

**F. No. J-17060/77/2016 DDU-GKY**  
**Government of India**  
**Ministry of Rural Development**  
**Department of Rural Development**  
**(Rural Skills Division)**

Dated 27th June, 2016

Notification No. **33** /2016

**Subject: Detailed procedures relating to default management- Reg.**

In continuation to this Ministry's notification No. 53/ 2015 dated 21<sup>st</sup> September, 2015 notifying the Standard Operating Procedures Part I, it is stated that Ministry of Rural Development has further elaborates and clarifies **Procedures for handling defaults** as per the details given at **Annexure** of this notification.

2. The Annexure, titled "**Chapter 10 Procedures for handling defaults**" will replace the following current sections in extant SOP Part I & II:

- Section 1.5 and 1.6 of Chapter 1, SOP Part I dated 21st September, 2015
- Section 3.1.1.2 of Chapter 3, SOP Part I dated 21st September, 2015
- Portion relating to correction of errors found in the 1<sup>st</sup> round of desk data verification by SRLM (for APS) and CTSA (for YPS) on the samples checked by the PIA OP team and Q team, under SF 7.1F of chapter 7, of SOP Part- II dated 3<sup>rd</sup> August, 2015

3. All defaults that occur after the notification of this Chapter will be dealt in accordance with the Annexure. However, in cases where a default has occurred before the date of this notification the same shall be dealt with, as per earlier procedures. A copy of the notification is available on <http://ddugky.gov.in>.

4. The notification issues with the approval of the competent authority and comes into effect from the date of issue of this notification.

  
(S B Tiwari)

**Under Secretary to Government of India**  
**Tel: 011-23743625**

To:

1. All Secretaries (in-charge) of Rural Development in State governments
2. All State Nodal Agencies for Skill/SRLM
3. All Registered Project Implementing Agencies (PIA)
4. Vice President, NABCONS
5. Executive Director, NIRD
6. Project Director, NIRD
7. All officials in DDU-GKY Division, MoRD
8. Guard File
9. Shri RabindraKesari – for uploading the notification on the website

# 10 PROCEDURES FOR HANDLING DEFAULTS

## 10.1 INTRODUCTION

Detailed guidelines and processes have been prescribed in the foregoing chapters for various aspects of project implementation under DDU-GKY. This chapter describes the actions to be taken and procedures to be followed, if there is any deviation from the prescribed norms, and for imposition of penalty in cases where a default occurs.

An overview of what constitutes a default and the procedures for handling defaults is provided in “SF 10.1A: Overview of Default Handling Procedures”, while the table in “SF 10.1B: Competent authority for handling default procedures” describes the competent authority to deal with different stages of the default handling procedures, including imposition of penalties.

## 10.2 ISSUE, ESCALATION AND CLOSURE OF ALERTS

### 10.2.1 Yellow (Level 1) Alert

#### Overview

Item	Description
<b>Purpose</b>	To alert a PIA regarding occurrence of default(s) To provide an opportunity to the PIA to address the default(s)
<b>Reference to guidelines</b>	Not applicable
<b>Prerequisite/s</b>	Occurrence of default
<b>Time for completion</b>	As per the activity table
<b>Resources</b>	SF 10.2A: Monthly Statement of Alerts SF 10.2B: Yellow (Level 1) Alert SF 10.2C: Response to Yellow (Level 1) Alert
<b>Process owners</b>	CTSA for YPS SRLM for APS

## 10. Procedures for handling defaults

### Activities

Step no.	Actor	Action	Time for completion*	Relevant documents
1.	SRLM for APS and CTSA for YPS	Issue Yellow Alert	8 <sup>th</sup> of the month for the previous month	SF 10.2A: Monthly Statement of Alerts SF 10.2B: Yellow (Level 1) Alert
2.	PIA	Address the default and complete the relevant task  Inform the Alert issuing authority of action taken	18 <sup>th</sup> of the month in which Yellow Alert is received	SF 10.2C: Response to Yellow (Level 1) Alert
3.	SRLM for APS and CTSA for YPS	Verify that corrective action is satisfactory If so, no further action is necessary  OR  Action as per 10.2.2	28 <sup>th</sup> of the month in which response to Yellow Alert is received or supposed to be received	

### 10.2.2 Red (Level 2) Alert

#### Overview

Item	Description
<b>Purpose</b>	To alert a PIA regarding occurrence or continuance of default(s) To provide an opportunity to the PIA to address the default(s)
<b>Reference to guidelines</b>	Not applicable
<b>Prerequisite/s</b>	No action/ incomplete action in response to Yellow Alert OR Default is such that issue of Red Alert directly is warranted as per SRLM/CTSA
<b>Time for completion</b>	As per the activity table
<b>Resources</b>	SF 10.2A: Monthly Statement of Alerts SF 10.2D: Red (Level 2) Alert

\* Issue of Alerts for defaults arising due to delays will be automated through an ERP system. Timelines for completion may be revised once the new system is notified.

## 10. Procedures for handling defaults

Item	Description
	SF 10.2E: Response to Red (Level 2) Alert SF 10.2F: Closure of Red (Level 2) Alert
<b>Process owners</b>	CTSA for YPS SRLM for APS

### Activities

Step no.	Actor	Action	Time for completion*	Relevant documents
1.	SRLM for APS and CTSA for YPS	Issue Red Alert <ul style="list-style-type: none"> <li>if there is no response to Yellow Alert or</li> <li>if corrective action in response to Yellow Alert is not satisfactory or</li> <li>default is such that issue of Red Alert directly is warranted</li> </ul>	8 <sup>th</sup> of the month for the previous month	SF 10.2A: Monthly Statement of Alerts  SF 10.2D: Red (Level 2) Alert
2.	PIA	Address the default and complete the relevant task  Inform the Alert issuing authority of action taken and provide explanation for occurrence of default	18 <sup>th</sup> of the month in which Red Alert is received	SF 10.2E: Response to Red (Level 2) Alert
3.	SRLM for APS and CTSA for YPS	Examine PIA's explanation and corrective action If they are satisfactory, send closure notice to PIA  OR  Action as per 10.2.3 or 10.3	28 <sup>th</sup> of the month in which response to Red Alert is received or supposed to be received	SF 10.2F: Closure of Red (Level 2) Alert

### 10.2.3 Escalation to Penalty Process (for YPS only)

#### Overview

Item	Description
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\* Issue of Alerts for defaults arising due to delays will be automated through an ERP system. Timelines for completion may be revised once the new system is notified.

## 10. Procedures for handling defaults

Item	Description
<b>Purpose</b>	To make a recommendation to MoRD for initiation of penalty proceedings against a defaulting PIA To inform the PIA of CTSA's recommendation to MoRD
<b>Reference to guidelines</b>	Not applicable
<b>Prerequisite/s</b>	Non-satisfactory or no explanation and/or no action/ incomplete action in response to Red Alert OR Decision by CTSA that penalty proceedings should be initiated
<b>Time for completion</b>	As per the activity table
<b>Resources</b>	SF 10.2G: Recommendation for Initiation of Penalty Proceedings SF 10.2H: Penalty Recommendation Intimation SF 10.2I: Action on Penalty Initiation Recommendation
<b>Process owner</b>	CTSA

### Activities

Step no.	Actor	Action	Time for completion*	Relevant documents
1.	CTSA	<p>Recommend to MoRD that penalty proceedings be initiated against a PIA</p> <ul style="list-style-type: none"> <li>• If there is no action in response to Red Alert or</li> <li>• If corrective action and explanation in response to Red alert are not accepted or</li> <li>• If CTSA decides that penalty proceedings should be initiated against the PIA at any point (whether an Alert has been issued or not)</li> </ul> <p>Inform the PIA about the Penalty Recommendation to MoRD</p>	28 <sup>th</sup> of the month in which response to Red Alert is received or supposed to be received	<p>SF 10.2G: Recommendation for Initiation of Penalty Proceedings</p> <p>SF 10.2H: Penalty Recommendation Intimation</p>
2.	MoRD	Decide whether penalty proceedings should be initiated	Within 30 days	

\* Issue of Alerts for defaults arising due to delays will be automated through an ERP system. Timelines for completion may be revised once the new system is notified.

