



COIR BOARD

MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA
COCHIN - 682 016

(ISO 9001:2008 CERTIFIED)

IMPLEMENTATION
STRATEGY
ON
REVAMPED
SFURTI

SCHEME OF
FUND FOR
REGENERATION
OF
TRADITIONAL
INDUSTRIES





**IMPLEMENTATION
STRATEGY**
on
**REVAMPED
SFURTI**



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कलराज मिश्र
Kalraj Mishra

राज्य मंत्री
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
भारत सरकार, नई दिल्ली -100 001

Minister for Micro, Small & Medium Enterprises
Government of India, New Delhi -100 001

सन्देश

मुझे यह जानकर खुशी हो रही है कि कयर बोर्ड, देश भर में कयर क्लस्टरों की स्थापना एवं विकास के लिए सक्रिय रूप से सम्मिलित पणधारियों और क्लस्टर सहभागियों की सहायता के लिए सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय के संशोधित स्फूर्ति कार्यक्रम पर पुस्तिका प्रकाशित कर रहा है।

“क्लस्टर का अर्थ है एकजुट होना, जिससे सफलता बढ़ती है”

कयर एक कृषि आधारित ग्रामीण उद्योग है, जो 80% महिला श्रमिक संख्या के साथ ग्रामीण अर्थव्यवस्था के विकास में, विशेष रूप से भारत के तटीय क्षेत्रों में मुख्य भूमिका निभाती है। परंपरागत उद्योगों के पुनरुद्धार हेतु निधि योजना (स्फूर्ति), एक क्लस्टर आधारित विकास कार्यक्रम का ध्यान क्षमता विनिर्माण, प्राशिक्षण, विपणन और अन्य कार्यकलापों पर केन्द्रित है, ने बड़ी हई मज़दूरी, वर्धित उत्पादन और निवेश पर लाभ के साथ परंपरागत उद्योगों में लगातार रोज़गार सृजित करने में प्रभावी भूमिका निभाई है।

मैं विश्वास करता हूँ कि यह पुस्तिका संशोधित स्फूर्ति कार्यक्रम के कार्यान्वयन में पणधारियों के लिए अपेक्षित सूचनाएँ प्रदान करेगी। यह पुस्तिका कयर क्लस्टरों के विकास के लिए नोडल अभिकरणों, तकनीकी अभिकरणों, कार्यान्वित अभिकरणों और गैर सरकारी संघठनों को ज्ञान से संपन्न करेगी।

मैं कयर बोर्ड और संशोधित स्फूर्ति योजना से संबद्धित सभी पणधारियों को उनके उद्यम में सफलता की कामना करता हूँ।

शुभकामनाओं सहित,

(कलराज मिश्र)



कलराज मिश्र
Kalraj Mishra

राज्य मंत्री
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
भारत सरकार, नई दिल्ली -100 001

Minister for Micro, Small & Medium Enterprises
Government of India, New Delhi -100 001

MESSAGE

I am pleased to know that the Coir Board is bringing out a hand book on the Revamped SFURTI programme of the Ministry of MSME with a view to assist the stakeholders and cluster players who are actively involved in establishing and developing coir clusters all over the country.

“Cluster means together which multiplies the Success”

Coir an agro-based rural industry, with 80% women workforce play a key role in the development of rural economy especially in the coastal areas of India. **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**, the cluster based development programme with its interventions focussed in capacity building, training, marketing and other activities has effectively led to generation of sustainable employment in traditional industries with enhanced wages, increased production and returns on investment.

I trust that this hand book will provide the requisite information to the stakeholders in the implementation of Revamped SFURTI programme. This hand book would enrich the knowledge of Nodal agencies, Technical agencies, Implementing agencies and NGO's for development of coir clusters.

I wish the Coir Board and all the stakeholders associated with the Revamped SFURTI scheme success in their endeavour.

With best wishes,

(Kalraj Mishra)



गिरिराज सिंह
Giriraj Singh

राज्य मंत्री
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Minister of State for
Micro, Small & Medium Enterprises
Government of India, New Delhi -100 001

सन्देश

मुझे यह जानकर खुशी हो रही है कि कयर बोर्ड कयर क्लस्टर्स की स्थापना करने में सक्रिय रूप से भाग लेने वाले पणधारियों के लाभार्थ सूक्ष्म, लघु और मध्यम, उद्यम मंत्रालय के संशोधित स्फूर्ति कार्यक्रम पर पुस्तिका का संकलन और प्रकाशन कर रहा है ।

देश के मुख्य परंपरागत उद्योगों में से एक, कयर, देश की ग्रामीण अर्थव्यवस्था में, श्रम और कृषि-आधारित कच्चे माल की बड़े पैमाने पर उपयोग करके प्रमुख स्थान रखता है । ग्रामीण महिलाओं को रोज़गार प्रदान करके, यह विशेष रूप से भारत के तटीय क्षेत्रों में, महिला सशक्तिकरण में प्रमुख भूमिका निभाता है ।

इस पुस्तिका के प्रकाशन के लिए कयर बोर्ड द्वारा उठाए गए प्रयास, संशोधित स्फूर्ति कार्यक्रम के कार्यान्वयन की ओर पणधारियों को अपेक्षित सूचना प्रदान करने में सहायक होंगे । यह पुस्तिका कयर क्लस्टर्स के विकास के लिए नोडल अभिकरणों, तकनीकी अभिकरणों, कार्यान्वित अभिकरणों और गैर सरकारी संघठनों को ज्ञान से संपन्न करेगी ।

मैं कयर बोर्ड और संशोधित स्फूर्ति योजना से संबद्धित सभी पणधारियों को उनके उद्यम में सफलता की कामना करता हूँ ।

(गिरिराज सिंह)



गिरिराज सिंह
Giriraj Singh

राज्य मंत्री
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
भारत सरकार, नई दिल्ली -100 001

Minister of State for
Micro, Small & Medium Enterprises
Government of India, New Delhi -100 001

MESSAGE

I am very happy to know that the Coir Board is compiling and bringing out a hand book on Revamped SFURTI programme of the Ministry of MSME for the benefit of stakeholders who are actively involved in establishing coir clusters.

One of the major traditional industries in the country, coir occupies a premium place in the rural economy of the country with its massive use of rural labour and agro-based raw material. By providing employment to the rural women, it plays a pivotal role in women empowerment especially in the coastal areas of India.

The effort of the Coir Board in this regard and for bringing out this hand book will go a long way in providing the requisite information to the stakeholders towards the implementation of Revamped SFURTI programme. This hand book would enrich the knowledge of Nodal agencies, Technical agencies, Implementing agencies and NGO's for development of coir clusters.

I wish the Coir Board and all the stakeholders associated with the Revamped SFURTI scheme success in their endeavour.

(Giriraj Singh)



बी एच अनिलकुमार
B H Anil Kumar

संयुक्त सचिव
सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
भारत सरकार, नई दिल्ली - 100 001

Joint Secretary
Ministry of Micro, Small & Medium Enterprises
Government of India, New Delhi- 100 001

सन्देश

मुझे यह जानकर प्रसन्नता हो रही है कि कयर बोर्ड सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय द्वारा प्रारंभ की गई संशोधित परंपरागत उद्योगों के पुनर्योजन हेतु निधि योजना पर एक संकलन प्रकाशित कर रहा है।

यह हमारा प्रयास रहा है कि पणधारियों को संशोधित स्फूर्ति कार्यक्रम पर अद्यतन सूचना प्रदान करें। इस उद्देश्य के अनुसरण में संशोधित स्फूर्ति के अंतर्गत क्लस्टर विकास के कार्यान्वयन पर मार्गनिर्देश और क्लस्टर विकास के लिए कयर उद्योग से संबंधित अन्य उपयोगी सूचनाओं को संकलित करके इस पुस्तिका में प्रकाशित की है।

मैं दृढ़ता से विश्वास रखता हूँ कि स्फूर्ति पर यह पुस्तिका सभी संबंधितों के लिए उपयोगी सिद्ध होगी। मैं इस पुस्तिका को प्रकाशित करने हेतु कयर बोर्ड के अधिकारियों और कर्मचारियों द्वारा उठाए गए प्रयासों की सराहना करता हूँ।

(बी.एच.अनिलकुमार)



संयुक्त सचिव
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Joint Secretary
Ministry of Micro, Small & Medium Enterprises
Government of India, New Delhi- 100 001

बी एच अनिलकुमार
B H Anil Kumar

MESSAGE

I am delighted to note that the Coir Board is bringing out a compilation on the revamped Scheme of Fund for Regeneration of Traditional Industries launched by the Ministry of MSME.

It has been our endeavour to provide updated information on Revamped SFURTI to the stakeholders of the MSME sector. In pursuance of the objective, the guidelines on implementation of cluster development under Revamped SFURTI and other useful information pertaining to coir industry for cluster development are compiled and these are brought out in this handbook.

I earnestly believe that this Handbook on SFURTI would prove to be useful to all concerned. I would also like to place on record, by sincere appreciation of the efforts of the Officers and staff of Coir Board for bringing out this Handbook.

(B H Anil Kumar)



सुरेन्द्र नाथ त्रिपाठी
Surendra Nath Tripathi

अध्यक्ष (प्र.), कयर बोर्ड एवं संयुक्त सचिव
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Chairman i/c, Coir Board &
Joint Secretary
Ministry of Micro, Small & Medium Enterprises
Government of India, New Delhi- 100 001

प्राक्कथन

सूक्ष्म, लघु और मध्यम, उद्यम मंत्रालय ने XI वीं योजना काल के दौरान प्राप्त अनुभव को विशेष महत्व देकर और एमएसएमई के परंपरागत क्षेत्र की ज़रूरतों को ध्यान में रखते हुए परंपरागत उद्योगों के पुनर्योजन हेतु निधि योजना (स्फूर्ति) को संशोधित की है। यह पुस्तिका पणधारियों और क्लस्टर सहभागियों को संशोधित स्फूर्ति पर अद्यतन सूचनाएँ प्रदान करने के लिए हमारे द्वारा उठाए गए प्रयास है।

XI वीं योजना में स्फूर्ति क्लस्टरों के कार्यान्वयन और इसकी सफलता से देश में अधिकाधिक परंपरागत उद्योगों की स्थापना करने के लिए काफी प्रभाव और प्रोत्साहन मिला है। इससे सरकार को संसद के पटल पर 12वीं योजना काल में कयर और खादी एवं जिला उद्योगों में 800 स्फूर्ति क्लस्टरों को स्थापित करने की घोषणा करने की उत्तेजना मिली है और यह निश्चित रूप से इन क्षेत्रों को आगे बढ़ाएँगी।

इस सार-संग्रह की अंतर्वस्तु और प्रपत्र में सुधार से संबंधित बहुमूल्य सुझावों का स्वागत है।

कयर बोर्ड के कर्मचारियों के कठिन प्रयत्न और प्रतिबद्धता से ही कयर क्लस्टर की उपलब्धियाँ संभव हो सकीं। मैं, स्फूर्ति पर इस पुस्तिका प्रकाशित करने के लिए कयर बोर्ड के अधिकारियों और कर्मचारियों द्वारा विशेष रूप से उठाए गए अथक प्रयासों के लिए अपना हार्दिक आभार व्यक्त करता हूँ।

(सुरेन्द्र नाथ त्रिपाठी)



सुरेन्द्र नाथ त्रिपाठी
Surendra Nath Tripathi

अध्यक्ष (प्र.), कयर बोर्ड एवं संयुक्त सचिव
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भारत सरकार, नई दिल्ली -100 001

Chairman i/c, Coir Board &
Joint Secretary
Ministry of Micro, Small & Medium Enterprises
Government of India, New Delhi- 100 001

FOREWORD

The Scheme of Fund for Regeneration of Traditional Industries has been revamped by the Ministry of MSME giving due regard to the lessons learnt during the XI Plan Period and after taking care of needs of the traditional sector of MSME. This hand book is our effort to provide updated information on Revamped SFURTI to all the stakeholders and the cluster players.

The implementation of SFURTI clusters in the XI Plan and its success has made great impact and impetus so as to setup more and more clusters of traditional industries in the country. It prompted the Government to announce on the floor of Parliament for establishing 800 SFURTI clusters in Coir and KVIC Industries in the XII Plan Period which would definitely surge these sectors ahead.

Suggestions for improvement in the format and content of this compendium are welcome.

The achievements in the coir cluster could be made possible because of the hard work commitment of Coir Board Staff. I very sincerely appreciate the sincere efforts made by the officers and staff who have contributed and put in special efforts to bring out this Handbook on SFURTI.

(Surendra Nath Tripathi)

I N D E X

| Sl. No. | Particulars | Page No. |
|---------|--|----------|
| 1. | Letter issued by Ministry of MSME conveying approval of revamped SFURTI with modified norms during XII Plan Period | 1 |
| 2. | Guidelines for Revamped SFURTI Programme issued by Ministry of MSME, Govt. of India | 2 |
| 3. | Flow Chart - Steps involved in implementation of revamped SFURTI programme | 18 |
| 4. | Format of MoU to be executed between Nodal Agency & Technical Agency | 19 |
| 5. | Proforma of tripartite agreement to be executed between NA, IA and President of SPV | 28 |
| 6. | Format for filling up details of success stories of clusters | 33 |
| 7. | Proforma for furnishing details of Special Purpose Vehicle (SPV) | 36 |
| 8. | Contact Details of Empanelled Technical Agencies | 37 |
| 9. | Format of application for inviting cluster proposals for development of coir clusters under SFURTI | 38 |
| 10. | Templates of PPR and DPR for Technical Agencies | 43 |
| A. | Project Summary Sheet | 45 |
| B. | Profile of Implementing Agency(IA) | 48 |
| C. | Template of the Preliminary Project Report (PPR) | 51 |
| D. | Template of the Detailed Project report (DPR) | 66 |

IMMEDIATE

संख्या/N0. 4(25)/2012-KVI-I (Part-III)

भारत सरकार

सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय

उद्योग भवन, नई दिल्ली - 110 011

GOVERNMENT OF INDIA

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

UDYOG BHAWAN, NEW DELHI - 110 011

दिनांक/Dated: 1st August, 2014

To

(1) The Chief Executive Officer,
Khadi and Village Industries Commission,
3, Irla Road, Vile Parle (West),
Mumbai-400056.

