1.00 crore grant of Government of India.
4. MoRD, through the DRDAs, will provide support towards cost of training for rural BPL candidates to the sponsor Banks at the rate of Rs. 200 per candidate per day to a maximum of Rs 4000 for training up to 4 weeks duration and maximum of Rs. 5000 for training of longer duration. Other recurring costs for the RSETIs i.e., that of the training expenses, faculty salaries, logistics, etc., will be borne by the sponsoring banks or through other sponsoring organisations like SIDBI or NABARD.

V) Reporting of Performance:

Reporting formats would be worked out by NIRD in consultation with the MoRD and approved by the National Steering Committee..

In addition, the Banks will bring out Annual Reports on the performance of their RSETIs which will be presented at a National Seminar to be organized by the Ministry of Rural Development once a year for sharing of information and experiences by all the Banks running the RSETIs. Outstanding performance by any Bank/Banks will be recognized during the Seminar.

The Chairman of each Bank will also personally review the functioning of all RSETIs under the Bank at least once a year.

Chapter-III

ADMINISTRATION OF THE INSTITUTION AND STANDARDS

Each of the institution proposed to be set up under the scheme should conform to certain basic standards. While there are minimum standards, the sponsoring banks may decide to establish superior facilities based on their own corporate culture and philosophy. The Government of India will meet the one-time expenditure of the establishment of such basic infrastructure up to the amounts indicated subsequently.

I) Standards in Infrastructure:

Common minimum infrastructure: two to three class-rooms with toilet facilities (separate for women and physically challenged friendly), two workshops, two dormitories with bath and toilet facilities, one kitchen and one dining hall, one Director's room, one administrative room, one store room, two guest rooms, three staff quarters including one for the Director and two for maintenance staff of the Institute, one reception counter and one common room with basic amenities. The toilet facilities shall be separate for women and shall be disabled friendly.

II) Contents:

The types of training programmes would have to be decided by the institute based on the local resource situation and the potential demand for the products/services. The advice of the LAC would be very essential in this regard. A uniform standardized curriculum would be developed and circulated among the Institutes. The nodal agencies for developing curriculum for the training would be RUDSETI, UJIRE who will undertake this task in consultation with NIRD, Hyderabad. There shall be two sets of training curriculums, as shown below, in all the RSETIs:

- i. Basic Orientation Programme courses for SGSY SHGs
- ii. Skill Development Programmes for micro enterprise and wage employment/placement.

Soft skill training shall be the integral part in all the training programmes.

III) Size of the Batch:

- An ideal size of a batch shall be 25-30 candidates.
- Shramadan / Yoga, presentation of MILLY (Most Important Lessons Learned Yesterday) shall become the integral part of the training programme.

IV) Sponsoring of Applications:

It shall be the primary responsibility of all DRDAs and the branches of the sponsoring bank to sponsor the rural BPL trainees. Other bank branches/Government Departments operating in the area, District Manager of the District Industries Centre, ITDAs, NYKs, etc. should be motivated to sponsor candidates. Progress of sponsoring of applications should be discussed in all BLBC DCC/DLRC meetings and Director of the RSETIs shall be invariably present/invited to attend all these meetings.

V) Selection of Trainees:

At least 70% of the trainees should be from the rural BPL category till such time the DRDA certifies that the BPL list of the particular district is exhausted. Proper weightage, as per SGSY guidelines, shall be given to the candidates belonging to weaker sections like SC/STs, minorities, physically handicapped and women.

VI) Follow Up:

Proper system of regular follow up/handholding of trainees should be put in place for a minimum period of 2 years to ensure that the candidates take up their vocation at the earliest and are able to sustain it. In other words, short training, but long handholding should be the spirit behind the RSETI training philosophy.

VII) Trainers' Training Programme (TTPs):

Trainers' training programmes for the Directors of the RSETIs and the faculties will be conducted at regular intervals by apex organisations like NIRD and RUDSETI, UJIRE. Banks shall ensure that officers posted as Directors of RSETIs undergo TTPs before taking charge of the RSETIs or at the earliest possible to instill in them the training competencies as well as the values of the RSETIs.

VIII) Evaluation of the RSETIs

NIRD or any other agency nominated by MoRD, on behalf of the Government of India, will take up the responsibility of monitoring the progress of each RSETI at periodical intervals. Besides, NLM teams may also take up the task of monitoring the performance of RSETIs.

IX) Credit Linkage

Assistance in Credit Linking of trainees by sending the list of candidates to bank branches and co-ordinating with them for extending financial assistance under SGSY or any other Govt. sponsored scheme or direct lending will be the responsibility of the Director, RSETI. He shall also ensure that the list of candidates is sent to all bank branches of the area and co-ordinate with them for availing financial assistance under any Govt.

sponsored scheme or direct lending. Arranging Periodical Interactive meets for ex-trainees involving bank branches to enable the trainees to overcome their **problems in availing bank credit would be another feature.**

X) Recognition of RSETI trainees

Certificates issued by a RSETI will be recognized by all banks for purposes of extending credit to the trainees. In other words the RSETI trained rural youth would be free to access any schedule bank for loan/credit.

XI) Innovative Programmes:

The RSETIs should design innovative training programmes every year which are area specific, thus enabling the emerging entrepreneurs in acquiring the appropriate entrepreneurial skills in running their enterprises successfully. The basket of training programmes could vary every year and it should be dynamic.

XII) Skill Upgradation Programmes:

Technology is making huge strides in the recent years. Thus, it becomes a necessity for the entrepreneurs to hone their skills to match up with the latest cutting edge technologies. Realizing this importance, RSETIs should conduct various skill upgradation programmes for undertaking micro enterprise or wage employment and to enable the existing entrepreneurs to compete in this ever-developing global market. These programmes could be budgeted for, and will qualify as refresher programmes. The refresher programmes should, however, not be longer than a week in duration.

XIII) Women Empowerment

RSETIs should give equal opportunities to women entrepreneurs. It is possible to cite a number of examples where women-led enterprises have achieved success. Therefore, RSETIs could organize exclusive programmes for women in various trades depending upon their attitudes and local demand.

IVX) Interface

To create a wide network of people connected with Rural Development activity, it will be necessary to organize NGO-Banker, Govt. official-Banker, Industrialist-Banker Interface Meetings on Micro Enterprise Promotion, identification of market trends and opportunities, etc. Such interfaces should be held at least twice or thrice annually at the RSETIs and should be separately budgeted for.