## 10. Procedures for handling defaults

Step no.	Actor	Action	Time for completion*	Relevant documents
		against the PIA  Inform the PIA in case no penalty proceedings are to be initiated or if decision is deferred OR Action as per 10.3	of receipt of CTSA's recommendation (if there is delay, then intimate the status of the case at least once in 30 days)	SF 10.2I: Action on Penalty Initiation Recommendation

### 10.3 PENALTY PROCESSES

#### 10.3.1 Initiation and Closure of Penalty Proceedings

##### Overview

Item	Description
<b>Purpose</b>	To delineate the penalty processes, including initiation and conduct of proceedings, imposition of penalty, appeal and closure
<b>Reference to guidelines</b>	Not applicable
<b>Prerequisite/s</b>	Decision to initiate penalty proceedings either on recommendation by CTSA or directly by MoRD/SRLM
<b>Time for completion</b>	As per the activity table
<b>Resources</b>	SF 10.3A: Show Cause Notice SF 10.3B: Response to Show Cause Notice SF 10.3C: Personal Hearing Intimation SF 10.3D: Proceedings of Personal Hearing SF 10.3E: Notice of Imposition of Penalty/ Dropping of Penalty Proceedings SF 10.3F: Request for Closure of Penalty Proceedings SF 10.3G: Notice of Closure of Penalty Proceedings SF 10.3H: Appeal against Penalty SF 10.3I: Decision on Appeal against Penalty
<b>Process owners</b>	MoRD for YPS  SRLM for APS

##### Activities

## 10. Procedures for handling defaults

Step no.	Actor	Action	Time for completion	Relevant documents
<b>Initiation of Penalty Proceedings</b>				
1.	MoRD for YPS and SRLM for APS	Issue Show Cause Notice to PIA	No specific timeline (Issue date is $P_1$ )	SF 10.3A: Show Cause Notice
2.	PIA	Provide written response to Show Cause Notice to MoRD (for YPS) or SRLM (for APS), with copy to CTSA	$P_1+25$ days	SF 10.3B: Response to Show Cause Notice
3.	MoRD for YPS and SRLM for APS	Consider written response of PIA  Decide whether PIA needs to be given an opportunity for personal hearing (compulsory if major penalty is contemplated; otherwise optional)  Issue notice to PIA, if personal hearing is required  Inform the PIA if decision is pending	Within 30 days of receipt of response from PIA (if there is delay, then intimate the status of the case at least once in 30 days)	SF 10.3C: Personal Hearing Intimation
4.	MoRD for YPS and SRLM for APS	Complete the personal hearing proceedings, if initiated  Record the personal hearing proceedings and communicate details to the PIA  Inform the PIA if decision is pending	Within 30 days of issuing Personal Hearing Intimation (if there is delay, then intimate the status of the case at least once in 30	SF 10.3D: Proceedings of Personal Hearing



## 10. Procedures for handling defaults

Step no.	Actor	Action	Time for completion	Relevant documents
			days)	
<b>Imposition and Implementation of Penalty</b>				
5.	MoRD for YPS and SRLM for APS	<p>Take a decision regarding imposition of penalty and inform the PIA that</p> <ul style="list-style-type: none"> <li>• Penalty proceedings are being dropped or</li> <li>• A minor penalty is being imposed or</li> <li>• A major penalty is being imposed</li> </ul> <p>Inform the PIA if the decision is pending</p>	Within 30 days of receipt of written response from PIA or from date of personal hearing if such an opportunity is given to the PIA (if there is delay, then intimate the status of the case at least once in 30 days)	SF 10.3E: Notice of Imposition of Penalty / Dropping of Penalty Proceedings
6.	PIA	<p>If MoRD/SRLM decides to drop the penalty proceedings, then no further action is necessary</p> <p>If penalty is imposed</p> <ul style="list-style-type: none"> <li>• Comply with the penalty order</li> <li>• Request for closure of penalty proceedings if the PIA decides not to invoke the appeal process or</li> </ul>	As specified in Notice of Imposition of Penalty	SF 10.3F: Request for Closure of Penalty Proceedings

## 10. Procedures for handling defaults

Step no.	Actor	Action	Time for completion	Relevant documents
		<ul style="list-style-type: none"> <li>Action as per Appeal process</li> </ul>		
7.	CTSA/ MoRD for YPS and SRLM for APS	If penalty has been imposed, verify whether the PIA has complied with the terms of the penalty order and inform MoRD	Within 5 days of the time prescribed for compliance in the Notice of Imposition of Penalty	
8.	MoRD for YPS and SRLM for APS	Close penalty proceedings and inform the PIA	Within 15 days of confirmation of full compliance with Notice of Imposition of Penalty	SF 10.3G: Notice of Closure of Penalty Proceedings
<b>Appeal</b>				
9.	PIA	Appeal against penalty	Within 20 days of receipt of Notice of Imposition of Penalty	SF 10.3H: Appeal against Penalty
10.	Appellate Authority	Provide an opportunity to the PIA to present its appeal against the penalty imposed, including	Within 30 days of	SF 10.3C: Personal Hearing Intimation SF 10.3D:

## 10. Procedures for handling defaults

Step no.	Actor	Action	Time for completion	Relevant documents
		<p>opportunity for personal hearing if required</p> <p>Decide whether to</p> <ul style="list-style-type: none"> <li>• Uphold the penalty</li> <li>• Modify the penalty</li> <li>• Cancel the penalty</li> </ul>	<p>receipt of appeal against penalty if there is no personal hearing or 60 days of receipt of appeal against penalty if opportunity for personal hearing is provided (if there is delay, then intimate the status of the case at least once in 30 days)</p>	<p>Proceedings of Personal Hearing</p> <p>SF 10.3I: Decision on Appeal against Penalty</p>
11.	PIA	<p>Comply with the decision of the appellate authority</p> <p>Request for closure of penalty proceedings</p>	As specified in the order of the appellate authority	SF 10.3F: Request for Closure of Penalty Proceedings
12.	CTSA/SRLM	Verify whether the PIA has complied with the order of the appellate authority if penalty is upheld or modified		

Step no.	Actor	Action	Time for completion	Relevant documents
		Comply with the terms of the order of the appellate authority if penalty is cancelled or modified		
13.	CTSA/SRLM	Inform the PIA that penalty proceedings are closed		SF 10.3G: Notice of Closure of Penalty Proceedings

### 10.3.2 Suo Motu Imposition of Penalty

Notwithstanding the process delineated in 10.3.1 above, in exceptional cases (for example, diversion of funds, fraudulent practices, persistent defaults, actions that affect the safety of candidates), the competent authority may decide to impose penalty suo motu on a PIA. In such cases, penalty will be imposed directly on the PIA without issuance of any Alert or Notice. However, the PIA will retain the right to appeal against the penalty, and the appeal process will be followed as described above.

### 10.3.3 Penalty Orders

An order by the competent authority to impose a penalty (major or minor) on a PIA shall be a speaking order, specifying the details of the penalty imposed, and clearly laying down the reasons for penalty imposition as well as the process of implementation of the penalty.

## 10.4 HANDLING DEFAULTS BY CTSA (FOR YPS) / SRLM (FOR APS)

In cases where there is any delay committed by the CTSA (for YPS) or SRLM (for APS), the following procedure will be followed.

- Notice 1: Notice will be issued by MoRD giving 5 working days to take further action.
- Notice 2: If the first notice is not complied with, a second notice will be issued giving 5 working days to take further action.
- Notice 3: After waiting for twenty working days after issue of first notice if CTSA has not completed the action MoRD will take suitable steps for getting the work done. It will also initiate penal action against the CTSA for YPS. Similarly for APS if state does not respond MoRD will regulate the flow of funds based on the project progress. If delays occur frequently APS status of the state will also be reviewed. If the delay continues after twenty days of issue of Notice 1, MoRD may take suitable action for completion of the task. It may also initiate penal action against the CTSA (for YPS) or regulate the flow

of funds based on the project progress (for APS). The APS status of the state may also be reviewed if delays occur frequently.

Note: All such notices will be compiled and will become part of CTSA/SRLM performance evaluation.

For procedures to deal with defaults other than delays, a separate notification will be issued by MoRD.

## **10.5 REPLACEMENT OF OLDER PROCEDURES AND TRANSITION TO THE NEW PROCEDURES**

### **10.5.1 Sections to be replaced**

From a date to be notified by MoRD the procedures prescribed in this Chapter will come into force. Subsequently the following sections/portions of SOP version 2.0.0 issued on August 3, 2015 will stand repealed:

- Section 1.5 and 1.6 of Chapter 1
- Section 3.1.1.2 of Chapter 3
- SF 7.1F of Chapter 7 – portion relating to correction of errors found in the 1<sup>st</sup> round of desk data verification by SRLM (for APS) and CTSA (for YPS) on the samples checked by the PIA OP team and Q team

### **10.5.2 Dealing with defaults where action has already been initiated**

All defaults that occur after the notification of this Chapter will be dealt with in accordance with the processes described in this Chapter. However, in cases where a default has occurred before the date of this notification the same shall be dealt with, as per earlier procedures.

### **10.5.3 Nomination of competent authorities by CTSA/ SRLM**

The competent authorities for handling defaults at the State level shall be decided by each State within one month of the notification of this Chapter. Failing this, the powers delegated to levels lower than COO/Skills of SRLM will be vested with COO/Skills, and all other powers will remain as per this Chapter. The competent authority from SRLM for handling default procedures for APS should not be below the level of State Project Manager (SPM).

The competent authorities for handling defaults at the CTSA level shall be decided and notified by each CTSA within one month of the notification of this Chapter.

Failing this, MoRD will issue a notification on the matter, in consultation with the CTSAs, within two months of the notification of this Chapter.