(2) The Secretary,
Coir Board,
Coir House, M.G.Road,
Kochi-682016

Subject : Approval for implementation of revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI) with modified norms during the XII Plan.

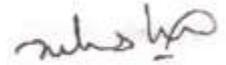
Sir,

I am directed to convey the approval of the competent authority for implementation of revamped SFURTI with modified norms in respect of 71 clusters with an outlay of Rs: 149.44 crores to be taken up in the first phase during the XII Plan period in terms of Ministry of Finance, Department of Expenditure's O.M. No. 1(3)/PF.II/2001 dated 14.12.2011.

2. A copy of final Guidelines for the revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI) with modified norms is enclosed for ready reference and issuing further explanatory procedural instructions, if any required.

3. A copy of the further instructions, issued by you, if any, may be furnished to the Ministry for record.

Yours faithfully,



(M.K. Mishra)

Under Secretary to the Govt. of India

Tel No. 23062573/Fax No.23062886

Encl: As above

Guidelines For Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

.....

1. BACKGROUND

- 1.1. India has a rich heritage of traditional industries. This sector not only plays a crucial role in providing large-scale employment opportunities at comparatively lower capital cost, but also helps in industrialization of rural & backward areas, thereby reducing regional imbalances, assuring more equitable distribution of income and wealth. The eco-friendly products of traditional industries have great potential for growth in production and export developing niche products for domestic and export markets.
- 1.2. Broadly, 'traditional industry' means an activity which produces marketable products, using locally available raw material and skills and indigenous technology. Traditional Industry Cluster, in the context of this document, refers to a geographical concentration of a sizable number of artisans or micro enterprises, suppliers of raw materials, traders, service providers, etc. producing, processing and servicing the same or similar types of products and facing common opportunities and threats.
- 1.3. The traditional industries are broadly categorized into Khadi (comprising of hand-spun and hand-woven cotton, woollen, muslin and silk varieties), Coir Based Industries and Village Industries (including non-timber forest produces-NTFPs, handmade paper, agro based goods, textiles based products and other miscellaneous micro-enterprises as detailed in Annexure 1).
- 1.4. With a view to making the traditional industries more productive and competitive and facilitating their sustainable development, the Govt. of India announced in 2005-06, setting up of a fund for regeneration of traditional industries, with an initial allocation of Rs 100 crore. Pursuant to this announcement, a Central Sector Scheme titled the "Scheme of Fund for Regeneration of Traditional Industries (SFURTI)" was approved at a total cost of Rs 97.25 crore. The Scheme was implemented by the Ministry of Micro, Small and Medium Enterprises (MSME) and its organizations (Khadi and Village Industries Commission-KVIC and Coir Board), in collaboration with State Governments, their organizations and non-governmental organizations.
- 1.5. Separately, with a view to revitalizing the Khadi and Village Industries (KVI) sector, the Government of India, with the assistance of Asian Development Bank (ADB), had in 2009-10, introduced a comprehensive Khadi Reform and Development Programme (KRDP) which inter alia aimed at developing 5 thrust areas of traditional village industries such as herbal products, honey, handmade paper, leather and agro based industries through a cluster-based approach.
- 1.6. Planning Commission's Working Group on XII Plan has recommended continuation of SFURTI with its existing components like: replacement of equipments, setting up of common facilities, support for development of new products, designs, packaging, market promotion, capacity building activities, etc. It has also been recommended that a number of KVI schemes hitherto being implemented by KVIC in Khadi and Village Industries sectors with similar or overlapping objectives, be merged in SFURTI and give flexibility to Implementing Agencies to choose their own basket of components as per need. Thus the following schemes are being merged into SFURTI: The Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans, the Scheme for Product Development, Design Intervention and Packaging (PRODIP), the Scheme for Rural Industries Service Center (RISC) and other small interventions like Ready Warp Units, Ready to Wear Mission, etc run by KVIC during XI Plan from Khadi Grants and VI Grants.
- 1.7. Despite the success of the SFURTI scheme, an independent evaluation of the SFURTI

clusters highlighted the need to improve the sustainability and competitiveness of these clusters. The recommendations include enhanced allocation per cluster, increased responsibility of the Technical Agencies (TAs), critical financial appraisal and development of robust business plans and convergence of programs at the cluster level.

- 1.8. As mentioned in the Budget announcement made by Finance Minister for 2013-14, 800 clusters of khadi, village industries and coir are to be developed during XII Plan with an outlay of Rs 850 crore to cover 4 (four) lakh artisans. Assistance from Multilateral Development Banks is also to be leveraged, to extend support under SFURTI to 800 clusters during the XII Plan.

2. SCHEME OBJECTIVES

The objectives of the Scheme are as follows:

- i. To organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability and economy of scale;
- ii. To provide sustained employment for traditional industry artisans and rural entrepreneurs;
- iii. To enhance marketability of products of such clusters by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure;
- iv. To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits;
- v. To make provision for common facilities and improved tools and equipments for artisans;
- vi. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner;
- vii. To build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.

3. PROJECT INTERVENTIONS

The Scheme would cover three types of interventions namely 'soft interventions', 'hard interventions' and 'thematic interventions'.

3.1 *Soft Interventions*

Soft Interventions under the project would consist of activities such as

- i. General awareness, counselling, motivation and trust building;
- ii. Skill development and capacity building;
- iii. Institution development;
- iv. Exposure visits;
- v. Market promotion initiatives;
- vi. Design and product development;
- vii. Participation in seminars, workshops and training programmes on technology up-gradation, etc.

3.2 *Hard Interventions*

Hard interventions will include creation of following facilities:

- i. Common facility centres (CFCs);
- ii. Raw material banks (RMBs);
- iii. Up-gradation of production infrastructure;
- iv. Tools and technological up-gradation such as charkha up-gradation, tool-kit distribution, etc.
- v. Warehousing facility;
- vi. Training center;
- vii. Value addition and processing center.

Note: The assistance for raw material bank (RMB) shall be leveraged with financial institution for enhanced credit.

3.3 *Thematic interventions*

In addition to the above mentioned hard components and soft components, the scheme will also support cross-cutting thematic interventions at the sector level including several clusters in the same sector with emphasis on both domestic and international markets. These will primarily include:

- i. Brand building and promotion campaign
- ii. New media marketing
- iii. e-Commerce initiatives
- iv. Innovation
- v. Research & development initiatives
- vi. Developing institutional linkages with the existing & proposed clusters

Note: These interventions are illustrative in nature and the project may cover any of the other felt needs of the cluster (as detailed in the DPR and approved by SSC), that will enable the cluster enterprises in improving their competitiveness.

4. INSTITUTIONAL ARRANGEMENT

Given the challenges and wide geographical coverage of the Scheme, an efficient scheme management structure and delivery mechanism has been proposed.

4.1 *Scheme Steering Committee (SSC)*

The Ministry of Micro, Small and Medium Enterprises (MSME) will be the coordinating Ministry providing overall policy, coordination and management support to the Scheme. A Scheme Steering Committee (SSC) will be constituted under the chairmanship of Secretary (MSME), detailed in [Annexure-2](#). The SSC may co-opt representatives of industry associations, R&D institutions and other private sector expert organizations as members/special invitees, depending on functional needs. The SSC will consider the proposals of clusters and the Implementing Agencies (IAs) submitted by Nodal Agencies (NAs) and shall extend approval to the cluster proposals. The cluster proposals will include the details of Technical Agencies (TA) and Implementing Agencies (IA) proposed by Nodal Agency (NA). The SSC may make intra-sectoral adjustments of activities and corresponding funds without affecting the basic objectives and thrust of the Scheme.

4.2 Nodal Agencies (NAs)

The scheme will have Nodal Agencies (NAs) which are reputed national/ regional level institutions with sectoral expertise in the major sub-sectors of the Traditional Industries.

4.2.1 Khadi & Village Industries Commission (KVIC) shall be the NA for Khadi and Village Industry clusters and Coir Board (CB) shall be the NA for Coir based clusters.

4.2.2 However, Ministry of MSME may engage other NAs from amongst private sector institutions with established competence in cluster development, project management and facilitation of market access through a transparent and objective process (based on the set of criteria decided by the Ministry of MSME).

4.2.3 A Project Screening Committee (PSC) shall be constituted under each of the NAs, chaired by the Chief Executive of the NA for the management and implementation of the Scheme. Nodal Agencies other than KVIC and Coir Board shall also constitute a PSC comprising of 3 Cluster Experts (2 from TAs & 1 from IA), representative of bank, and marketing & financing experts. [Details in [Annexure-3](#)]

4.2.4 Role of the NAs:

The role and responsibility of NAs includes the following:

- i. Program fund management including disbursement of funds to the identified IAs/TAs;
- ii. Empanelment & engagement of TAs;
- iii. Preparation of strategy and implementation plan for sub-sector thematic interventions;
- iv. Appraisal of PPRs and DPRs received from TAs based on due-diligence methodology that clearly establishes the project viability, output, outcomes, impact and sustainability;
- v. Shortlist and recommend proposals to SSC for approvals;
- vi. Recommend selection of IAs to SSC;
- vii. Review performance of the TAs;
- viii. Monitoring and evaluation of the cluster projects being implemented; and
- ix. Any other tasks assigned by the SSC.

4.3 Technical Agency (TA)

Established national/ regional level institutions, with proven expertise in artisanal and small enterprise cluster development shall be engaged as Technical Agencies (TAs) to provide close handholding and implementation support to the SFURTI clusters. The TAs shall provide technical support to the NAs and the IAs. The responsibilities of the TAs will include preparation and validation of Cluster Action Plans, conducting training of the Cluster Development Executives (CDEs) and other officials of the IAs and NAs, regular monitoring of the cluster on monthly/ quarterly basis and submit report on quarterly basis, to the respective field office of Nodal Agencies.

4.3.1 Role of the TAs:

The role and responsibility of TAs includes the following:

- i. Sensitization and awareness generation in the clusters about the scheme;
- ii. Identification of potential IAs;
- iii. Preparation of Preliminary Project Reports (PPRs) for in-principle approval of the SSC;
- iv. Diagnostic Study and suggest possible Soft, Hard and Thematic interventions;
- v. Preparation of comprehensive DPRs for final approval of SSC;
- vi. Assisting the identified IA in establishment and structuring the project specific SPV;
- vii. Assist the NAs/SSC in examining the proposals for in-principle and final approval;
- viii. Assist IAs in selection of agencies/ experts for various services and in developing suitable operational framework for various interventions;
- ix. Assist the NA's in periodic monitoring of the progress of the projects and disbursement of funds;
- x. Formulate a Sustainability Roadmap for the Cluster detailing the exit strategy for the IA and the plan for business operations of the cluster beyond the project duration.

4.3.2 The fee will be paid by the NA to the TA on per cluster basis; the scheme will encourage a success fee based model, linked to milestones achieved.

4.4 *Implementing Agency (IA)*

Implementing Agencies (IAs) would be non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), etc. with suitable expertise to undertake cluster development. One IA may normally be assigned only one cluster (unless it is an agency with State-wide coverage). The selection of IAs, based on their regional reputation and experience of working at the grass-roots level, will be done by the Nodal Agencies (NAs), on the basis of transparent criteria.

Private sector participation shall also be encouraged for the implementation of the cluster projects. Corporate entities can also take up projects directly by forming cluster-specific SPVs. Corporates and Corporate Social Responsibility (CSR) foundations with expertise in cluster development will be encouraged to participate as IAs.

4.4.1 Formation of SPV is mandatory to seek the final approval for hard interventions by IA. The purpose of SPV will be to develop and sustain the cluster after the project implementation period is over. An SPV will be formed for each cluster which may be any of the following entities:

- i. a Society registered under Societies (Registration) Act, 1860;
- ii. a Co-operative Society under an appropriate statute;
- iii. a Producer Company under section 581C of Companies Act, 1956;
- iv. a Section 25 Company under Companies Act, 1956;
- v. a Trust; or
- vi. Any other legal entity, with the prior approval of SSC.

4.4.2 Existing Khadi and village industry (KVI) institution and other legal entity will be a deemed SPV, if its Managing Committee, by whatever name called, has a fair representation of artisans (at least 33%).

In the case that PRIs at the cluster level desires to be the IA, it can form an SPV ensuring that the cluster micro-enterprises/beneficiaries hold a minimum 33% of the total equity in the SPV.

In case of private sector promoted SPVs the shareholding of the lead investor/ private partner shall not normally exceed 50% of the total equity.