## **SF 10.1A: Overview of Default Handling Procedures**

### **Defaults: Meaning and Scope**

**Defaults** include but are not limited to

- Delay – Non-completion of activities as per specified timelines
- Shortfall – Inability to achieve the desired level of performance with reference to various processes
- Non-compliance with prescribed norms and processes
- Fraudulent practices

### **Identification of a default**

Violation of the processes, norms and timelines prescribed in the manual of SOP, the Guidelines, and the Notifications issued by the Skills division of MoRD will be the basis for identification of a default.

The defaults that occur due to violation of SOP are easily identifiable and will be dealt with as per the processes described in this Chapter.

A default could also occur due to (a) a violation of the Guidelines, the Notifications, the Sanction order and the Memorandum of Understanding, or (b) the commission or omission of an action for which the processes of default in SOP are not clearly specified. In such cases, the competent authority will take a decision regarding:

- Identification of the default
- Course of action to be taken under Chapter 10

The competent authority will give clear speaking orders specifying the basis on which the decision was taken.

### **Default Handling Procedures**

Two main processes are envisaged for handling defaults:

- a. Alert processes
- b. Penalty processes

#### **a. Alert processes**

Alerts are intended to serve as a warning to PIAs that a default has occurred. There is no penalty imposition intended at this stage. However, every Alert issued will be recorded and may affect the assessment of the PIA's performance.

Two levels of Alerts are provided for:

A **Yellow Alert** is a level 1 alert, informing a PIA that a default has occurred.

If the PIA takes appropriate action within the specified timelines to address the default, the Alert is deemed to be closed.

If the default is not addressed satisfactorily, the next level of Alert will be issued.

If a default occurs but is addressed before the issue of a Yellow Alert, the Alert will still be issued. In such a case, the Alert will be a **deemed** Yellow Alert, and will be recorded as such; it will be counted as an Alert at the time of assessment of the PIA's performance. However, the PIA does not have to take any further action and the Alert is automatically closed.

A **Red Alert** is a level 2 alert. It will be issued if the PIA does not respond satisfactorily to a Yellow Alert (in which case it will be an escalation of a Yellow Alert) or if the default is considered serious enough to warrant a level 2 Alert directly.

A PIA is expected to not only address the default within the timelines specified in the Alert but also provide a satisfactory explanation for the occurrence and/or continuance of the default. A Red Alert will be closed only if both these conditions are satisfied. If either of these conditions is not met, the Alert process will escalate to a Penalty process.

Any default that occurs in any of the processes prescribed in the SOP will lead to the issuance of an Alert, as per the provisions of Sections 10.2 and Section 10.3.

Every month, along with Yellow and Red Alerts for defaults occurring in the previous month, a consolidated Statement of Alerts will be sent to every PIA. This Statement will give the status of all Alerts issued to the PIA, and indicate pending actions if any.

A delay in issue of Alerts will, however, not negate the occurrence of a default.

Notwithstanding any of the above, special processes/timelines are prescribed for the following defaults:

- Delays related to the Prospective Project Work Schedule (processes for dealing with delays in PPWS are elaborated in **Annexure – I**)
- Delays related to payment of food and to-and-fro charges and Post Placement Support (PPS) to candidates, and payment of salaries to trainers, master trainers and Q-team (processes for dealing with such delays are elaborated in **Annexure – II**)

## **b. Penalty Processes**

Penalty processes comprise two main stages:



- Initiation of penalty proceedings and imposition of penalty
- Appeal against penalty

### Initiation of penalty proceedings and imposition of penalty

A penalty may be imposed on a PIA for any kind of default, in one of the following ways:

- *As an escalation of the Alert process and initiation of penalty proceedings:* If the PIA does not take satisfactory action or provide a satisfactory explanation in response to a Red Alert, penalty proceedings may be initiated by issuing a Show Cause Notice to the PIA. These proceedings may result in the imposition of a penalty.
- *Directly after initiation of penalty proceedings:* Penalty proceedings may also be initiated by issuing a Show Cause Notice to the PIA, without going through the entire Alert process. These proceedings may also result in the imposition of a penalty.
- *Suo Motu:* In exceptional cases, a penalty may be imposed suo motu, directly by the competent authority, without initiating separate penalty proceedings, but after recording the reasons for such imposition.

A penalty imposed by the competent authority may be either **major** or **minor**.

A detailed description of penalties that may be imposed under each category is given in the table below.

**Table 10-1: Details of minor and major penalties**

Category	Penalty
<b>Minor</b>	<ol style="list-style-type: none"> <li>1. Fine up to Rs. 50,000 per occasion</li> <li>2. Retraining candidates without any additional payment to PIA</li> <li>3. Closing of training centre/s</li> <li>4. Reduction of targets</li> <li>5. Censure</li> </ol>
<b>Major</b>	<ol style="list-style-type: none"> <li>6. Fines higher than Rs.50,000 but not exceeding 2% of the project cost</li> <li>7. Closure of the project</li> <li>8. Blacklisting of PIA in the state for a specified period</li> <li>9. Blacklisting of PIA in the country for a specified period*</li> </ol>
<p><b>Note:</b> All penalties are hierarchical with ascending order of severity. While imposing the penalties a competent authority impose a combination of penalties provided, due procedure as prescribed for imposing the higher penalty is followed.</p> <p>* For blacklisting across the country by the State government, prior approval of MoRD will be required.</p>	

### Appeal against penalty

Regardless of the process followed for imposition of a penalty, a PIA will have the right to appeal against the penalty to the Appellate Authority. However, even if a PIA decides to appeal, it has to comply with the terms of the penalty notice.

As part of its appeal, the PIA shall provide relevant documents and also make a personal representation to the Appellate Authority.

The order of the Appellate Authority will be final and binding on all parties.

Note: The above does not take away the authority of the State/Centre to initiate other proceedings under applicable laws, including Revenue Recovery or Public Demands Recovery Act.

### **Issue of default notice – combining more than one default in a single notice**

Generally a single notice will be issued for a single default. However, if more than one default occurs in a single process, the competent authority has discretion to issue a separate notice for each default.

(Clarification on single process: All steps included under heading level 4 in any chapter of the SOP will be treated as a single process. For example: Items under Section 5.2.1.3 will be part of a single process. But if more than one default arises out of the inspection carried out under this section, the competent authority may decide whether to initiate action under one default process or as separate default processes. However, if defaults occur under sections 5.2.1.3 and 5.2.1.4 then separate default processes will be initiated under each section.)

Further, nothing in the foregoing precludes a competent authority from issuing a single notice for defaults occurring in different processes.

### **Communications related to defaults and penalties**

All communications related to defaults will be sent to the PIA at the primary email id provided by the PIA in the project execution readiness form. The email is deemed to have been received by the PIA two days after the date of despatch. In addition, where penalty proceedings are initiated, notices will be sent to the PIA by Registered Post or Speed Post.

All communications related to defaults sent by the SRLM/CTSA/MoRD will specify the email id to which the PIA has to send its response. In addition, responses by the PIA to all notices related to penalties should also be sent by Registered Post or Speed Post to the address specified in the relevant communication.

### **Competent authority**

Competent authorities to deal with all processes related to defaults are specified in “SF 10.1B: Competent authority for handling default procedures”.

### **Impact of policy changes**

Notwithstanding any of the procedures prescribed in this Chapter and Standard Forms, PIAs may be required to undertake or modify activities in the event of a change in government policy or programme objectives. In such cases, the new/revised activities to be undertaken by PIAs would be considered part of the streamlining process and would not constitute any penal action.

### **Annexure – I**

#### **Monitoring of the Prospective Project Work Schedule and action for default [This annexure replaces section 3.1.1.2]**

These norms and procedures apply only to training commencement, that is, the number of trainees for whom training has to start; they do not apply to training completion or quality of training.

- The number of candidates in a batch after a batch is frozen will be treated as number of candidates for whom training has commenced and shall be considered for the purpose of monitoring of PPWS.
- The total number of cumulative trainings that have commenced till the end of every month will form the basis for evaluation of the PIA's performance, and not the number commenced in that month alone; that is, the cumulative performance at the end of each month will be assessed.
- The cumulative training achievement will be reviewed by CTSA/ SRLM as follows:
  - Shortfall in the cumulative total for training commencement should not be more than 10% of the target for the first 6 months from the project commencement date.
  - Shortfall in the cumulative total for training commencement should not be more than 5% of the target from the 7<sup>th</sup> month onwards, and up to 6 months before completion of the project. However, for projects with a duration of 1 year or less, there should be no shortfall from the 7<sup>th</sup> month onwards.
  - There should not be any shortfall in the cumulative training commencement target for the last 6 months of the project.

Any deviation from the norms prescribed above will constitute a default and will be dealt with as per the timelines of Sections 10.2 and 10.3.

The process for issue of Alerts and initiation of penalty proceedings will be as follows:

- A Yellow (Level 1) Alert will be issued the first time there is a shortfall in achievement of the cumulative target at the end of a month. The Alert will be closed if there is no shortfall at the end of the following month. For any subsequent shortfall, a new Yellow Alert will be issued.
- If the shortfall continues – that is, if there is a shortfall at the end of the month immediately following the one for which the Yellow (Level 1) Alert was issued – then the Yellow Alert will be escalated to a Red (Level 2) Alert. The Red Alert will be closed if there is no shortfall at the end of the following month. For any subsequent shortfall, a new Yellow (Level 1) Alert will be issued.
- If the shortfall continues further – that is, if there is a shortfall at the end of the month immediately following the one for which the Red (Level 2) Alert was issued – then the Alert processes will be escalated to Penalty processes.

- Once a default escalates to the penalty stage, all Alerts will be stopped until one of the two steps given below is completed:
  - *If a decision is taken that penalty proceedings will not be initiated and no Show Cause Notice is issued:* MoRD/SRLM will indicate the action to be taken for the next occurrence of a default; failing this, a Yellow Alert will be issued on the occurrence of the next default.
  - *If a decision is taken to initiate penalty proceedings:* A Show Cause Notice will be issued after considering the actual cumulative performance at the end of the previous month, and the competent authority will consider the current performance before taking a decision regarding imposition of penalty. The order imposing a penalty or dropping of penalty proceedings will indicate the action to be taken for the next occurrence of a default; failing this, a Yellow Alert will be issued on the occurrence of the next default.

For example: If on 8 February, a Yellow Alert is issued for a shortfall in January, then by end of February, the PIA has to achieve the cumulative target for the month of February for the Yellow Alert to be closed. If the cumulative target is not achieved in February, then a Red Alert will be issued on 8 March. If the cumulative target for the month of March is not achieved, then it will be escalated to penalty processes.

## Annexure – II

### **Default procedures on payment of food and to-and-fro charges, post placement support to the candidates, and payment of salaries to trainers, master trainers and Q team members**

Periodicity, timelines, accounting and audit procedures for payment of food and to-and-fro charges, post placement support to the candidates and salaries to trainers, master trainers and Q team members are detailed in chapter 8 of SOP. This SF deals with procedures to deal with defaults related to these payments.

Every payment due to every single candidate/trainer/master trainer/Q team member should be made by the prescribed due date. Delay in even a single payment to a single individual would constitute a default.

The action to be taken for such a default will be measured on the basis of the number of fortnight(s) that have elapsed since the due date for payment. Depending upon the extent of delay, Alerts/Notices will be issued as per the following table:

**Table 10-2: Conditions for issue of Alert/Notice**

Sl.	Delay	Alert/Notice
1	Not paid on due date but paid within the same fortnight in which due date falls (e.g. if payment is due by 3 <sup>rd</sup> of a month but paid any time after 3 <sup>rd</sup> but before 15 <sup>th</sup> of the month)	Yellow (Level 1) Alert
2	Not paid in the same fortnight in which due date falls but paid within the next fortnight (e.g. if payment is due by 3 <sup>rd</sup> of a month but paid any time after 15 <sup>th</sup> but before end of the month; or if payment is due by 18 <sup>th</sup> of the month but paid any time after 1 <sup>st</sup> but before 15 <sup>th</sup> of the next month)	Red (Level 2) Alert
3	Not paid within the fortnight following the one in which due date falls (e.g. if payment is due by 3 <sup>rd</sup> of a month but not paid by the end of the month; or if payment is due by 18 <sup>th</sup> of the month but not paid by 15 <sup>th</sup> of the next month)	Escalation to penalty process (recommendation to MoRD for initiation of penalty proceedings) for YPS and issue of Show Cause Notice for APS

A sample schedule for issue of Yellow/Red Alerts for payment of food and to-and-fro charges to a single candidate is indicated below:

**Table 10-3: Sample for complete cycle of Alerts**

Sl.	Period for which payment to be made	Due date for payment	Completion of monthly verification date	Actual payment date	Issue of Alert date	Type of Alert to be issued
1	16 <sup>th</sup> to 31 <sup>st</sup> December 2015 (2 <sup>nd</sup> fortnight)	3 <sup>rd</sup> January 2016	29 <sup>th</sup> February 2016	For payment made between 4 <sup>th</sup> and 15 <sup>th</sup> January 2016	8 <sup>th</sup> March 2016	Yellow Alert
				For payment made on 16 <sup>th</sup> and 31 <sup>st</sup> January 2016	8 <sup>th</sup> March 2016	Red Alert
2	1 <sup>st</sup> to 15 <sup>th</sup> January 2016 (1 <sup>st</sup> fortnight)	18 <sup>th</sup> January, 2016		For payment made on 19 <sup>th</sup> to 31 <sup>st</sup> January 2016	8 <sup>th</sup> March 2016	Yellow Alert
				For payment not made by 31 <sup>th</sup> January 2016	8 <sup>th</sup> March 2016	Red Alert

While every single instance of delay or non-payment will invite the issue of an Alert, a PIA will be sent a consolidated list of Alerts for each month – that is, all the individuals for whom payment is pending will be listed, with the kind of Alert being issued in each case indicated against the name of each individual.

**SF 10.1B: Competent authority for handling default procedures****Table 10-4: Competent authority to handling default procedures for APS**

Category	Competent authority of SRLM	Recipient & Respondent of PIA	Copy to: for information
Yellow Alert	Authority to issue & escalate: The person designated to issue such notices*	Project head	MoRD: Joint Secretary (Skills) CTSA: Head of skills unit of the organisation PIA: Authorized signatory & CEO
Red Alert	Authority to issue, escalate & close the alert: The person designated to issue such notices*	Authorized signatory	MoRD: Joint Secretary (Skills) CTSA: Head of the organisation PIA: Project head & CEO
Issue of Show cause notice	Issuing Authority - COO/Skills, SRLM	Authorized signatory	MoRD: Joint Secretary (Skills) CTSA: Head of skills unit of the organisation PIA: Project head & CEO
Imposition of minor penalty / Termination of penalty proceedings	COO/Skills, SRLM	Authorized signatory	MoRD: Joint Secretary (Skills) CTSA: Head of skills unit of the organisation PIA: Project head & CEO
Imposition of major penalty	CEO/SRLM or equivalent (who is a level higher than COO/Skills, SRLM)		
Appellate Authority	Minor penalty: CEO/SRLM or equivalent (who is a level higher than COO/Skills, SRLM)  Major penalty: Principal Secretary, RD, State Government	Authorized signatory	MoRD: Joint Secretary (Skills) CTSA: Head of skills unit of the organisation PIA: Project head & CEO
Direct imposition of penalty	Minor penalty: CEO/SRLM or equivalent (who is a level higher than COO/Skills, SRLM)  Major penalty: Principal Secretary, RD, State Government	Authorized signatory	MoRD: Joint Secretary (Skills) CTSA: Head of skills unit of the organisation PIA: Project head & CEO

\* The competent authority from SRLM for handling default procedures for APS should not be below State Project Manager (SPM).

**Table 10-5: Competent authority to handling default procedures for YPS**

Category	Competent authority of CTSA/ MoRD	Recipient & Respondent of PIA	Copy to: for information
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## 10. Procedures for handling defaults

Category	Competent authority of CTSA/ MoRD	Recipient & Respondent of PIA	Copy to: for information
Yellow Alert	Authority to issue & escalate: The person designated to issue such notices from CTSA	Project head	MoRD: Joint Secretary (Skills) SRLM: Head of the organisation PIA: Authorized signatory & CEO
Red Alert	Authority to issue, escalate & close: The person designated to issue such notices from CTSA	Authorized signatory	MoRD: Joint Secretary (Skills) SRLM: Head of the organisation PIA: Project head & CEO
Issue of Show cause notice	Issuing Authority - Joint Secretary (Skills), MoRD	Authorized signatory	CTSA Head of skills unit of the organisation SRLM: Head of the organisation PIA: Project head & CEO
Imposition of minor penalty / Termination of penalty proceedings	Joint Secretary (Skills), MoRD	Authorized signatory	CTSA: Head of skills unit of the organisation SRLM: Head of the organisation PIA: Project head & CEO
Imposition of major penalty	Joint Secretary (Skills), MoRD		
Appellate Authority	For Minor Penalty: Additional Secretary incharge of Skills in MoRD  For Major Penalty: Additional Secretary incharge of Skills in MoRD	Authorized signatory	CTSA: Head of skills unit of the organisation SRLM: Head of the organisation PIA: Project head & CEO
Direct imposition of penalty	For Minor Penalty: Joint Secretary (Skills), MoRD  For Major Penalty: Additional Secretary incharge of Skills in MoRD	Authorized signatory	CTSA: Head of the organisation SRLM: Head of the organisation PIA: Project head & CEO

**SF 10.2A: Monthly Statement of Alerts**

&lt;To be printed on CTSA/ SRLM letterhead&gt;

**MONTHLY STATEMENT OF ALERTS**

To  
 [Name of the Authorised signatory of the PIA]  
 [Designation of the Authorised signatory of the PIA]  
 [Name of PIA]  
 [Address]

Date:  
 File No:

**Project Details**

Sanction Order No.\*:  
 Sanction Order Date:  
 Project Commencement Date:  
 State(s) of Operation:

Please find herewith a statement of Alerts for the month of [Month and Year] issued to your organisation for defaults under section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).