4.4.3 IA shall appoint a full-time executive, to be located in the cluster who will act as the Cluster Development Executive (CDE), and shall be responsible for implementation of the project as per the approved DPR. The responsibilities of CDE shall include preparation and implementation of the Annual Action Plans of the cluster, promoting linkages with professional institutions as well as local institutions including PRIs, sourcing of rawmaterials, tying up for credit linkage, marketing of the finished goods, collection of the User fees for the use of the common facilities, operation and maintenance of the CFC's etc.

4.4.4 Role of IAs:

The role and responsibility of the IAs includes the following:

- i. Recruit a full-time CDE preferably one amongst the stakeholders who has the desired knowledge and capability in order to ensure efficient implementation of the project;
- ii. The IA would identify and arrange suitable land for the project whose book value may be shown as their contribution towards 25% of the project equity;
- iii. Implement various interventions as outlined in the approved DPR;
- iv. Undertake procurement and appointment of contractors, when required, in a fair and transparent manner;
- v. The IA will enter into an agreement with the Nodal Agency for timely completion on cluster intervention and proper utilization of Government Grants;
- vi. Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model;
- vii. Responsible for furnishing Utilization Certificates (UCs) and regular Progress Reports to Nodal Agency in the prescribed formats.

The IA shall endeavour to increase participation of various other cluster stakeholders and institutions by forming a Cluster Advisory Group, preferably headed by the District Magistrate and with representation from PRIs, traditional industry enterprises, support service institutions, banks, etc. with the objective of fostering increased level of involvement of various cluster stakeholders and strengthening the implementation of the project.

5. Implementation methodology

5.1 Web-Based Project Management System (PMS)

In order to effectively manage the scheme of such scale and coverage it is proposed to set up a dedicated SFURTI website enabled with Project Management System (PMS) to manage projects on-line right from inviting proposals to screening of applications,

approvals, release of funds and concurrent monitoring of progress till completion. The proposed PMS will have in-built systems for online application, MIS tracking, monitoring of physical & financial progress, sharing of reports and other tools for project management. The system will enable all the associated institutions and stakeholders to monitor the progress of projects and work collaboratively to ensure successful implementation of the Scheme. The web-based PMS would help to address various implementation issues such as time overruns, inadequate coverage, and other risks & quality issues.

5.2 Identification of tentative list of clusters

Nodal Agencies will first draw up a State-wise list of potential clusters in consultation with State Governments, District Administrations and local PRIs.

5.3 Engagement and appointment of TAs

As a large number of clusters located in various parts of the country, need to be covered under the program in a time-bound manner; it is required to empanel as many technically competent cluster development organizations as possible, as a pool of Technical Agencies (TAs) to assist in the implementation of the projects.

5.3.1 An Expression of Interest (EoI) will be published by the NA in leading national newspapers requesting for proposals. The TAs will be shortlisted by NA based on technical evaluation of their proposals, mostly in terms of:

- i. Organizational experience in implementing projects of similar nature specially artisans and micro-enterprise based developmental initiatives;
- ii. Competence of personnel and team;
- iii. Geographical presence; and
- iv. Any other parameter as deemed fit by the NA/SSC.

Based on the above criteria, TAs would be appointed and assigned to specific clusters. It may be noted that TAs will be grouped at the cluster level whereby a single TA can be assigned to multiple clusters, not exceeding 50 clusters per TA.

5.4 Approval from SSC

The SSC shall be responsible for approval of the projects and monitoring of their implementation. There would be two-stage process for approval of the projects: In-principle approval and final approval.

5.4.1 In- Principle Approval:

In-principle approval for a project/cluster will be accorded by the SSC based on recommendation of NA and evaluation of the Preliminary Project Report (PPR)/ Diagnostic Study Report (DSR) submitted by the TA assigned to the cluster. The PPR should broadly cover the major features of the proposed project including baseline information on the income, livelihood levels of the artisans (no. of days, no. of working hours), proposed interventions, proposed implementation framework. SPV formation along with identified IA's should be done as this is the basic step. Such In-principle approval will be valid for a period of 6 months from the date of approval, and before that it is expected that the project would be ready with Detailed Project Report (DPR) for final approval. In case final approval is not accorded to the project, within 6 months, the in-principle approval will automatically lapse, unless it is specifically extended by the SSC.

5.4.2 Final Approval:

The project will be accorded final approval by the SSC subject to fulfilment of the following conditions:

- i. Preparation of DPR with specific details of interventions with cost estimates and timelines;
- ii. Execution of shareholders agreement and other related agreements between the IA and the members; and
- iii. Arrangement of requisite land for construction of common facilities by the IA in terms of registered sale or lease deed in the IA's name.

5.5 Release of Funds to NA

Proposal for release of funds will be submitted by NAs cluster-wise to Ministry of MSME. The release of funds to NAs will be based on approved Plan of Action (PoA) and progress of expenditure. The funds will be released to the NAs on receipt of UC for at least 2/3rd of the previous release and Progress Report, and the NAs shall in turn, release the fund to the cluster as per the approved Cluster/ Annual Action Plan.

Funds to NA will be disbursed under two heads:

- i. SFURTI Programme Fund
- ii. SFURTI Administrative Fund

The NA shall maintain two separate accounts for each of the above mentioned heads and will be subject to audit. All expenses relating to monitoring and management of the Scheme and national level activities will be met out of SFURTI Administrative Fund and rest from SFURTI Programme Fund. On obtaining final approval, a sanction order will be issued by NA and 1st instalment will be released by NA in the dedicated bank account opened in the name of the IA.

6. FINANCIAL ASSISTANCE

6.1 The cost of project shall include hard interventions and soft interventions detailed in Paragraph 3. The project cost shall also include the cost of services of a professional TA and costs incurred by the IA for engaging a competent CDE and other administrative expenses to be incurred by the TA.

6.2 The financial assistance provided for any specific project shall be subject to a maximum of Rs 8 (eight) crore.

| Type of clusters | Per Cluster Budget Limit |
|--|--------------------------|
| Heritage Clusters (1000-2500 artisans *) | Rs 8 crore |
| Major Clusters (500-1000 artisans*) | Rs 3 crore |
| Mini-Clusters (Upto 500 artisans*) | Rs 1.5 crore |

*For NER/ J&K and Hill States, there will be 50% reduction in the number of artisans per cluster.

6.3 The funding pattern under the Scheme will be as under:

| # | Project Intervention | Scheme Funding | Financial Limit | | IA Share |
|----|---|----------------|--|--|---|
| A | Cluster Interventions | -- | Subject to maximum 33% of A (Total cost of Cluster interventions both hard and soft interventions) or Rs.25 lakh whichever is less | Maximum Rs. 8 crores per project (A+B+C) | -- |
| A1 | Soft Interventions including skill trainings, capacity building, design development | 100% | | | Nil |
| A2 | Hard Interventions including CFCs, RMBs, training centres etc. * | 75% | | | 25% of Project Cost including Land Cost [^] and own contribution as equity |
| B | Cost of TA | 100% | 8% of A1+A2 (Total cost of Cluster interventions both hard and soft interventions) | | Nil |
| C | Cost [#] of IA/SPV including CDE | 100% | Maximum Rs.20 lakhs per project | | Nil |

*90%:10% in case of North Eastern Region (NER), J&K and hill states.

[^]Registered value of land as reflected in the sale deed shall be considered. In case land is taken on lease, the minimum tenure should be for 15 years and the value of the lease rentals will be taken as contribution.

[#]This may include remuneration of Cluster Development Executive (CDE) and other expenses incidental for the entire 3 year project implementation.

Note: 20% of hard interventions cost will be utilized towards working capital corpus.

6.4 It shall be the responsibility of the IA to bring in land whose book value may be shown as its contribution. The scheme funding shall not be utilized for the procurement of land. The cost of land will not be included in the total cost of the project.

6.5 The interventions listed in Paragraph 3 are indicative in nature and any other need based intervention detailed in the DPR, subject to the approval of the SSC, shall be eligible to be funded under the scheme. The nature of such interventions whether soft or hard will also be decided by the SSC.

6.6 IAs may dovetail funds from other sources detailed in Paragraph 8 for the project, provided there is no duplication of funding for the same component/intervention.

6.7 Release of Funds

Whereas release of fund by NA to IAs for soft-intervention shall be need-based, the following schedule will be adopted for release of scheme funds for hard interventions:

- i. 1st instalment of 40% of the scheme funding as advance on IA arranging land;
- ii. 2nd instalment of another 40% on utilization of 2/3 of 1st instalment; and
- iii. Balance 20% as 3rd and final instalment.

6.8 Administrative and scheme management expenses

It is envisaged that 3% of the budget allocation is earmarked for Administrative and scheme management expenses at the Ministry known as the SFURTI Administrative Fund. Funds will be at the disposal of Ministry of MSME and utilised with the approval of Scheme Steering Committee (SSC) for operationalizing the projects. This Fund will be utilized to fund all administrative costs, monitoring & evaluation costs, SFURTI related communication and stationery expenses, cost of travel/exposure visits of the NA officials for monitoring SFURTI activities, purchase of office automation equipment like photocopier, maintenance etc., outsourcing of data management services and development of scheme management software, both at the level of Ministry and NAs.

A SFURTI Cell will be created at the ministry for providing necessary assistance and coordination to the Ministry and the NAs. The Cell will be responsible for providing administrative support and assistance for monitoring, evaluation, conducting of specialized studies and reports, organizing Steering Committee meetings and other related activities.

6.9 Thematic Intervention Expenses

In order to promote cross-cutting, thematic interventions at the national and international level, an additional 5% of the total budget allocation will be earmarked. Activities such as national and International level brand promotion campaigns, New Media marketing, E-commerce initiatives, Sector level Innovation, R&D initiatives, Program level knowledge portal to promote cross-learning, thematic blogs, information dissemination and propagation of best practices Web based Project Management System (PMS), Creation of Centers of Excellence in selected sectors by strengthening existing technical institutions under M/o MSME to lead various cluster based activities such as technology incubation & transfer, knowledge exchange, cluster twining and establish resource networking. Other activities may include training of CDEs, IAs, national level cross-learning workshops and sector specific innovation, research and development initiatives. These activities shall be supported with due approval of the SSC

6.10 Monitoring and Evaluation Expenses

An additional 2% of the total budget will be allocated for undertaking monitoring and evaluation of the scheme implementation, to be operated by the Ministry of MSME with the approval of Scheme Steering Committee (SSC). These would include periodic project reviews using innovative M&E systems such as video-conferencing and ICT tools, and third-party evaluations and impact assessment studies by the Ministry of MSME.

7 PROJECT COVERAGE & DURATION

7.1 Project Coverage

The target is to cover 800 clusters across the country during the scheme implementation, wherein approx. 4 lakh artisans/beneficiaries are proposed to be covered under the various scheme components. The scheme shall be implemented in all States of India. The geographical distribution of the clusters throughout the country, with at least 10% located in the North Eastern Region (NER), J&K and hilly states, will also be kept in view.

Clusters will be selected under three categories based upon type and coverage of artisans in the cluster in the 1st Phase:

| Type of clusters | No. of Clusters under the Scheme | Approx. Artisan Coverage |
|--|----------------------------------|--------------------------|
| Heritage Clusters (1000-2500 artisans) | 2 | 5000 |
| Major Clusters (500-1000 artisans) | 10 | 10000 |
| Mini-Clusters (Upto 500 artisans) | 59 | 29500 |
| | 71 | 445000 |

7.2 Project Duration

The time frame for the implementation of project will be 3 years. The DPR would provide year-wise phasing of the interventions and requirements of funds.

8 CONVERGENCE

8.1 Substantial investments are being made for strengthening of rural clusters and the livelihood base of the poor. In order to optimise the efforts and maximise impact & sustainability, it is imperative to ensure convergence and bring in synergies between different private initiatives and government schemes in terms of planning, process and implementation. The Scheme envisages leveraging resources from the following sources:

- i. Private sector participation:* The scheme shall encourage participation of private sector retailers with proven track records and established retail networks. Retailers specializing in products sourced from khadi & village industries, coir & other industries may participate as Implementing Agency or Technical Agency. In cases where private sector agency is the implementing agency, the private partner shall contribute at least 50% of the project cost excluding the cost of land.
- ii. Corporate Social Responsibility:* The corporates of public and private sector can participate in the SFURTI program by way of providing additional financial support and professional operations & management support to the projects funded under the Scheme as part of their CSR. Such CSR foundations with proven track record and capability of managing MSME cluster projects, can participate either as IA or TA.
- iii. Participation by Private Equity (PE)/Impact Funds:* To leverage the increasing trend of financial institutions floating funds to support clusters that are in nature of social investments, such funds will be encouraged to participate in the SPVs, subject to the condition that their share holding shall not exceed 50% of the total equity. In case of debt support, patient capital with extended moratorium, low rate of interest and flexible repayment options shall be considered.

- iv. *Other schemes of State and Central Government:* IAs will be encouraged to dovetail funds from other various state and central government schemes over and above the funds sanctioned for SFURTI scheme, provided that there is no duplication of a specific project component being funded from one source.
- v. *Funds from Multi-lateral Development Banks (MDBs):* It is envisaged that the funding from the scheme will leveraged to secure additional financial assistance from the MBDs to ensure sustainability and competitiveness of the clusters.

8.2 The participation of stakeholders as illustrated above is indicative. Any such participation or support needs to be detailed out in the DPR and subject to approval from the SSC.