**1. Yellow Alert(s):**

Sr. No.	Yellow Alert No.	Did PIA respond (Yes/No). If yes, give the date	Status of Alert (Closed/Escalated)

**2. Red Alert(s):**

Sr. No.	Red Alert No.	Did PIA respond (Yes/No). If yes, give the date	Status of Alert (Closed /Escalated)

**Enclosed: Alert(s) as above**

**[Signature & Seal of Authorised Signatory]**  
**< CTSA/ SRLM>**

**CC:**

1. Chief Executive Officer & Project Head
2. CTSA/SRLM
3. Joint Secretary (Skills), MoRD
4. Office copy

\* Mention latest/revised copy of Sanction Order

**SF 10.2B: Yellow (Level 1) Alert**  
<To be printed on CTSA/ SRLM letterhead>

**YELLOW (LEVEL 1) ALERT**

To  
[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Date:  
File No:  
Yellow Alert No\*:

**Project Details**

Sanction Order No.†:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

1. This notice is being issued to you under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) to alert you to the occurrence of default(s) in the implementation of the above project by your organisation, as per the details given in Annexure 1.
2. You are hereby advised to take corrective action immediately, as per the details given in Annexure 1, and inform the undersigned of the same, along with supporting evidence of the action taken, on or before the 18<sup>th</sup> of this month. Failure to do so may result in escalation of the default and lead to initiation of penalty proceedings.

OR

2. You are hereby advised that although you have completed the task as per the details given in Annexure 1, this was not done within the stipulated time-frame, and will therefore be counted as a default. However, no further action is necessary. This notice is only for your information.
3. This Alert and the relevant annexures are being emailed to [Primary email id for all communication mentioned in SF 3.3A] and may be acknowledged.
4. All communications should be sent by email to the address given below.

**[Signature & Seal of Authorized Signatory]**

**< CTSA/ SRLM >**

Address and Email ID

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\* Alert to be issued separately for each project, and numbered sequentially for every project

† Mention latest/revised copy of Sanction Order

**CC:**

1. Chief Executive Officer & Project Head
2. CTSA/SRLM
3. Joint Secretary (Skills), MoRD
4. Office copy

**Annexure I: Statement of default(s)**

Sr. No.	Reference: Guidelines/ SoP/ Notification/ any relevant document	Item (Deviations)	Remarks/ Action to be taken by PIA

**Annexure II**

Supporting evidence – documents, photos, video, audio transcripts, etc.:

**Annexure III**

List of witnesses

**SF 10.2C: Response to Yellow (Level 1) Alert**

*<To be printed on organisation letter head>*

**RESPONSE TO YELLOW (LEVEL 1) ALERT**

To

[Name of the Authorised signatory of CTSA/SRLM]

[Designation of the Authorised signatory of CTSA/SRLM]

[Name of CTSA/SRLM]

[Address]

Date:

File No:

**Project Details**

Sanction Order No.\*:

Sanction Order Date:

Project Commencement Date:

State(s) of Operation:

1. This is with reference to the Yellow (Level 1) Alert No. [number of Yellow Alert] dated [date of issue of Yellow Alert] issued to our organisation under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We would like to inform you that we have taken necessary action and completed the task on [Date of task completed] as per details provided in Annexure 1. Supporting evidence for this is provided in Annexure 2.
3. We request you to close the Alert and cancel the default.

**[Signature & Seal of Authorized Signatory]**

**<PIA>**

Address and Email ID

**CC:**

1. CTSA/ SRLM
2. Joint Secretary (Skills), MoRD
3. Office copy

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\* Mention latest/revised copy of Sanction Order

**Annexure I: Statement of tasks completed**

Sr. No.	Reference: Guidelines/ SoP/ Notification/ any relevant document	Item (Deviations)	Remarks/ Action to be taken by PIA	Action taken by PIA

**Annexure II**

Evidence (including documents, photos, video, audio transcripts) to support claim that action has been taken to address the default.

**SF 10.2D: Red (Level 2) Alert**

*<To be printed on CTSA/ SRLM letterhead>*

**RED (LEVEL 2) ALERT**

To  
[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Date:  
File No:  
Red Alert No\*:

**Project Details**

Sanction Order No.<sup>†</sup>:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

Ref. 1: Yellow Alert No. [Yellow Alert No.] dated [Date of issue of Yellow Alert]<sup>‡</sup>

Ref. 2: Response to Yellow Alert No. [File no. of PIA's response to Yellow Alert] dated [Date of PIA's response to Yellow Alert]<sup>§</sup>

1. This notice is being issued to you under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) to alert you to the continuance of default(s) in the implementation of the above project by your organisation, as per the details given in Annexure 1.

You were alerted to the occurrence of the default vide a Yellow Alert issued to you on [Date of issue of Yellow Alert], However, no action/ insufficient action<sup>\*\*</sup> has been taken by you to address the default.

OR

- 1 This notice is being issued to you under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) to alert you to the occurrence of a default in the implementation of the above project by your organisation, as per the details given in Annexure 1.
2. You are hereby advised to take corrective action immediately, as per the details given in Annexure 1, and inform the undersigned of the same, along with supporting evidence of the action taken, and an explanation for the

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\* Alert to be issued separately for each project, and numbered sequentially for every project

† Mention latest/revised copy of Sanction Order

‡ To be used only if Yellow Alert has been issued and Red Alert is an escalation

§ To be used only if PIA has responded to Yellow Alert

\*\* Strike out which is not applicable

## 10. Procedures for handling defaults

occurrence/continuance of the default, on or before the 18<sup>th</sup> of this month. Failure to do so may result in initiation of penalty proceedings.

3. This Alert and the relevant annexures are being emailed to [Primary email id for all communication mentioned in SF 3.3A] and may be acknowledged.
4. All communications should be sent by email to the address given below.

**[Signature & Seal of Authorized Signatory]**

**< CTSA/ SRLM >**

Address and Email ID

### **CC:**

1. Chief Executive Officer & Project Head
2. CTSA/SRLM
3. Joint Secretary (Skills), MoRD
4. Office copy

### **Annexure I: Statement of default(s)**

Sr. No.	Reference: Guidelines/ SoP/ Notification/ any relevant document	Item (Deviations)	Action to be taken by PIA	Remarks (If Yellow Alert has been issued, and PIA has not responded or response is not satisfactory)

### **Annexure II**

Supporting evidence – documents, photos, video, audio transcripts, etc.:

### **Annexure III**

List of witnesses



**SF 10.2E: Response to Red (Level 2) Alert**

*<To be printed on organisation letter head>*

**RESPONSE TO RED (LEVEL 2) ALERT**

To

[Name of the Authorised signatory of CTSA/SRLM]

[Designation of the Authorised signatory of CTSA/SRLM]

[Name of CTSA/SRLM]

[Address]

Date:

File No:

**Project Details**

Sanction Order No.\*:

Sanction Order Date:

Project Commencement Date:

State(s) of Operation:

1. This is with reference to the Red (Level 2) Alert No. [number of Red Alert] dated [date of issue of Red Alert] issued to our organisation under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We would like to inform you that we have taken necessary action and completed the task on [Date of task completed] as per details provided in Annexure 1. Supporting evidence for this is provided in Annexure 2.
3. An explanation for the occurrence/continuance of the default is provided in Annexure 3.
4. We request you to consider our explanation and the corrective action we have taken, close the Alert and cancel the default.

**[Signature & Seal of Authorized Signatory]**

**<PIA>**

Address and Email ID

**CC:**

1. CTSA/ SRLM
2. Joint Secretary (Skills), MoRD
3. Office copy

---

\* Mention latest/revised copy of Sanction Order

**Annexure I: Statement of tasks completed**

Sr. No.	Reference: Guidelines/ SoP/ Notification/ any relevant document	Item (Deviations)	Remarks/ Action to be taken by PIA	Action taken by PIA

**Annexure II**

Evidence (including documents, photos, video, audio transcripts) to support claim that action has been taken to address the default.

**Annexure III: Explanation for occurrence/continuance of default**

**SF 10.2F: Closure of Red (Level 2) Alert**

*<To be printed on CTSA/ SRLM letterhead>*

**CLOSURE OF RED (LEVEL 2) ALERT**

To

[Name of the Authorised signatory of the PIA]

[Designation of the Authorised signatory of the PIA]

[Name of PIA]

[Address]

Date:

File No:

Alert Closure No\*:

**Project Details**

Sanction Order (s) No†:

Sanction Order Date:

Project Commencement Date:

State (s) of Operation:

Ref 1: Red Alert No. [Red Alert No.] dated [Date of issue of Red Alert]

Ref 2: Response to Red Alert No. [Red Alert No.] dated [Date of PIA's response to Red Alert]

1. This is with reference to your corrective action and explanation in response to the Red Alert issued to your organisation for a default in the implementation of the above project.
2. You are hereby informed that your action and explanation have been accepted. No further action is necessary.
3. The default will be recorded and counted at the time of performance assessment.