9. ROLE OF STATE GOVERNMENT

The Scheme envisages proactive engagement of the State Governments in the following areas:

- i. Assist in identification and procurement of suitable land for the projects wherever required, in order to set up cluster infrastructure;
- ii. Providing all the requisite clearances wherever needed for setting up cluster and providing necessary assistance for power, water and other utilities to the cluster;
- iii. Providing necessary external infrastructure to the projects such as power, water supply, roads, effluent disposal etc, wherever needed;
- iv. The State Government agencies like infrastructure/ industrial development corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing Grants;
- v. .Providing necessary project related clearances on a priority basis;
- vi. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects; and
- vii. Extending incentives available under related industrial promotional policies.

10. SUSTAINABILITY

10.1 *Working Committee to look after CFC:* To ensure that the facilities and infrastructure created with grants under SFURTI are sustainably managed to the advantage of artisans for improved production and marketing, IA will constitute a Working Committee for each cluster comprising the following:

- i. Chief functionary of the IA – Convener;
- ii. Representative of a Nationalized bank operating in the area;
- iii. 3 artisans nominated by the IA (including at least one woman) on annual rotation basis, re-nomination may not be allowed before five years;
- iv. Representative of the NA; and
- v. GM, DIC or his representative.

The Working Committee will be chaired by representative not below the rank of Assistant Director of the State/ Divisional office of the Nodal Agency and will meet at least once in a month to review the operational and maintenance aspects of the CFC and decide about the user charges. The SPV will open and maintain a corpus fund for maintenance of the CFC. The user charges will go to the corpus. The SPV on the basis of recommendation of Working Committee may incur expenditure towards maintenance/ augmentation of the CFC.

Access to credit: The IA will arrange the credit requirements including working capital for

activities within the cluster. They may also extend credit to individual groups in the form of supplying raw materials on credit, etc., if required.

10.2 The credit will be arranged at best possible cost preferably from the nearest available source.

10.3 *Business Plan for the cluster:* The TA in consultation with the IA will prepare a Business Plan for the cluster as a going concern, taking into account relevant facts and after conducting appropriate market survey as may be considered necessary by IA within the first two years of implementation of SFURTI in the cluster.

11. OPERATIONS & MAINTENANCE (O&M) OF ASSETS

11.1. IA shall ensure that the services of the facilities created under the Scheme are extended to the cluster in general, in addition to the member enterprises on payment of suitable user fees as fixed by the SPV in consultation with the IA.

11.2. IA shall be responsible for O&M of assets created under the Scheme beyond the project duration. IA shall ensure that the users of these facilities pay for the services rendered, for the maintenance of the assets.

11.3 User fees will go into a corpus fund to be managed by SPV/ IA and could be used towards CDE remuneration.

11.4 In case of dissolution of IA/SPV within 10 years from the date of sanction of assistance by the Government under the Scheme, the assets created with such assistance shall be vested with the Government. The Memorandum of Association & Articles of Association of the SPV shall incorporate this condition. In case of deemed SPVs, the IA will furnish an undertaking to this effect.

12. MONITORING & EVALUATION

12.1. The Ministry of Micro, Small and Medium Enterprises (MSME) will periodically review the progress of the projects under the scheme. The Nodal Agency shall be responsible for obtaining Quarterly Progress Reports and Annual Progress Report showing physical and financial progress from the clusters and forward it to the Ministry of Micro, Small and Medium Enterprises (MSME) on a regular basis.

12.2. Periodic review by Nodal Agency: The NAs assisted by TAs will devise a suitable monitoring framework duly approved by the SSC. In addition to the quarterly progress reports indicating cluster-wise physical and financial progress, the NAs will also track the progress through video-conferencing and other ICT tools.

12.3. Evaluation of the Scheme: It is envisaged to take-up third party mid-term evaluation of the projects to determine the deficiencies and take-up mid-course corrective measures. Impact assessment studies will also be undertaken at end of the project both at the cluster-level and the program-level to validate the outcomes achieved.

13. REMOVAL OF AMBIGUITY

Notwithstanding anything contained above, Central Government may issue such instructions as may be necessary to implement the above guidelines. If any difficulty or ambiguity arises in giving effect to these provisions, Central Government may issue appropriate directions which shall be binding on NAs, TAs and IAs.

13.1. In so far as interpretation of any of the provisions of these guidelines, the decision of the Scheme Steering Committee (SSC) shall be final.

ANNEXURE 1: Categorization of Traditional Industries

1. Khadi Industries (KI)

“Khadi” means any cloth woven on handlooms in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns. The Khadi Industries comprise of manufacturing units for hand-spun and hand-woven cotton, woolen, muslin and silk varieties.

2. Village Industries (VI)

Village Industries (VI) includes any industry located in rural area which produces any goods or renders any service with or without the use of power and in which the per-capita fixed capital investment does not exceed Rs. 1 lakh (except for hilly areas, wherein the limit is Rs.1.5 lakh); provided that any industry specified in the Schedule and located in an area other than a rural area and recognized as a village industry at any time before the commencement of the Khadi and Village Industries Commission, continue to be a village industry under the KVIC Act.

Note: The list of village industries as per the KVIC Act are indicative only. However, this does not bar KVIC to take up clusters which are in the nature of village industries and traditional industries by organizing such clusters depending on regional/ area specific availability of raw materials/ traditional artisans/ skilled workforce.

An indicative list of major VIs is provided as below:

❖ Mineral Based Industry

- a. Cottage Pottery Industries
- b. Lime Industries

❖ Forest Based Industry

- a. Medicinal Plants Industries
- b. Bee-keeping
- c. Minor Forest based Industries

❖ Agro Based & Food Processing Industry

- a. Pulses & Cereals Processing Industries
- b. Gur & Khandsari Industries
- c. Palmgur Industries
- d. Fruit & Vegetable Processing Industries
- e. Village Oil Industries

❖ Polymer & Chemical Based Industry;

- a. Cottage Leather Industries
- b. Non-edible oils & Soap Industries
- c. Cottage Match Industries
- d. Plastics Industries

❖ *Rural Engineering & Bio-Technology Industry*

- a. Non-Conventional Energy
- b. Carpentry & Blacksmithy
- c. Electronics

❖ *Hand Made Paper & Fiber Industry;*

- a. Handmade Paper Industries
- b. Fiber Industries

❖ *Service and Textiles Industry*

- a. Apparel and garmenting
- b. Embroidery and surface ornamentations
- c. Fabric and yarn dyeing
- d. Services

Khadi & Village Industries (KVI) today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society.

a) Coir Industry (CI)

Coir Industry is an agro-based traditional industry, which originated in the state of Kerala and now has established itself in other coconut producing states like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a bi-product of coconut with diverse applicability, has age-old use in making mats, ropes etc. The coir industry employs more than 7.00 lakh persons of whom a majority is from rural areas belonging to the economically weaker sections of society. Nearly 80% of the coir workers in the fibre extraction and spinning sectors are women. Being an eco-friendly with natural origin, the coir industry is an export oriented industry and having greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles etc.

ANNEXURE 2: Composition of Scheme Steering Committee (SSC)

| | | |
|---|--|----------|
| 1 | Secretary, Ministry of MSME | Chairman |
| 2 | Additional Secretary and Development Commissioner (MSME) | Member |
| 3 | Additional Secretary and Financial Adviser (AS & FA), Ministries of MSME (or a representative) | Member |
| 4 | Adviser (VSE), Planning Commission (or a representative) | Member |
| 5 | Principal Adviser, PAMD, Planning Commission | Member |

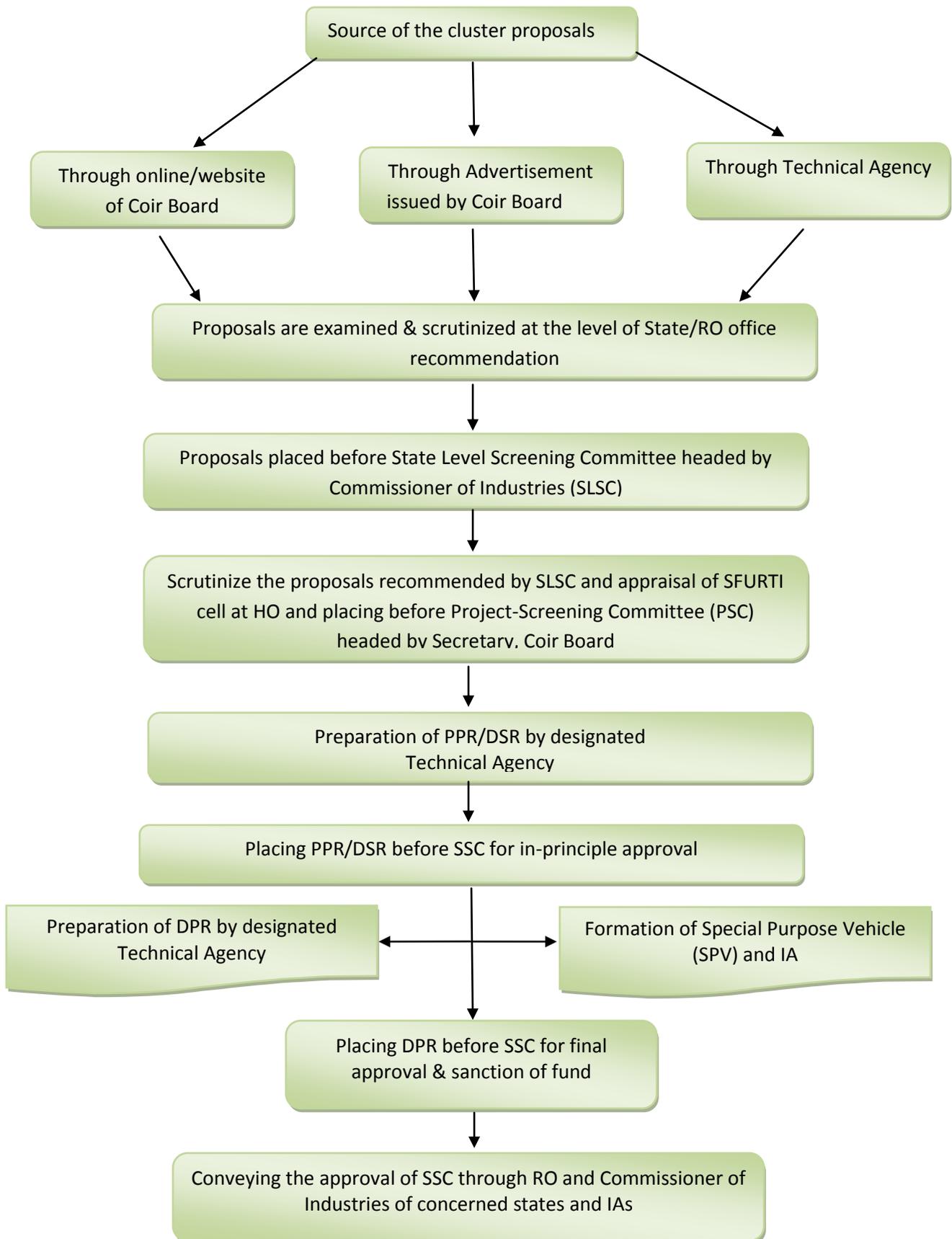
| | | |
|----|--|-----------------|
| 6 | Chief Executive Officer, KVIC | Member |
| 7 | Secretary, Coir Board | Member |
| 8 | Representative of Commercial Bank | Member |
| 9 | Representative of Indian Banks Association (IBA) | Member |
| 10 | Representative of National Bank for Agriculture and Rural Development (NABARD) | Member |
| 11 | 5 Cluster Experts - to be nominated by Ministry of MSME | Member |
| 12 | Joint Secretary, Ministry of MSME | Member Convener |

ANNEXURE 3: Composition of Project Screening Committee (PSC) for KVIC/Coir Board

| | | |
|---|--|-----------------|
| 1 | Chief Executive Officer-KVIC/ Secretary-Coir Board | Chairman |
| 2 | Financial Advisor | Member |
| 3 | Officer In-charge Marketing | Member |
| 4 | Representative of Bank | Member |
| 5 | Representative of National Bank for Agriculture and Rural Development (NABARD) | Member |
| 6 | 3 Cluster Experts (2 from TAs & 1 from IA) - to be nominated by the NAs | Member |
| 7 | Director (SFURTI)-KVIC/ Secretary- Coir Board | Member Convener |

Note: Composition of Project Screening Committee (PSC) for NAs other than KVIC/Coir Board Nodal Agencies other than KVIC and Coir Board shall also constitute a PSC comprising of 3 cluster experts (2 from TAs & 1 from IAs), representative of bank, and marketing & financing experts.

FLOW CHART: STEPS INVOLVED IN IMPLEMENTATION OF REVAMPED SFURTI PROGRAMME



**FORMAT OF MoU TO BE EXECUTED BETWEEN NODAL AGENCY AND
TECHNICAL AGENCY**

**SCHEME OF FUND FOR REGENERATION OF TRADITIONAL
INDUSTRIES
(SFURTI)**

MEMORANDUM OF UNDERSTANDING

BETWEEN

(NODAL AGENCY)

COIR BOARD

Coir House, M.G. Road, Kochi – 682 016

&

(TECHNICAL AGENCY)

(Name and Address of TA)

.....

MEMORANDUM OF UNDERSTANDING

BETWEEN

COIR BOARD

Coir House, M.G.Road, Kochi – 692 016

&

(Name and Address of TA)
.....**1. BACKGROUND**

1.1 Whereas a Central Sector Scheme titled the “Scheme of Fund for Regeneration of Traditional Industries (SFURTI) “ has been decided to continue in XII Five Year Plan Period by the Ministry of Micro, Small and Medium Enterprises (MSME) through a well knit system of Nodal Agencies (NA), Implementing Agencies (IA), Technical Agencies (TA), Cluster Development Agents (CDA) & other resource providers.

1.2 Whereas the Coir Board designated as **Nodal Agency** has been entrusted with the responsibility of implementation of the Central Sector Scheme in so far as it is related to Coir Industries.

1.3 Whereas the an organization having requisite expertise in the field has been offering its expertise services in the area of clusters development and willing to render its services as the **Technical Agencies** in execution of the scheme in the areas assigned to it by the Nodal Agency/Scheme Steering Committee.

1.4 Whereas, the organizations, viz., Coir Board and Technical Agencies had preliminary discussions and mutually agreed to enter into this collaborative work agreement for implementation of the scheme as per terms and conditions laid down in this understanding.

1.5 Whereas the operational guidelines for the SFURTI approved by the Ministry of MSME, Govt. of India vide O.M.No.4(25)/2012-KVI-I (Part-III) dated 1st August, 2014 and its amendments from time to time shall be an integral part of this MoU.

2. OBJECTIVES

The objectives of the Scheme are as follows:

- i. To organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability and economy of scale;
- ii. To provide sustained employment for traditional industry artisans and rural entrepreneurs;

- iii. To enhance marketability of products of such clusters by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure;
- iv. To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits;
- v. To make provision for common facilities and improved tools and equipments for artisans;
- vi. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner;
- vii. To build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.

3. TARGET SECTORS AND POTENTIAL BENEFICIARIES

The target sectors and potential beneficiaries will include:

3.1. Artisans, workers, machinery makers, raw material providers, entrepreneurs, Institutions (NGOs), government agencies, semi govt. agencies etc. directly engaged in promotion of selected clusters of Coir industries.

3.2. Artisan guilds, cooperatives, consortia, networks of enterprises, self-help groups (SHGs), enterprise associations, etc.

3.3. Implementing agencies, field functionaries of Government institutions/organizations and policy makers, directly engaged in promotion of traditional Coir industries.

4. Intervention/Support Measures

These would consist of the following:

4.1. Replacement of old and or introduction of new spinning and weaving implements.

4.2. Setting up of Common Facility Centres (CFCs)

4.3. Development of new products, new designs for various coir industry products, etc.

4.4. Market promotion activities.

4.5. Capacity building activities, such as exposure visits to other clusters and institutions, need-based training, support for establishment of cluster level networks industry associations and other need based support.

4.6. Other activities identified by the Implementing Agency (IA) as necessary for the development of the cluster as part of the diagnostic study and included in the Annual Action Plan in respect of the cluster.

5. NODAL AGENCIES (NAs)

5.1 The scheme will have Nodal Agencies (NAs) which are reputed national/regional level institutions with sectoral expertise in the major sub-sectors of the Traditional Industries. Whereas the Nodal Agency (NA) has identified /will identify the Implementing Agencies (IAs) based on objective criteria approved by the Scheme Steering Committee (SSC) as constituted by the Ministry of MSME, Government of India.

5.2 Coir Board (CB) shall be the NA for Coir based clusters.

5.3 A Project Screening Committee (PSC) shall be constituted under each of the NAs, chaired by the Chief Executive of the NA for the management and implementation of the Scheme.

5.4 Role of NAs:

The role and responsibility of NAs includes the following:

- i. Program fund management including disbursement of funds to the identified IAs/TAs;
- ii. Empanelment & engagement of TAs;
- iii. Preparation of strategy and implementation plan for sub-sector thematic interventions;
- iv. Appraisal of PPRs and DPRs received from TAs based on due-diligence methodology that clearly establishes the project viability, output, outcomes, impact and sustainability;
- v. Shortlist and recommend proposals to SSC for approvals;
- vi. Recommend selection of IAs to SSC;
- vii. Review performance of the TAs;
- viii. Monitoring and evaluation of the cluster projects being implemented; and
- ix. Any other tasks assigned by the SSC.

6. TECHNICAL AGENCIES (TAs)

Established national-level/regional-level institutions, with proven expertise in artisanal and small enterprise cluster development shall be engaged as Technical Agencies (TAs) to provide close handholding and implementation support to the SFURTI clusters. The TAs shall provide technical support to the NAs and the IAs. The responsibilities of the TAs will include preparation and validation of Cluster Action Plans, conducting training of the Cluster Development Executives (CDEs) and other officials of the IAs and NAs, regular monitoring of the cluster on

monthly/ quarterly basis and submit report on quarterly basis, to the respective field office of Nodal Agencies. The shall act as **Technical Agency** under the above said scheme/identified activities.

6.1. Role of the TAs:

The role and responsibility of TAs includes the following:

- i. Sensitization and awareness generation in the clusters about the scheme;
- ii. Identification of potential IAs;
- iii. Preparation of Preliminary Project Reports (PPRs) for in-principle approval of the SSC;
- iv. Diagnostic Study and suggest possible Soft,Hardand thematic interventions;
- v. Preparation of comprehensive DPRs for final approval of SSC;
- vi. Assisting the identified IA in establishment and structuring the project specific SPV;
- vii. Assist the NAs/SSC in examining the proposals for in-principle and final approval;
- viii. Assist IAs in selection of agencies/experts for various services and in developing suitable operational framework for various interventions;
- ix. Assist in periodic monitoring of the progress of the projects and disbursement of funds;
- x. Formulate a Sustainability Roadmap for the Cluster detailing the exit strategy for the IA and the plan for business operations of the cluster beyond the project duration.
- xi. Any other tasks, connected with the implementation of the scheme to be carried out as per the operational guidelines.

6.2. Professional Fee for TA

The Fee will be paid by the Nodal Agency on per cluster basis; the Scheme will encourage a success fee based model, linked to milestones achieved and as per the Revamped Guidelines of SFURTI.

7. IMPLEMENTING AGENCY (IAs)

Implementing Agencies (IAs) would be non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), etc. with suitable expertise to undertake cluster development. One IA will be assigned only one cluster (unless it is an agency with State-wide coverage). The selection of IAs, based on their regional reputation and experience of working at the grass-roots level, will be done by the Nodal Agencies (NAs), on the basis of transparent criteria.

Private sector participation shall also be encouraged for the implementation of the cluster projects. Corporate entities can also take up projects directly by forming cluster-specific SPVs.

Corporates and Corporate Social Responsibility (CSR) foundations with expertise in cluster development will be encouraged to participate as IAs. In the case where a private sector entity is the IA, it shall contribute atleast 50% of the total project cost excluding the cost of land.

7. 1 Only such implementing agencies (IAs) for coir industries will be covered under this MoU as are cleared by the Scheme Steering Committee.

7.2 Role of IAs:

The role and responsibility of the IAs includes the following:

- i. Recruit a full-time CDE in order to ensure efficient implementation of the project;
- ii. The IA would identify and arrange suitable land for the project whose book value may be shown as their contribution towards the project;
- iii. Implement various interventions as outlined in the approved DPR;
- iv. Undertake procurement and appointment of contractors, when required, in a fair and transparent manner;
- v. The IA will enter into an agreement with the Nodal Agency for timely completion on cluster intervention and proper utilization of Government Grants;
- vi. Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model;
- vii. Responsible for furnishing Utilization Certificates (UCs) and regular Progress Reports to Nodal Agency in the prescribed formats.

The IA shall endeavor to increase participation of various other cluster stakeholders and institutions by forming a Cluster Advisory Group, preferably headed by the District Magistrate and with representation from PRIs, traditional industry enterprises, support service institutions, banks, etc. with the objective of fostering increased level of involvement of various cluster stakeholders and strengthening the implementation of the project.

8. FINANCIAL AND OTHER ARRANGEMENTS

The cost of project shall include hard interventions and soft interventions detailed in Page 3& 4 respectively. The project cost shall also include the cost of services of a professional TA and costs incurred by the IA for engaging a competent CDE and other administrative expenses

incurred by the TA. The financial assistance provided for any specific project shall be subject to a maximum of Rs8 (eight) crore.

| Type of clusters | Per Cluster Budget Limit |
|--|--------------------------|
| Heritage Clusters (1000-2500 artisans) | Rs 8 crore |
| Major Clusters (500-1000 artisans) | Rs 3 crore |
| Mini-Clusters (Upto500 artisans) | Rs 1.5 crore |

The funding pattern under the Scheme will be as under:

| # | Project Intervention | Scheme Funding | Financial Limit | IA Share |
|----|---|----------------|---|---|
| A | Cluster Interventions | - | | - |
| A1 | Soft Interventions including skill trainings, capacity building, design development | 100% | Subject to maximum 33% of A (Total cost of Cluster Interventions both hard and soft interventions) or Rs 25 lakh, whichever is less | Nil |
| A2 | Hard Interventions including CFCs, RMBs, training centres, etc. * | 75% | - | 25% of Project Cost including Land Cost [^] and own contribution as equity |
| B | Cost of TA | 100% | 8 % of A1+A2 (Total cost of Cluster Interventions both hard and soft interventions) | Nil |
| C | Cost [#] of IA/SPV including CDE | 100% | Maximum Rs.20 lakhs per project | Nil |

* 90%:10% in case of North Eastern Region (NER), J&K and hilly states.

^ Registered value of land as reflected in the sale deed shall be considered. In case land is taken on lease, the minimum tenure should be for 15 years and the value of the lease rentals will be taken as contribution.

This may include remuneration of Cluster Development Executive (CDE) and other expenses incidental for the entire 3 year project implementation.

The schedule of payment to Professional Agencies are as follows:

| Sl. No | Fee amount (installments) | Payment Milestones |
|--------|---|--|
| 1 | 15% of the Professional fee of the govt. share as per the DPR as advance | Preparation of detailed project report, Formation of SPV and all the requirements for Final approval by the SSC and release of Fund from the Ministry.(Fees will be released subject to the final approval and release of fund from the Ministry). |
| 2 | 30% of the professional fee of Govt. contribution released from time to time to SPVs/IA | During the second year of the implementation of the Cluster and its milestones achieved and subject to the release of fund from the Ministry. |
| 3 | 40% of the professional fee of Govt. contribution released from time to time to SPVs/IA | During the third year of the implementation of the Cluster and its milestones achieved and subject to the release of fund from the Ministry. |
| 4 | 15% of the professional fee govt. contribution. | On completion of the project and fulfillment of contractual obligation by the TA and hand over the Cluster to the SPVs as per the Guidelines. |

9. PROJECT COVERAGE AND DURATION

The scheme shall be implemented in all States of India. The time frame for the implementation of project will be 3 years. The DPR would provide year-wise phasing of the interventions and requirements of funds.

10. RESOLUTION OF DISPUTE

10.1. In the event of any dispute arising out or touching or concerning this MoU, the same shall be resolved by mutual discussion by Head of both the parties and in case the dispute is not resolved after mutual discussion, the same shall be referred to the Chairman, Coir Board, whose decision shall be final and binding on both the parties.

11. MONITORING AND EVALUATION

11.1 The Ministry of Micro, Small and Medium Enterprises (MSME) will periodically review the progress of the projects under the scheme. The Nodal Agency shall be responsible for obtaining Quarterly Progress Reports and Annual Progress Report showing physical and financial progress from the clusters and forward it to the Ministry of Micro, Small and Medium Enterprises (MSME) on a regular basis.

11.2 **Periodic review by Nodal Agency:** The NAs assisted by TAs will devise a suitable monitoring framework duly approved by the SSC. In addition to the quarterly progress reports indicating cluster-wise physical and financial progress, the NAs will also track the progress through video-conferencing and other ICT tools.

11.3 **Evaluation of the Scheme:** It is envisaged to take-up third party mid-term evaluation of the projects to determine the deficiencies and take-up mid-course corrective measures. Impact assessment studies will also be undertaken at end of the project both at the cluster-level and the program-level to validate the outcomes achieved.

11.4 The terms and conditions of this agreement shall be interpreted under Indian Laws and with legal dispute if any will be within the jurisdiction of Courts at Kochi, Kerala.

12. OPERATIONAL DATES

12.1 This Memorandum of Understanding shall come into effect from the date of its signing by both the parties and shall continue to be in operation for a period of five years or till completion of the scheme, whichever is earlier.

Both parties sign this Memorandum of Understanding on thisDay of20.....

For and on behalf of the
.....

For and on behalf of the
Coir Board, Kochi

(.....)

Director

(.....)

Secretary
Coir Board

Date:

Date:

In presence of

In presence of

()

Date:

()

Date:

PROFORMA OF TRIPARTITE AGREEMENT TO BE EXECUTED BETWEEN NA, IA AND PRESIDENT OF SPV

This Agreement is made on this the Day of Between Coir Board, M.G.Road, Kochi-16 (hereinafter called the "NA") on the one part and the Implementing Agency of SFURTI(Scheme of Fund for Regeneration of Traditional Industries) Coir Cluster (hereinafter called the "I.A") on the second part AND President of the SPV (Special Purpose Vehicle) (hereinafter called the SPV) on the third part.

Whereas the COIR BOARD under the Scheme of Fund for Regeneration of Traditional Industries is providing grant for setting up of Common Facility Centre and Product Development cum Design Centre (hereinafter called CFC).