**[Signature & Seal of Authorized Signatory]**

**< CTSA/ SRLM>**

Address and Email ID

**CC to:**

1. Chief Executive Officer & Project Head
2. CTSA/SRLM
3. Joint Secretary (Skills)
4. Office copy

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\* Alert closure to be issued separately for each project, and numbered sequentially for every project

† Mention latest/revised copy of Sanction Order

**SF 10.2G: Recommendation for Initiation of Penalty Proceedings**

*<To be printed on CTSA letterhead>*

**RECOMMENDATION FOR INITIATION OF PENALTY PROCEEDINGS**

To  
Joint Secretary (Skills)  
Ministry of Rural Development  
[Address]

Date:  
File No:  
Recommendation for Initiation of  
Penalty Proceedings No. \*:

**Project Details**

Sanction Order No.<sup>†</sup>:  
Sanction Order Date:  
Project Commencement Date:  
State of Operation:

**Sub: Recommendation to Initiate Penalty Proceedings against [Name of PIA]**

Sir/ Madam,

1. This is to recommend initiation of penalty proceedings against [Name of PIA] for default(s) in project implementation under Section 10.2.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana.
2. A Yellow Alert was issued to M/s [Name of PIA] on [date of issue of Yellow Alert].

Since no corrective action was taken, a Red Alert was issued on [date of issue of Yellow Alert].

OR

2. A Red Alert was issued to M/s [Name of PIA] on [date of issue of Red Alert].
3. However, in response to the Red Alert, no corrective action was taken by the organisation/ no explanation was provided for the occurrence of the default/ the action and/or explanation provided by the organisation is not satisfactory<sup>‡</sup>.
4. In view of this, we recommend that the Ministry of Rural Development initiate penalty proceedings against the [Name of PIA] for default under Section 10.2.3 of the Standard Operating Procedures.
5. A Summary of Alerts issued to [Name of PIA] and responses received from the organisation are included in Annexure I.

---

\* Recommendation to be issued separately for each project, and numbered sequentially for every project

<sup>†</sup> Mention latest/revised copy of Sanction Order

<sup>‡</sup> Strike out which is not applicable

**OR**

1. M/s [Name of PIA], has committed serious/repeated default(s) under Section 10.2.3 of the Standard Operating Procedures, as per details provided in Annexure I.
2. As a CTSA, we believe that penalty proceedings should be initiated against the PIA directly, without issuance of any Alert.
3. In view of this, we recommend that the Ministry of Rural Development initiate penalty proceedings against the [Name of PIA] for default under Section 10.2.3 of the Standard Operating Procedures.

**[Signature & Seal of Authorized Signatory]**

**< CTSA >**

Address and Email ID

**CC to:**

1. SRLM
2. Office copy

**Annexure I:** Statement of default(s)

The following defaults have occurred in implementation of the project

Sl. No.	Default*	Details of evidences, if any

\*The default should be defined with regard to relevant SOP clauses.

**Annexure II:**

Supporting evidence – documents, photos, video, audio transcripts, etc.:

**Annexure III:**

List of witnesses

**Appendix: Summary of Alerts\***

Sl. No.	Nature of Alert (Yellow/ Red)	Date of Issue of Alert	Deviations	Date of response from PIA	Current Status of default

Enclosed issued alert (s) and response to alert from PIA, if any.

---

\* Applicable if recommendation to initiate penalty proceedings is escalation of Alerts

**SF 10.2H: Penalty Recommendation Intimation**

*<To be printed on CTSA letterhead>*

**PENALTY RECOMMENDATION INTIMATION**

To

[Name of the Authorised signatory of the PIA]

[Designation of the Authorised signatory of the PIA]

[Name of PIA]

[Address]

Date:

File No:

Penalty Recommendation  
Intimation No\*:

**Project Details**

Sanction Order No.†:

Sanction Order Date:

Project Commencement Date:

State(s) of Operation:

1. This is to inform you that a recommendation is being sent to the Ministry of Rural Development for initiation of penalty proceedings against your organisation for default(s) in project implementation under Section 10.2.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana in view of the following:
2. You have taken no action/ incomplete action‡ to address the default(s) in response to the Red Alert No. [No. of Red Alert] warning you of the possibility of penal action, issued to you on [date of issue of Red Alert].

AND/OR

You have not provided any explanation/a satisfactory explanation for the occurrence/continuance of the default§ in response to the Red Alert No. [No. of Red Alert] warning you of the possibility of penal action, issued to you on dated [date of issue of Red Alert].

**OR**

1. This is to inform you that a recommendation is being sent to the Ministry of Rural Development for initiation of penalty proceedings against your organisation for default(s) in project implementation under Section 10.2.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana.
2. A detailed statement of the items of default is included in Annexure I.

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\* Notice to be issued separately for each project, and numbered sequentially for every project

† Mention latest/revised copy of Sanction Order

‡ Strike out which is not applicable

§ Strike out which is not applicable

3. The Ministry of Rural Development will consider this recommendation and decide whether penalty proceedings should be initiated against M/s [Name of PIA]
4. You will be hearing from the Ministry of Rural Development in due course.
5. The memorandum and annexures are being emailed to [Primary email id for all communication mentioned in SF 3.3A] and may be acknowledged by email to the address given below.

**[Signature & Seal of Authorized Signatory]**

**< CTSA >**

Address and Email ID

**CC to:**

1. Chief Executive Officer & Project Head
2. SRLM
3. Joint Secretary (Skills), MoRD
4. Office copy

**Annexure I: Statement of default(s)**

The following defaults have occurred in implementation of the project

Sl. No.	Default	Details of evidences, if any

**Annexure II:**

Supporting evidence – documents, photos, video, audio transcripts, etc.:

**Annexure III:**

List of witnesses



**SF 10.2I: Action on Penalty Initiation Recommendation \***

*<To be printed on MoRD letterhead>*

**ACTION ON PENALTY INITIATION RECOMMENDATION**

*(When penalty not imposed)*

To

[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Dated:

File No:

**Project Details**

Sanction Order (s) No.<sup>†</sup>:

Sanction Order Date:

Project Commencement Date:

State(s) of Operation:

1. This is with reference to the Penalty Recommendation Intimation No. [number of Penalty Recommendation Intimation] dated [date of issue of Penalty Recommendation Intimation] sent to your organisation under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) by [Name of CTSA].
2. You are hereby informed that after due consideration of all the facts and circumstances of the case, the competent authority has decided not to initiate penalty proceedings against your organisation.
3. You are hereby advised to comply fully in future with all the norms for project implementation specified in the Standard Operating Procedures. Any further default will be viewed seriously and liable for penal action.

Under Secretary (RL-SP)  
Address and Email ID

**CC to:**

1. Chief Executive Officer & Project Head
2. CTSA
3. SRLM

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\* To be used only if penalty proceedings are not being initiated

† Mention latest/revised copy of Sanction Order

**SF 10.3A: Show Cause Notice**  
<To be printed on MoRD/SRLM letterhead>  
**SHOW CAUSE NOTICE**

To  
[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Date:  
File No:  
Show Cause Notice No.\*:

**Project Details**

Sanction Order No.†:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

1. This is with reference to the Red (Level 2) Alert number [Red Alert number] dated [date of Red Alert] issued to your organisation under Section 10.2 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) for default(s) in the implementation of the above mentioned project. A statement of items of default is included in Annexure I.

There has been no response from your organisation to the Red Alert / No corrective action has been taken in response to the Red Alert/ the explanation in response to the Red Alert is not satisfactory (for reasons provided in Annexure II)‡.

In view of this a recommendation for initiation of penalty proceedings against your organisation has been received by us. You have been informed of this vide Penalty Recommendation Intimation number [Penalty Recommendation Intimation No] dated [Date of issue of Penalty Recommendation Intimation].

**OR**

1. This is to inform you that penalty proceedings are being initiated herewith against your organisation by the Ministry of Rural Development, Government of India / State Rural Livelihood Mission of the State of [State Name] for default(s) in project implementation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY). A statement of items of default is included in Annexure I.
2. You are hereby called upon and given this notice to show cause in writing, as to why penalty should not be imposed against M/s [Name of PIA], within 25 days of the receipt of this memorandum, failing which the matter will be decided ex-parte.

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\* To be issued separately for each project, and numbered sequentially for every project

† Mention latest/revised copy of Sanction Order

‡ Strike out which is not relevant

3. The memorandum and annexures are being emailed to [Name of the Authorised Signatory], [Primary email id for all communication mentioned in SF 3.3A] and may be acknowledged to the email given below. A print version is also being despatched by Registered Post/ Speed Post. The date of receipt of memorandum by your organisation is deemed to be two days after the despatch of email.
4. All communications, including your response to this notice, should be sent by email to the address given below and, in addition, by Registered Post / Speed Post.