Whereas the Implementing agency has submitted to COIR BOARD detailed Project(Detailed Project Report) Report for sanctioning 75% grant for construction of CFC in and COIR BOARD has pleased to sanction a grant of Rs..... as per the Order No. issued by the COIR BOARD (hereinafter referred to as the said order), a copy of which is attached hereto and shall together with other communications may be issued in continuation thereof form part of this agreement as if incorporated herein subject to the conditions hereinafter appearing and subject to the conditions in the said order to which the organization has agreed and whereas Implementing Agency and SPV(Special purpose Vehicle) has agreed to remit 25% of beneficiary contribution. As per the conclusions of the DPR(Detailed Project Report), the parties hereto agree to set up CFC(Common Facility Centre) on the following terms and conditions as set below:-

1. The IA/SPV have agreed to lease out/set apart Cents of land for establishment of CFC.

2. The total project cost estimated by the implementing Agency and SPV for the CFC project is Rs... The IA/SPV agrees to remit the 25% of beneficiary contribution. The beneficiary contribution of Rs... to be remitted by IA/ SPV shall be deposited by the IA in the separate CFC account opened for that purpose. The NA shall release 75% of the project cost as grant amount on a *paripasu* basis. The CFC shall be established as approved by the N A and all assets created out of the grant received shall be in the name of COIR BOARD. The IA/SPV hereby undertakes and agrees that the grant amount would be utilized only for the purpose for which it is granted.

3. In the case of civil construction, the plan and estimate of the work shed shall be approved by competent authorities like local PWD/Chartered Engineer.

4. Payment in the case of civil construction will be released after inspection by a team consisting of the representatives of the IA and NA.

5. The payment effected shall be in the following manner or on a pro rata basis as described hereunder:

- a) Construction up to foundation level – not exceeding 20% of the contracted cost.
- b) Construction up to roof level – not exceeding 40% of the total contracted cost.
- c) 35% will be released on completion of the remaining works; and
4. 5% will be released on completion of construction of the building and production of insurance assigning Board's share and SPV share in the building.

A certificate in this regard shall be issued by the I.A. to the NA.

6. As regards purchase of machinery and equipments, the SPV/IA has to follow the standard Government of India procedure for purchase.

7. As regards placement of orders for procurement of machinery, the performance of the machinery and equipments has to be given paramount importance. The two cover tender system should be followed in all cases of purchase of machinery. In the technical bid the past performance of the machinery supplied by the tenderer has to be evaluated and if required the purchase committee including technical experts from the appropriate field should visit the units where the machinery supplied by the tenderer has been installed, for an on-the-spot evaluation. The financial bids of the tenderers who qualify the technical bid should only be opened and the lowest shall be recommended for placement of orders. The machinery supplier shall enter a separate agreement with SPV and IA jointly to ensure the rated production, trouble free operation, training the workers, SPV members etc. along with one year performance guarantee for plant and machinery.

8. In case of machinery purchased, payment may be as follows:
- a. Payment of advance along with firm order should be discouraged. However in inevitable cases advances up to 60% can be released against Bank Guarantee which may be decided by the I.A.
 - b. Up to 60% of the cost of the machinery may be released once the machinery is landed in the CFCs.
 - c. Out of the balance 40%, 35% cost of the machinery may be released on installation and successful trial run ; and
 - d. The balance 5% may be released after successful running of the unit and production of insurance policy.

A certificate in this regard has to be issued by the I.A. to the NAFO.

9. A separate Trust and Retention Account may be opened in a Nationalized Bank in the place where the Common Facility Centre is proposed to be established for this purpose. The account may be operated jointly by the Implementing Agency and SPV, represented the Chief/President, who are jointly responsible for the Government grant. The 25% contribution by the SPV may be remitted to the joint account with a letter of

concurrence for working capital allotment by the Bank/SPV and the NA may release the grant amount to the account on a *Paripasu* basis. Payment from this account may be released, from time to time, for establishment of the Common Facility Centre as per guidelines furnished above.

10. The IA/SPV shall commence the work of CFC within one month from the date of receipt of grant contribution from NA and shall complete the CFC within 6 months period after the commencement of the work.

11. A Project Management Committee may be constituted to oversee the working of the Common Facility Centre. The Committee may consist of the representatives of the SPV, Implementing Agency and the NA. The Committee may decide *interalia* the user charges to be levied for availing the facilities of the Common Facility Centre.

12. In the event of any breach in the guidelines issued and the agreement arrived at, the NA or his authorized person shall have powers to retrieve the balance amount available in the joint SPV account along with interest accrued in the grant amount maintained in the joint account at any time by issuing a letter to the Bank.

13. The maintenance of the CFC shall be the responsibility of the SPV and N.A. shall not provide any funds for that purpose.

14. In the event of project cost exceeding the estimate prepared, the I.A. /SPV have to remit the equity contribution of the extra amount to the bank account open for the purpose. However the escalation in the estimate cost shall be limited to the orders issued by the N.A. in this regard.

15. The IA/SPV shall maintain separate accounts with appropriate bills & vouchers & render correct & accurate accounts of expenditure incurred out of the grant sanctioned by NA. The accounts/ machineries installed in CFC shall be opened for inspection & audit by such officers authorized in this behalf by the COIR BOARD or by the Government.

16. In case of any dispute in the above terms and conditions or any other matter connected thereto, the decision of the Chairman, COIR BOARD shall be the final.

In witness whereof for and on behalf of the parties have hereunto set their hands and the seal of the organization has been fixed on the day and year first above written.

Signed by Shri.....

Signed by Shri.....

For and on behalf of the N.A.

For and on behalf of I.A.

Signed by Shri.....

For and on behalf of SPV

In the presence of witnesses:

1.

2.

3.

FORMAT FOR FILLING UP DETAILS OF SUCCESS STORIES OF CLUSTERS

(Name of the Cluster)

| | | | | | | |
|-----|---|-----------------------|------------------|-------------------|-----------------|-----------------|
| 1. | Implementing Agency | | | | | |
| 2. | Address | | | | | |
| | Phone/Fax, e-mail | | | | | |
| | Website: | | | | | |
| 3. | Cluster products | | | | | |
| 4. | Project Cost (Rs. In lakhs) | | | | | |
| | NA | IA | Total | Sanctioned | Released | Utilized |
| | | | | | | |
| 5. | Name of Cluster Dev. Executive | | | | | |
| | Mobile No./Phone No. | | | | | |
| 6. | Name of Technical Agency: | | | | | |
| A. | Name of the Resource person with mobile No. | | | | | |
| B. | Address | | | | | |
| C. | Phone/Fax/e-mail | | | | | |
| 7. | Date of commissioning of cluster | | | | | |
| 8. | Expected date of completion of cluster | | | | | |
| 9. | CFCs Status | | | | | |
| A. | No. of CFCs | Land availability | Constructed area | Locations | | |
| | | | | | | |
| B. | Machinery installed in CFC | | | | | |
| | No. | Name of the machinery | | | | |
| | 1. | | | | | |
| | 2. | | | | | |
| | 3. | | | | | |
| | 4. | | | | | |
| | 5. | | | | | |
| 10. | No. of Ratts distributed | | | | | |
| 11. | Interventions carried out in Design product Development | | | | | |
| A. | Name of Designer with address and | | | | | |

| | | | | | | | | |
|-----|--|-----------------|---------------------|--|--------|---------------------|----------|--------|
| | phone/mobile | | | | | | | |
| B. | New products Developed | | | | | | | |
| C. | Improved/New designs | | | | | | | |
| D. | Brief note on Design Intervention | | | | | | | |
| 12. | Market Promotional Assistance | Nos. | Location | Computerization of sales outlets, bar coding | | | | |
| A. | Renovation/up-gradation of Sales outlets | | | | | | | |
| B. | Brief Note on efforts undertaken | | | | | | | |
| 13. | Capacity Building Measures | | | | | | | |
| A. | Exposure visits to other clusters | Places | No. of artisan | | Output | | | |
| | | | | | | | | |
| B. | Need based training within the clusters (skill development, Self Help Credit & others) | | | | | | | |
| | Type of training | No. of Artisans | | | Output | | | |
| | | | | | | | | |
| 14. | Artisan's empowerment- No. of artisans benefited: | | | | | | | |
| | Male | Female | Total | SC | ST | OBC | Minority | Others |
| | | | | | | | | |
| | No. of Identity card issued | | | | | | | |
| 15. | Self Help Groups | | | | | | | |
| A. | No. of SHG formed | | | | | | | |
| B. | No. of SHG Registered | | | | | | | |
| C. | No. of SHG tied up with Bank | | | | | | | |
| 16. | Production | | | | | | | |
| | Year | | Qty. (in Sq. fts.) | | | Value (Rs. In lakh) | | |
| | 20..... - | | | | | | | |

| | | | |
|-----|--------------------------------------|----------------------------------|----------------------|
| | | | |
| 17. | Sales | | |
| | Year | Qty. (in Sq. fts.) | Value (Rs. In lakh) |
| | 20..... - | | |
| | | | |
| | Export Market if any | | |
| 18. | Achievement | | |
| A. | Registration with ISOs | | |
| B. | Branding products | | |
| C. | Improved Packaging | | |
| D. | Enhanced wages (in per cent) | | |
| | Spinner | Weaver | Artisan (wages/ day) |
| | | | prior |
| | | | present |
| | | men | |
| | | women | |
| E. | Social security coverage of Artisans | Artisans covered under Insurance | |

PROFORMA FOR FURNISHING DETAILS OF SPECIAL PURPOSE VEHICLE (SPV)

Name of the Special Purpose Vehicle :

Location of the CFC :

SPV MEMBERS LIST

| Sl.No. | Name of the candidate | Address | Contact No. | Caste | SHG Name |
|---------------|------------------------------|----------------|--------------------|--------------|-----------------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |

CONTACT DETAILS OF EMPANELLED TECHNICAL AGENCIES

| Sl.No | Name of TA | Address |
|-------|---|--|
| 1 | ITCOT Consultancy & Services Ltd. | ITCOT Consultancy & Services Ltd. 50-A, Greams Road Murugesu Naicker Complex Chennai-600 006 Email: onlyofficial@hotmail.com,itcot@vsnl.com |
| 2 | North Eastern Industrial & Technical Consultancy Organization Ltd.(NIETCO) | North Eastern Industrial & Technical Consultancy Organisation Ltd.(NIETCO) Udyog Vikash Bhawan (1st Floor),G.S Road, Bhangagarh, Guwahati-781 005, Assam Email: neitco@gmail.com , kanak.sarmah@rediffmail.com |
| 3 | West Bengal Consultancy Organisation Ltd. (WEBCON) | Webcon Consulting (India) Ltd. Arya Mansion, 3 rd Floor, 6A, Raja Subodh Mullick Square Kolkata – 7000 012, West Bengal Email : info@webcon.in |
| 4 | Entrepreneurship Development Institute of India (EDII) | Entrepreneurship Development Institute of India (Via Ahmedabad Airport & Indira Bridge), P.O. Bhat 382 428, Dist. Gandhinagar,Gujarat, India. Email: info@ediindia.org |
| 5 | National Institute of Entrepreneurship Small Business Development (niesbud) | A-23, Sector 62 Institution Area, Noida- 201301, Uttar Pradesh Email:dgniesbud@gmail.com,dg@niesbud.gov.in, dksingh.niesbud@gmail.com |
| 6 | National Institute of Small Industries Extension Training (ni-msme) | National Institute of Small Industries Extension Training (ni-msme), Yousufguda, Hyderabad – 500 045 Email: kspg@nimsme.org |
| 7 | Foundation for MSME Clusters (FMC) | Foundation for MSME Clusters(FMC) USO House, 2nd Floor, USO Road, Off Shaheed Jeet Singh Marg, 6, Special Institutional Area, New Delhi – 110067 Email:info@msmefoundation.org, ask.sharma@msmefoundation.org, sravan_adiraju@yahoo.com |
| 8 | IL & FS Clusters | IL&FS Education & Technology Services LimitedNTBCL Building, Toll Plaza, DND Flyway, NOIDA - 201 301.U.P. Email: gopesh.tewari@ilfsindia.com, sharmistha.mohapatra@ilfsindia.com |
| 9 | APITCO | M/s. APITCO Ltd., # 5-9-58/B, 8th Floor Parisrama Bhavanam Fateh Maidan Road Basheerbagh,Hyderabad, Telangana State, PIN:500 004 Email: hyd1_apitco@bsnl.in, apitcocluster@gmail.com |

**FORMAT OF APPLICATION FOR INVITING CLUSTER PROPOSALS FOR
DEVELOPMENT OF COIR CLUSTERS UNDER SCHEME OF FUND FOR
REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)**

| | |
|-------|--------|
| State | Office |
| | |

1 Name of the Cluster:

| |
|--|
| |
|--|

(Name of the cluster may specifically prefix the location and activity of the cluster e.g. Salem Coir Cluster)

2 Implementing Agency :

| |
|--|
| |
|--|

| | | | |
|----------------|--|------------|--|
| Postal Address | | | |
| Contact Person | | | |
| Telephone No. | | Mobile No. | |
| Fax No. | | E-mail | |

3 Location of the cluster:

(Indicate the location where the maximum concentration of activity/artisans located)

| | |
|----------------------|--|
| Name of the Block | |
| Name of the District | |

4 Area covered by the cluster:

(Indicate list with specific names of the District, blocks under the district & villages to be covered under the cluster)

| Name of the District | Name of the Block | Villages covered |
|----------------------|-------------------|------------------|
| | | |
| | | |

5 A Brief on Activity of the cluster:

(Brief about the present on going activity of the cluster viz. spinning, weaving, processing etc.)

| |
|--|
| |
|--|

6 No.of Coir units covered

(Indicate the list of the institutions to be covered under the cluster. In principal, the cluster must constitute with atleast 7 to 15 coir units)

| Sl.No. | Name of the unit | Address | Area of Operation | Affiliated to (Pls tick ✓) | |
|--------|------------------|---------|-------------------|----------------------------|--------|
| | | | | State | Others |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

7 Major Products produced in the cluster

(Please indicate the products in rank which has major productions)

(Quantity: Lakhs Sq. Mtrs. Value: Rs. In Lakhs)

| S. No. | Products | Production | | | | | |
|--------|----------|---------------|-------|------------------|-------|-----------------|-------|
| | | 20.... - | | 20.... . - | | 20..... - | |
| | | Quantity | Value | Quantity | Value | Quantity | Value |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

8 Details of Coir machineries/Ratts available in the Cluster:

(Please indicate the brief about the machines and tools available in the cluster)

| |
|--|
| |
|--|

9 Details of Manpower available in the Cluster

A) Artisans

(Persons in Nos.)

| No. of families | Skilled Artisan | | Unskilled Artisans | | Others | |
|-----------------|-----------------|-------|--------------------|-------|--------|-------|
| | Men | Women | Men | Women | Men | Women |
| | | | | | | |

B) Employees

| Production Staff | Marketing Staff | Management Staff | Others |
|------------------|-----------------|------------------|--------|
| | | | |

2. Raw material & Service Providers available in the Cluster**a) Raw Material Suppliers**

| S.No | Name of the Raw Material Supplier | Type of Raw Material | Available in the Cluster | Available Outside the cluster |
|------|-----------------------------------|----------------------|--------------------------|-------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

b) Other Service Providers

| S.No | Name of the Other Service Providers | Type of Service | Available in the Cluster | Available Outside the cluster |
|------|-------------------------------------|-----------------|--------------------------|-------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(Please tick if the provider/supplier is inside or outside the cluster. Indicate the type of service provides by the service provider e.g. dyers, printers, etc.)