**[Signature & Seal of Authorized Signatory]**

**< MoRD/ SRLM>**

Address and Email ID

**CC:** (if issuing authority is MoRD)

1. Chief Executive Officer & Project Head
2. CTSA
3. SRLM

**CC:** (if issuing authority is SRLM)

1. Chief Executive Officer & Project Head
2. CTSA
3. Joint Secretary (Skills), MoRD

### **Annexure I: Statement of default(s)**

The following defaults have occurred in implementation of the project

Sl. No.	Default	Details of evidences, if any
1	2	3

### **Annexure II\***

Reasons for non-acceptance of PIA's explanation for occurrence/continuance of default

### **Annexure III:**

Supporting evidence – documents, photos, video, audio transcripts, etc.:

### **Annexure IV:**

List of witnesses

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\* Applicable only if PIA has been issued Red Alert and has not provided satisfactory explanation for default

**SF 10.3B: Response to Show Cause Notice**

*<To be printed on organisation letter head>*

**RESPONSE TO SHOW CAUSE NOTICE**

To  
The Joint Secretary (Skills)/ [SRLM Authorised Person]  
Ministry of Rural Development/ [Name of SRLM]  
[Address]

Date:  
File No:

**Project Details**

Sanction Order No.\* :  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

1. This is with reference to the Show Cause Notice No. [Show Cause Notice No.] dated [Date of issue of Show Cause Notice] issued to our organisation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We wish to inform you that we have completed/ taken corrective action with respect to the activities mentioned in your notice by [Date of completion of tasks]. A statement of completion of tasks against the items of default is included in Annexure I along with evidence for the same in Annexure II.

OR

2. We wish to inform you that we will complete/take corrective action with respect to the activities mentioned in your notice by [Proposed date of completion of tasks]. A statement of our plan for completion of tasks against the items of default is included in Annexure I.

OR

2. We wish to inform you that there has been no default by our organisation, for reasons provided in Annexure I.
3. In view of this, we request you to cancel the penalty proceedings initiated against our organisation.

OR

3. We request you to give us an opportunity to make a personal representation to the competent authority against the proposed initiation of penalty proceedings against our organisation.

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\* Mention latest/revised copy of Sanction Order

[Signature &amp; Seal of Authorized Signatory]

&lt;PIA&gt;

Address and Email ID

**CC:**

1. CTSA/ SRLM
2. Joint Secretary (Skills)\*
3. Office copy

**Annexure I: Statement of Default(s)**

Sl. No.	Default	Details of evidences, if any	Explanation of PIA	Details of evidences, if any
1	2	3	4	5

**Annexure II:**

Evidence (including documents, photos, video, audio transcripts) to support claim that there is no default or that action has been taken to address the default.

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\* Applicable if response is addressed to SRLM authorised person

**SF 10.3C: Personal Hearing Intimation**

*<To be printed on MoRD/SRLM letterhead>*

**PERSONAL HEARING INTIMATION**

To

[Name of the Authorised signatory of the PIA]

[Designation of the Authorised signatory of the PIA]

[Name of PIA]

[Address]

Date:

File No:

Personal Hearing Intimation

No.:

**Project Details**

Sanction Order No.\*:

Sanction Order Date:

Project Commencement Date:

State(s) of Operation:

Ref 1: Show Cause Notice No. [Show Cause Notice No.] dated [Date of issue of Show Cause Notice]

Ref 2: Response to Show Cause Notice No. [Show Cause Notice No] dated [Date of PIA responded to Show Cause Notice]

**OR**

Ref 1: Notice of Imposition of Penalty No. [Notice of Imposition of Penalty No.] dated [Date of issue of Notice of Imposition of Penalty]

Ref 2: Appeal against Penalty from M/s [Name of PIA] dated [Date of Appeal against Penalty]

1. This is with reference to the Show Cause Notice/ Notice of Imposition of Penalty<sup>†</sup> issued to your organisation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. This is to inform you that M/s [Name of PIA] will be given an opportunity for personal hearing to make such representation as your organisation may wish to make against the action proposed in the Show Cause Notice/ Notice of Imposition of Penalty<sup>‡</sup>.
3. The schedule for the personal hearing is as follows:  
Date:  
Time:  
Venue:

---

\* Mention latest/revised copy of Sanction Order

<sup>†</sup> Strike out which is not relevant

<sup>‡</sup> Strike out which is not relevant

4. Please note that only the CEO/ Authorised signatory will be allowed to make a personal representation on behalf of the organisation and that no other representative will be given a hearing.
5. Please note that if the CEO/ Authorised signatory of the organisation fails to attend the personal hearing proceedings at the abovementioned time and venue, the matter will be decided ex-parte and no further opportunity for personal representation will be given.
6. The memorandum is being emailed to [Name of the Authorised Signatory], [Primary email id for all communication mentioned in SF 3.3A] and may be acknowledged. The date of receipt of memorandum by your organisation is deemed to be the day after the despatch of the email. A copy is also being sent by Registered/ Speed Post.
7. All communications should be sent by email to the address given below. All documents should in addition be physically despatched by Registered/ Speed Post to the address given below.

**[Signature & Seal of Authorized Signatory]**

**< MoRD/ SRLM>**

Address and Email ID

**CC:** (if issuing authority is MoRD)

1. Chief Executive Officer & Project Head
2. CTSA
3. SRLM

**CC:** (if issuing authority is SRLM)

1. Chief Executive Officer & Project Head
2. CTSA
3. Joint Secretary (Skills), MoRD

**SF 10.3D: Proceedings of Personal Hearing  
(To be drafted as per case by MoRD/ SRLM)**

**PROCEEDINGS OF PERSONAL HEARING**



**SF 10.3E: Notice of Imposition of Penalty/ Dropping of Penalty Proceedings**

*<To be printed on MoRD/SRLM letterhead>*

**NOTICE OF IMPOSITION OF PENALTY/  
DROPPING OF PENALTY PROCEEDINGS\***

To	Dated:
[Name of the Authorised signatory of the PIA]	File No:
[Designation of the Authorised signatory of the PIA]	Notice of Imposition of Penalty/ Dropping of Penalty Proceedings No.†:
[Name of PIA]	
[Address]	

**Project Details**

Sanction Order No.‡:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

Ref 1: Show Cause Notice No. [Show Cause Notice No.] dated [Date of issue of Show Cause Notice]

Ref 2: Response to Show Cause Notice No. [Show Cause Notice No] dated [Date of PIA responded to Show Cause Notice]

OR

Ref 1: Personal Hearing Notice No. [Personal Hearing Notice No.] dated [Date of issue of Personal Hearing Notice]

Ref 2: Proceedings of Personal Hearing dated [Date of issue of Proceedings of Personal Hearing]

1. This is with reference to the Show Cause Notice/ Personal Hearing Notice§ issued to you under Section 10.3.1 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and the subsequent personal representation made by you on [date of Personal hearing]\*\*.
2. You are hereby informed that your action and explanation have been accepted and that the penalty proceedings initiated against your organisation are being dropped herewith.
3. You are advised that the penalty proceedings initiated as above are now closed. However, the default(s) will be recorded and counted at the time of performance assessments.
4. You are hereby advised to comply fully in future with all the norms for project implementation specified in the Standard Operating Procedures. Any further default will be viewed seriously and liable for penal action.

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\* Strike out which is not relevant

† Strike out which is not relevant

To be issued separately for each project, and numbered sequentially for every project

‡ Mention latest/revised copy of Sanction Order

§ Strike out if personal hearing notice is not issued

\*\* Strike out if no personal representation is made

OR

1. This is with reference to the Show Cause Notice/ Personal Hearing Notice\* issued to you under Section 10.3.1 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and/or the subsequent personal representation made by you on [date of Personal hearing]<sup>†</sup>.
2. After considering all the facts and circumstances, the competent authority has decided to impose a Minor/ Major Penalty on M/s [Name of PIA] as per the details given below:

Nature of Penalty: (Major/ Minor)	
Details of Penalty Imposed	
Reasons for Penalty Imposition	
Process of Implementation of Penalty	
Action to be taken by PIA	
Date by which action to be taken by PIA	

3. You are hereby informed that if your organisation wishes to appeal against the penalty then an appeal shall be filed to the appropriate Appellate Authority as per SF 10.1B within 20 days of receipt of this notice.
4. The appeal will be entertained only if addressed to the Appellate Authority, in the prescribed format as per SF 10.3H and within the prescribed timelines.
5. The appeal is also subject to compliance with the following instructions of the penalty imposing authority:
  - a. <To be filled>
  - b. <To be filled>
6. The memorandum is emailed to [Name of the Authorised Signatory], [Primary email id for all communication mentioned in SF 3.3A] and also sent to your organisation by Registered/ Speed Post. The date of receipt of this memorandum will be deemed to be two days after the despatch of the email.
7. All communications should be sent by email to the address given below along with physical despatch of documents to the address given below.