11 Sale of products manufactured in the cluster during 20..... -

| | Particulars | Value of Sales (Rs. In Lakhs) |
|---|--|-------------------------------|
| 1 | Retail sales through own sales outlets | |
| 2 | Whole Sales to Bulk buyers/Dealers | |
| 3 | Sales through Exhibitions | |
| 4 | Export | |
| 5 | Any other | |

12 Skill Upgradation

(Please tick (✓) for Yes or No. Also give a brief clarification in the box below, if yes)

| S.No | Particulars | Yes | No |
|------|--|-----|----|
| 1 | Have the Employees/Artisans undergone skill upgradation training in last 2 years | | |
| | | | |

13 What Common/ Joint activities proposed by units involved in the cluster:

(Please brief of the joint activities organized creating common facilities, Skill upgradation trainings, setting up common marketing ventures for domestic as well as export market etc.)

| S.No | Activities |
|------|------------|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |

14 Whether the institutions in the cluster are willing to form a consortium to implement the joint action proposed:

(Please indicate Yes/No. If yes, the details thereof)

| |
|--|
| |
|--|

15 Likely scope for increase in Employment specially Women/ SC, ST, OBC etc.:

(Please indicate no. of employment in next 5 years)

| Sr.No | Year | Scope for Total No. of employment | Total No. of employment will include | | |
|-------|---------|-----------------------------------|--------------------------------------|-------------|--------|
| | | | Women | SC, ST, OBC | Others |
| 1 | 2011-12 | | | | |
| 2 | 2012-13 | | | | |
| 3 | 2013-14 | | | | |
| 4 | 2014-15 | | | | |
| 5 | 2015-16 | | | | |

16 Whether the cluster can continue its activity without incentives like Govt. Subsidy etc. :
(Please brief the issue)

17 Analysis of common opportunities/threats in the cluster:
(Please brief on specific factors for its selection)

18 Basis for selection and recommending this cluster under SFURTI:
(Please brief on specific factors for its selection)

**AUTHORISED SIGNATORY
Name and Designation**



सत्यमेव जयते

**Template for Scheme for Regeneration of
Traditional Industries (SFURTI) Cluster**

**MINISTRY OF MICRO, SMALL & MEDIUM
ENTERPRISES**

GOVERNMENT OF INDIA

TABLE OF CONTENTS

1. Template A: Project Summary Sheet
2. Template B: Profile of the Implementing Agency (IA)
3. Template C: Preliminary Project Report (PPR)
4. Template D: Detailed Project Report (DPR)

A. Project Summary Sheet

| | | |
|-----|------------------|--|
| A.1 | Cluster Category | <input type="checkbox"/> Heritage <input type="checkbox"/> Major <input type="checkbox"/> Mini |
|-----|------------------|--|

| | | |
|-----|---------------------------|---|
| A.2 | Name of Cluster | |
| A.3 | Location | State <input type="checkbox"/> _____ District <input type="checkbox"/> _____ Block <input type="checkbox"/> _____ Villages <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ |
| A.4 | Craft/ Industry | <input type="checkbox"/> Khadi <input type="checkbox"/> Village Industry - _____ (specify) |
| A.5 | Current Product Portfolio | |

| | | |
|-----|----------------------------------|--|
| A.6 | Name of Implementing Agency (IA) | |
|-----|----------------------------------|--|

| | | |
|-----|---------------------|--|
| A.7 | Project Objective | |
| A.8 | Key Gaps Identified | |

| | | | | | |
|-----|---------------------------|--|---------------------|-----------------------|------------|
| A.9 | Proposed Interventions | | | | |
| | | a) Hard Infrastructure(New) | | | |
| | | Infrastructure Facility | Constructed Area | Machinery/ Equipments | Cost |
| | <i>Hard Interventions</i> | CFC/RMB/ Marketing Infrastructure | | | |
| | | b) Replacement/ Up gradation of charkhas/ looms/ tools | | | |
| | | Replacement/ Up gradation | No of Beneficiaries | Unit Cost | Total Cost |

| | | | | | |
|--|---------------------------|------------------------------|------------------------|------------------------|------|
| | | of charkhas/ looms/ tools | | | |
| | | c) Any Other | | | |
| | <i>Soft Interventions</i> | Intervention | Proposed Activities | No of Beneficiaries | Cost |
| | | a) Skill Training | | | |
| | | b) Capacity Building | | | |
| | | c) Market Promotion | | | |
| | | c) Others | | | |

| | | |
|-------------|--|--|
| A.10 | Total Project Cost | |
| A.11 | Detailed Project Cost (CORE SFURTI) | |
| A.12 | Means Of Finance | |
| A.13 | Phasing of the Project | |

| | | |
|-------------|--|--|
| A.14 | Plan for Convergence of Initiatives and Schemes | |
|-------------|--|--|

| | | |
|------|--|--|
| A.15 | Enhanced Project Cost and Means of Finance | |
|------|--|--|

| | | |
|------|---|---|
| A.16 | Project Implementation Framework / Proposed SPV Structure | <input type="checkbox"/> Whether the IA is considered to be the SPV _____ (give details) <input type="checkbox"/> Whether an SPV is being separately registered <i>If yes, give details along with proposed SPV structure:</i> |
| A.17 | Key Impacts | |

B. Profile of the Implementing Agency (IA)

| I Institutional Structure/ Registration Details | |
|--|---|
| B.1 | <p>Legal Status</p> <p> <input type="checkbox"/> Central/ State Governments Institution <input type="checkbox"/> Society (under Societies Registration Act 1860) <input type="checkbox"/> Co-operative Society (under appropriate statute) <input type="checkbox"/> Registered as Trust <input type="checkbox"/> Proprietary firm / partnership <input type="checkbox"/> Registered under Companies Act 1956 <ul style="list-style-type: none"> <input type="checkbox"/> Private Limited Company <input type="checkbox"/> Public Limited Company <input type="checkbox"/> Company under Section 8 <input type="checkbox"/> Producer Company under section 581C <input type="checkbox"/> Other (specify) _____ </p> |
| B.2 | <p>Date of Incorporation/ Registration</p> <p>(Attach certificate of Incorporation)</p> |
| B.3 | <p>Registered Address</p> |
| B.4 | <p>Office Address/ Locations</p> |
| B.5 | <p>Affiliated to Coir Board</p> <p>Yes/ No If yes, provide Certificate No.</p> <p>_____ Validity of Certificate</p> |

| II Governance Structure | | | | | | | |
|--|---|---|----------------|---------------------|---------------------|----------------|-------|
| B.6 | Composition of the Executive Board / Trustees / Governing Body / Managing Committee and Background of Members | # | Name of Member | Designation | Background/ profile | Contact Number | Email |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| <input type="checkbox"/> Not available | | | | | | | |
| B.7 | In case, IA is registered under Companies Act, provide shareholding pattern | # | Name of Member | Background/ Profile | Shareholding (%) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| <input type="checkbox"/> Not available | | | | | | | |

| III Operational Profile | |
|-------------------------|--|
| B.8 | Major Objectives – Vision, Mission, Goal of the organization |
| B.9 | What are focus areas of operation <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ |
| B.10 | Provide key projects/ activities being undertaken by the IA - Brief description including the project scope, size and duration <i>(mention specific experience in the area/ sector of the proposed project)</i> |
| B.11 | Mention key clients/ donors associated with for project implementation along with details on the nature of association |
| B.12 | Mention key partnerships/ alliances <i>(if any)</i> |

| IV Management Profile | |
|-----------------------|--|
| B.13 | Background of key Personnel (Professionals and others) with brief profile of the senior management personnel |

| V Financial Position | | | |
|----------------------|--|---------------------------------------|--|
| B.14 | Key financials of the Organization <i>(provide copy of the audited financial statements for last three years)</i> | Fixed Assets | |
| | | Current Assets | |
| | | Current Liabilities | |
| | | Revenue trend for last three years | |
| | | Profit/ loss for the last three years | |
| | | Any other | |

| VI | Bank Account Details | |
|-----------|-----------------------------|--|
| B.15 | Name of Bank | |
| B.16 | Branch Name | |
| B.17 | Bank Account Number | |

| VII | Contact Details | |
|------------|-------------------------------|--|
| B.18 | Name of Contact Person | |
| B.19 | Designation of Contact Person | |
| B.20 | Correspondence Address | |
| B.21 | Contact Number | |
| B.22 | Email Address | |

C. Template for the Preliminary Project Report (PPR)

The indicative list of key sections/ chapters in the PPR is as below:

1. Cluster Profile
2. Cluster Value Chain Mapping
3. Market Assessment and Demand Analysis
4. SWOT and Need Gap Analysis
5. Profile of the Implementing Agency
6. Project Concept and Strategy Framework
7. Project Interventions (Core SFURTI)
8. Project Cost and Means of Finance (Core SFURTI)
9. Plan for Convergence of Initiatives
10. Enhanced Project Cost and Means of Finance
11. Project Timeline
12. Tentative Business Plan
13. Proposed Implementation Framework
14. Expected Impact

[This Chapter will talk about the key facts including the regional setting of the Cluster, the significance and evolution of the Cluster. It will also provide the key demographic, socio-economic as well as human development indicators for the district/ Cluster. Also, this chapter will detail the key economic activities in the region, along with the current physical, social and production infrastructure available.]

Indicative List of Sections:

- 1.1 Background
- 1.2 Regional Setting of the Cluster
- 1.3 Location
- 1.4 Evolution of the Cluster
- 1.5 Demography and Growth trends
- 1.6 Socio-economic Aspects
- 1.7 Human Development Aspects
- 1.8 Key Economic Activities in the Region
- 1.9 Infrastructure – social, physical, financial and production-related

Chapter 2: Cluster Product and Production Processes**(PPR)**

[This Chapter will talk about the key production related facts about the Cluster. It will provide details on the product profile and the production process for the Cluster. Also, a value chain analysis will be conducted for the key product categories. A mapping of the Cluster will be done wherein the major backward and forward linkages will be highlighted, along with identification of the major stakeholders along the value chain. Thereafter, a SWOT analysis of the Cluster will be conducted based on the key facts/ findings of the Cluster diagnostic as well as feedback from various Cluster stakeholders.]

Indicative List of Sections:

2.1 Product Profile

2.2 Production Process

2.3 Value Chain Analysis

2.4 Cluster Map – highlighting backward and forward linkages

2.5 Principal Stakeholders

2.6 SWOT Analysis

Chapter 3: Market Assessment and Demand Analysis**(PPR)**

[This Chapter will talk about the key trends in the market and the demand potential for the industry/ product(s) of the Cluster in the domestic as well global markets. Marketability of products is most critical for sustainability of the Cluster activities and thus it will be important to understand the trend in market demand and the potential for the products. Information on the current market trends and demand patterns will be collected from various secondary data sources as well as feedback from the buyers/ industry players so as to forecast future trends and identify focus product categories as well as key market segments. The analysis will help to determine the potential size of the market which will be important for maximizing the potential and minimizing the risk for the project. This assessment will enable appropriate positioning of the products of the Cluster and synchronization of the Cluster products with the market requirements.]

Chapter 4: SWOT and Need Gap Analysis**(PPR)**

[This Chapter will talk provide a SWOT analysis and a needs gap assessment for the Cluster and its products. As part of the diagnostic study a gap analysis will be done to identify key gaps and challenges faced by the Cluster and its stakeholders that impede the attainment of optimized production and quality potential. This will highlight the key areas that need improvement in order to move from the current state to the desired level of scale, productivity and efficiency.]

Chapter 5: Profile of the Implementing Agency**(PPR)**

[This Chapter will talk about the profile of the Implementing Agency (IA). Details on the present institutional as well as governance structure of the IA will be provided. Also, the key activities/projects that have been/ are currently being undertaken by the IA will be detailed, along with information on the major clients/ partners. Further, the financial position of the IA will be provided including the trend of income/ profit (loss) over the last three years. Details on the current managerial capacity of the IA will also be provided in this section.]