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\* Strike out which is not relevant

† Strike out which is not relevant

**[Signature & Seal of Authorized Signatory]**

**< MoRD/ SRLM>**

Address and Email ID

**CC:** (if issuing authority is MoRD)

1. Chief Executive Officer & Project Head
2. CTSA
3. SRLM

**CC:** (if issuing authority is SRLM)

1. Chief Executive Officer & Project Head
2. CTSA
3. Joint Secretary (Skills), MoRD

**Annexure I: Statement of Default(s)**

Sl. No.	Default	Details of evidences, if any	Explanation of PIA	Details of evidences, if any	CTSA comments	Details of evidences, if any	Decision of Penalty Imposing Authority
1	2	3	4	5	6	7	8

**SF 10.3F: Request for Closure of Penalty Proceedings**  
*<To be printed on organisation letter head>*  
**REQUEST FOR CLOSURE OF PENALTY PROCEEDINGS**

To  
The Joint Secretary (Skills)/ [SRLM Authorised Person]  
Ministry of Rural Development/ [Name of SRLM]  
[Address]

Date:  
File No:

**Project Details**

Sanction Order No.\*:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

1. This is with reference to the Notice of Imposition of Penalty No. [Notice of Imposition of Penalty No.] dated [Date of Notice] issued to our organisation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We wish to inform you that we have complied with the terms of the Penalty Imposition Notice by taking appropriate action. Evidence of compliance is enclosed.

OR

1. This is with reference to the Decision on Appeal against Penalty No. [Decision on Appeal against Penalty No.] dated [Date of Decision] received by our organisation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We wish to inform you that we have complied with the terms of the Decision on Appeal by taking appropriate action. Evidence of compliance is enclosed.
3. In view of this, we request you to close the penalty proceedings initiated against our organisation.

**[Signature & Seal of Authorised Signatory]**

**<PIA>**

Address and Email ID

**CC:** (if request being sent to MoRD)

1. CTSA
2. SRLM

**CC to:** (if request being sent to SRLM)

1. CTSA
2. Joint Secretary (Skills), MoRD

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\* Mention latest/revised copy of Sanction Order

**SF 10.3G: Notice of Closure of Penalty Proceedings**  
*<To be printed on MoRD/ SRLM letterhead>*  
**NOTICE OF CLOSURE OF PENALTY PROCEEDINGS**

To  
[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Date:  
File No:

**Project Details**

Sanction Order (s) No\*:  
Sanction Order Date:  
Project Commencement Date:  
State (s) of Operation:

Ref: Request for Closure of Penalty Proceedings No.: [Request for Closure of Penalty Proceedings No.] dated [Date of Request for Closure of Penalty Proceedings]

1. This is with reference to your request for closure of the penalty proceedings initiated against your organisation on the basis of which a penalty was imposed vide Notice of Imposition of Penalty dated [Date of issue of Notice of Imposition of Penalty] and which was confirmed/modified in appeal as per Decision on Appeal against Penalty [Decision on Appeal against penalty No. and date]<sup>†</sup>.
2. In view of your compliance with the said Notice/ decision of the Appellate Authority<sup>‡</sup>, you are hereby informed that the penalty proceedings initiated as above are now closed. However, the default(s) will be recorded and counted at the time of performance assessments.
3. You are hereby advised to comply fully in future with all the norms for project implementation specified in the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY). Any further default will be viewed seriously and liable for penal action.

**[Signature & Seal of Authorized Signatory]**

**< MoRD/ SRLM >**

Address and Email ID

**CC: (if issuing authority is MoRD)**

1. Chief Executive Officer & Project Head

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\* Mention latest/revised copy of Sanction Order

<sup>†</sup> Strike out which is not relevant

<sup>‡</sup> Strike out which is not relevant

2. CTSA
3. SRLM

**CC:** (if issuing authority is SRLM)

1. Chief Executive Officer & Project Head
2. CTSA
3. Joint Secretary (Skills)

**SF 10.3H: Appeal against Penalty**  
<To be printed on organisation letter head>  
**APPEAL AGAINST PENALTY**

To  
The Additional Secretary (Skills)/ [SRLM Authorised Person]  
Ministry of Rural Development/ [Name of SRLM]  
[Address]

Date:  
File No:

**Project Details**

Sanction Order No.\*:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

1. This is with reference to the Notice of Imposition of Penalty No. [Notice of Imposition of Penalty No.] dated [Date of issue of Notice of Imposition of Penalty] issued to our organisation under Section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY).
2. We have complied with the terms of the abovementioned Notice. Evidence for this is included in Annexure I.
3. We wish to appeal against the penalty imposed and request a personal hearing by the Appellate Authority to present our appeal.

**[Signature & Seal of Authorized Signatory]**

**<PIA>**

Address and Email ID

**CC:** (if sending to MoRD)

1. CTSA
2. SRLM

**CC:** (if sending to SRLM)

1. CTSA
2. The Joint Secretary (Skills)

**Annexure I**

**Statement of Default(s)**

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\* Mention latest/revised copy of Sanction Order

## 10. Procedures for handling defaults

Sl. No .	Default	Details of evidence s, if any	Explanation of PIA	Details of evidence s, if any	CTSA comments	Details of evidence s, if any	Decision of Penalty Imposing Authority	PIA appeal with reasons	Details of evidence s, if any
1	2	3	4	5	6	7	8	9	10



**SF 10.3I: Decision on Appeal against Penalty**

*<To be printed on MoRD/ SRLM letterhead>*

**DECISION ON APPEAL AGAINST PENALTY**

To  
[Name of the Authorised signatory of the PIA]  
[Designation of the Authorised signatory of the PIA]  
[Name of PIA]  
[Address]

Date:  
File No:

**Project Details**

Sanction Order No.\*:  
Sanction Order Date:  
Project Commencement Date:  
State(s) of Operation:

Ref 1: Notice of Imposition of Penalty No. [Notice of Imposition of Penalty No.] dated [Date of issue of Notice of Imposition of Penalty]

Ref 2: Appeal against Penalty dated [Date of issue of Appeal against Penalty]

Ref 3: Personal Hearing Notice No. [Personal Hearing Notice No.] dated [Date of issue Personal Hearing Notice]

Ref 4: Proceedings of Personal Hearing dated [Date of issue of Proceedings of Personal Hearing]

1. This has reference to the penalty imposed on your organisation for default(s) in project implementation under section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, and the subsequent hearing of your appeal against the said penalty.
2. We have considered all the facts and circumstances of the case and wish to inform you that the penalty imposed against your organisation has been cancelled herewith.
3. You are hereby informed that the default(s) will be recorded and counted at the time of performance assessments.
4. You are advised to comply fully in future with all the norms for project implementation specified in the Standard Operating Procedures. Any further default will be viewed seriously and liable for penal action.

**OR**

1. This has reference to the penalty imposed on your organisation for default(s) in project implementation under section 10.3 of the Standard Operating Procedures of the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, and the subsequent hearing of your appeal against the said penalty.

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\* Mention latest/revised copy of Sanction Order

2. We have considered all the facts and circumstances of the case and wish to inform you that we have taken the decision to uphold/ modify the penalty imposed on your organisation.
3. Details of upheld/ modified penalty are as follows:

Nature of Penalty: (Major/ Minor)	
Details of Penalty Imposed	
Reasons for Penalty Imposition	
Process of Implementation of Penalty	
Action to be taken by PIA	
Date by which action to be taken by PIA	

4. You are hereby advised to comply with the above order within [Days in Number]\* days of receipt of this memorandum along with evidence of compliance. Any failure in this regard is likely to result in penal action against your organisation.
5. The memorandum is being emailed to [Name of the Authorised Signatory], [Primary email id for all communication mentioned in SF 3.3A] and also being sent to your organisation by Registered/ Speed Post. The date of receipt of this memorandum will be deemed to be two days after the despatch of the email.
6. All communications should be sent by email to the address given below along with physical despatch of documents to the address given below.

**[Signature & Seal of Authorized Signatory]**

**< MoRD/ SRLM>**

Address and Email ID

**CC:** (if issuing authority is MoRD)

1. Chief Executive Officer & Project Head
2. CTSA
3. SRLM

**CC:** (if issuing authority is SRLM)

1. Chief Executive Officer & Project Head
2. CTSA
3. The Joint Secretary (Skills)

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\* Days will be as per discretion of Appellate Authority

**Annexure I****Statement of Default(s)**

SI N o.	Def ault	Detail s of evid ences, if any	Explan ation of PIA	Detail s of evid ences, if any	CTSA comm ents	Detail s of evid ences, if any	Decis ion of Penal ty Impo sing Auth ority	PIA app eal with reas ons	Detail s of evid ences, if any	CTS A com ment on appe al	Detail s of evid ences, if any	Comm ents of RSD, MoRD
1	2	3	4	5	6	7	8	9	10	11	12	13