Indicative List of Sections:

- 5.1 Institutional Structure
- 5.2 Governance Structure
- 5.3 Operational Profile
- 5.4 Management Profile
- 5.5 Financial Position

[This Chapter will provide a conceptual framework for the project implementation. This section will list the project objective that is envisaged for the successful implementation of the project. The overall approach for the project will be based on the findings of the need gap analysis as well as the market demand analysis. The project will have to be structured in such a manner that it addresses the key gaps in the Cluster for attainment of the project objectives. The overall guiding principle should be to make the Cluster and its products more productive and competitive by way of enhancing the marketability of the products, addressing the current production and supply bottlenecks, improving the skill levels of the artisans, introduction of improved techniques/ tools and strengthening Cluster linkages .]

Indicative List of Sections:

- 6.1 Project Rationale
- 6.2 Project Objective
- 6.3 Focus Products/Services
- 6.4 Conceptual Framework / Project Strategy

Chapter 7: Project Interventions (CORE SFURTI)**(PPR)**

[This Chapter will talk about the key interventions that will be undertaken as part of the project implementation, funded by the SFURTI scheme. In accordance with the needs of the Cluster as well as the market requirements, the key areas of intervention will have to be identified under the project. The interventions will be classified under two broad heads – hard (infrastructure related) and soft interventions. The details on the interventions such as capacities, technology, area etc for the hard infrastructure and specific activities, coverage and implementation modalities for the soft interventions will be provided.]

The soft interventions could be:

- i. General awareness, counselling, motivation and trust building;*
- ii. Skill development and capacity building*
- iii. Institution development;*
- iv. Exposure visits;*
- v. Market promotion initiatives;*
- vi. Design and product development;*
- vii. Participation in seminars, workshops and training programmes on technology up-gradation, etc*

The hard interventions could be in the form of:

- i. Common facility centres (CFCs);*
- ii. Raw material banks (RMBs);*
- iii. Up-gradation of production infrastructure;*
- iv. Tools & technological up-gradation such as charkha up-gradation, tool-kit distribution, etc*
- v. Warehousing facility;*
- vi. Training center;*
- vii. Value addition and processing center.*

**These interventions are illustrative in nature and the project should provide interventions in accordance with the current needs of the Cluster.]*

Indicative List of Sections:

7.1 Soft Interventions

7.2 Hard Interventions

Chapter 8: Project Cost and Means of Finance (CORE SFURTI) (PPR)

[This Chapter will talk about the estimated project cost. Estimates of the project interventions mentioned in the previous section will be computed and total project cost will be arrived at. The proposed means of funding for the project shall include the following:

- *Funding from the SFURTI Grant*
- *Contribution from the IA in two forms:*
 - *Own Contribution*
 - *Debt / Loan from Financial Institution*

The project will be implemented over a period of three years and the year-wise phasing of the project cost will be provided.

Indicative List of Sections:

8.1 Estimated Project Cost

8.2 Means of Finance

8.3 Project Phasing

[Under the revised SFURTI scheme, it is envisaged that the selected cluster shall be strengthened and revitalized through a Core Interventions and a set of complimentary cross-cutting interventions. The IA and TA shall prepare a conceptual framework to converge add-on activities that will establish growth drivers that will lead to improving the viability of projects, strengthening the value chains and market linkages and also enabling the overall improvement of the level of human development in the area.

It is important to identify these add – on initiatives and also map a funding source both from Government sources and Non – Government sources]

The Scheme envisages leveraging resources from the following sources:

- *Private sector participation*
- *Corporate Social Responsibility*
- *Participation by Private Equity (PE)/Impact Funds*
- *Other schemes of State and Central Government*
- *Funds from Multi-lateral Development Banks (MDBs)]*

Chapter 10: Enhanced Project Cost with Convergence of Schemes (PPR)

[This Chapter will talk about the Enhanced Project Cost, which includes funding from SFURTI as well as other Co-funding Options.

The total Overall project cost shall be computed taking into consideration the project cost of the Core Project as well as convergence from other sources such as other Central/ State Government Schemes, CSR funds etc. The cost of each distinct activity along with the source of funding shall be presented in detail.]

Chapter 10: Tentative Business Plan**(PPR)**

[This section will present tentative business plan to establish the commercial viability and sustainability of the project. It shall present the project revenue potential over a 5 year period, starting from commencement of business operations. It will also detail the costs including input, manpower, capital costs, etc and will present the profitability of the project including the break-even period and IRR.]

Indicative List of Sections**1.1. Key Operational and Financial Assumptions**

- i. Project Phasing
- ii. Production Capacity
- iii. Product Mix
- iv. Manpower Cost
- v. Utility and Other Overheads
- vi. Depreciation
- vii. Working Capital

i. Financial Projections : Profitability Estimates

| Profit and Loss | Y1 | Y2 | Y3 | Y4 | Y5 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues | | | | | |
| Source 1 | | | | | |
| Source 2 | | | | | |
| Total Revenues | | | | | |
| Expenses | | | | | |
| Labour Cost | | | | | |
| Manpower | | | | | |
| Raw Material Costs | | | | | |
| Marketing Costs | | | | | |
| Power Cost | | | | | |
| Packaging Cost | | | | | |
| Utility Costs | | | | | |
| Maintenance | | | | | |
| Admin | | | | | |
| Total Expenses | | | | | |
| WC Borrowings | | | | | |
| PBT | | | | | |
| Tax | | | | | |
| PAT | | | | | |

- ii. Break-even Analysis
- iii. IRR Calculation

Chapter 11: Proposed Implementation Framework**(PPR)**

[This Chapter will talk about the proposed implementation framework that will be adopted for the implementation of the project. The Implementing Agency will provide details on their role and whether they themselves will reconstitute the institution as per the guidelines to be the SPV (along with proof of eligibility) or whether they will register a separate SPV for the implementation of this specific project. The structure and composition of the SPV should be indicated here. Also, the IA should provide details of the other strategic partners and institutions that will be associated with the project to strengthen their operations. A road map on the proposed methodology and implementation plan for the project should also be provided]

Indicative List of Sections:

- 10.1 Role of the Implementing Agency (IA)
- 10.2 Details of Strategic Partners and other project stakeholders
- 10.3 Structure of the SPV
- 10.4 Composition of the SPV with details of roles and responsibilities of each partner / shareholder

Chapter 12: Expected Impact**(PPR)**

[This Chapter will talk about the key impacts that are expected to be achieved as a result of this project. The key development parameters for the Cluster and the stakeholders (artisans, entrepreneurs, etc) will be mapped at the beginning of the project. This section will outline the expected improvement in these key development parameters that are expected at the end of the project period. These parameters will include – cluster turnover, employment, artisans incomes, profit/ margin for local entrepreneurs/ exporters, quality levels, productivity levels, market access etc]

D. Template for the Detailed Project Report (DPR)

The indicative list of key sections/ chapters in the DPR is as below:

| | |
|---|---------|
| 1. Cluster Profile | PART I |
| 2. Cluster Value Chain Mapping | |
| 3. Market Assessment and Demand Analysis | |
| 4. Need Gap Analysis | |
| 5. Profile of the Implementing Agency | |
| 6. Project Concept and Strategy Framework | |
| <hr/> | |
| 7. Project Interventions (Core SFURTI) | PART II |
| 8. Soft Interventions | |
| 9. Hard Interventions | |
| 10. Project Cost and Means of Finance (Core SFURTI) | |
| 11. Plan for Convergence of Initiatives | |
| 12. Enhanced Project Cost and Means of Finance | |
| 13. Project Timeline | |
| 14. Detailed Business Plan | |
| 15. Proposed Implementation Framework | |
| 16. Expected Impact | |

PART I – Chapter 1- Chapter 6**(DPR)**

[Part I of the DPR will comprise of the Diagnostic Study. For chapters 1-6, refer to the same sections from the PPR. It is expected that information in greater detail will be provided as part of the DPR under the same sections/ sub-sections compared to that provided as part of the PPR.]

[This Chapter will talk about the key interventions that will be undertaken as part of the project implementation. In accordance with the needs of the Cluster as well as the market requirements, the key areas of intervention will have to be identified under the project. The interventions will be classified under two broad heads – hard (infrastructure related) and soft interventions.]

Chapter 8: Soft Interventions**(DPR)**

[This chapter will talk about the soft interventions that will be undertaken as part of the project. This section will provide details on the proposed activity. This will include details on the proposed activity, plan of implementation, coverage of the activity, mode of delivery/ implementation, schedule of activities, cost of activities and timelines for implementation. A detailed plan for implementation of the activity along with the way of implementation of the activities in the Cluster will be provided here.

For instance, in case of a skill training program, following information will have to be provided – proposed training programs, course outline, duration, batch size, trainers, training delivery method, details of infrastructure required, availability of infrastructure, method for trainee identification, cost of training programs etc.

In addition, any tie-ups or professional linkages for the effective implementation of the programs will have to be indicated here.]

[This Chapter will talk about the hard interventions to be implemented under the project. For each hard intervention, the below details are to be provided::

- *Proposed Intervention,*
- *Land Details,*
- *Proposed Capacities,*
- *Proposed Equipment/ Machines etc,*
- *Master Plan/ Detailed Engineering Drawings*
- *Project Cost,*
- *Operation and Maintenance Model,*
- *Business Plan,*
- *Implementation Schedule*
- *Any other information pertaining to the project]*

Chapter 10: Project Cost and Means of Finance**(DPR)**

This Chapter will talk about the project cost. The total project cost based on the interventions mentioned in the previous sections will be computed including the Cost of TA and Cost of IA. The proposed means of funding for the project shall include the following:

- *Funding from the SFURTI Grant*
- *Contribution from the IA in two forms:*
 - *Own Contribution*
 - *Debt / Loan from Financial Institution*

The project will be implemented over a period of three years and the year-wise phasing of the project cost will be provided.

10.1 Project Cost

| # | Project Intervention | Cost | Remarks | Scheme Funding |
|-----|------------------------------|------|---|----------------|
| A | Cluster Interventions | | | |
| A1 | Soft Interventions | | Subject to max 33% of A (Total cost of Cluster Interventions - hard & soft) or Rs 25 lakhs, whichever is less | 100% |
| i) | | | | |
| ii) | | | | |
| A2 | Hard Interventions | | 25% of Project Cost including Land Cost and own contribution as equity – IA Share | 75% |
| i) | | | | |
| ii) | | | | |
| B | Cost of TA | | 8% of A1+A2 (Total cost of Cluster Interventions - hard & soft) | 100% |
| C | Cost of IA/SPV including CDE | | Maximum Rs.20 lakhs per project | 100% |
| | TOTAL (A+B+C) | | | |

10.2 Means of Finance**10.3 Project Phasing**

[Under the revised SFURTI scheme, it is envisaged that the selected cluster shall be strengthened and revitalized through a Core Interventions and a set of complimentary cross-cutting interventions. The IA and TA shall prepare a conceptual framework to converge add-on activities that will establish growth drivers that will lead to improving the viability of projects, strengthening the value chains and market linkages and also enabling the overall improvement of the level of human development in the area.

It is important to identify these add – on initiatives and also map a funding source both from Government sources and Non – Government sources]

The Scheme envisages leveraging resources from the following sources:

- *Private sector participation*
- *Corporate Social Responsibility*
- *Participation by Private Equity (PE)/Impact Funds*
- *Other schemes of State and Central Government*
- *Funds from Multi-lateral Development Banks (MDBs)]*

Chapter 12: Enhanced Project Cost with Convergence of Schemes (DPR)

[This Chapter will talk about the Enhanced Project Cost, which includes funding from SFURTI as well as other Co-funding Options.

The total Overall project cost shall be computed taking into consideration the project cost of the Core Project as well as convergence from other sources such as other Central/ State Government Schemes, CSR foundations etc. The cost of each distinct activity along with the source of funding shall be presented in detail.]

Chapter 14: Detailed Business Plan**(DPR)**

[This section will present tentative business plan to establish the commercial viability and sustainability of the project. It shall present the project revenue potential over a 5 year period, starting from commencement of business operations. It will also detail the costs including input, manpower, capital costs, etc and will present the profitability of the project including the break-even period and IRR.]

Indicative List of Sections**1.2. Key Operational and Financial Assumptions**

- viii. Project Phasing
- ix. Production Capacity
- x. Product Mix
- xi. Manpower Cost
- xii. Utility and Other Overheads
- xiii. Depreciation
- xiv. Working Capital

iv. Financial Projections : Profitability Estimates

| Profit and Loss | Y1 | Y2 | Y3 | Y4 | Y5 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues | | | | | |
| Source 1 | | | | | |
| Source 2 | | | | | |
| Total Revenues | | | | | |
| Expenses | | | | | |
| Labour Cost | | | | | |
| Manpower | | | | | |
| Raw Material Costs | | | | | |
| Marketing Costs | | | | | |
| Power Cost | | | | | |
| Packaging Cost | | | | | |
| Utility Costs | | | | | |
| Maintenance | | | | | |
| Admin | | | | | |
| Total Expenses | | | | | |
| WC Borrowings | | | | | |
| PBT | | | | | |
| Tax | | | | | |
| PAT | | | | | |

- v. Break-even Analysis
- vi. IRR Calculation

Chapter 15: Proposed Implementation Framework**(DPR)**

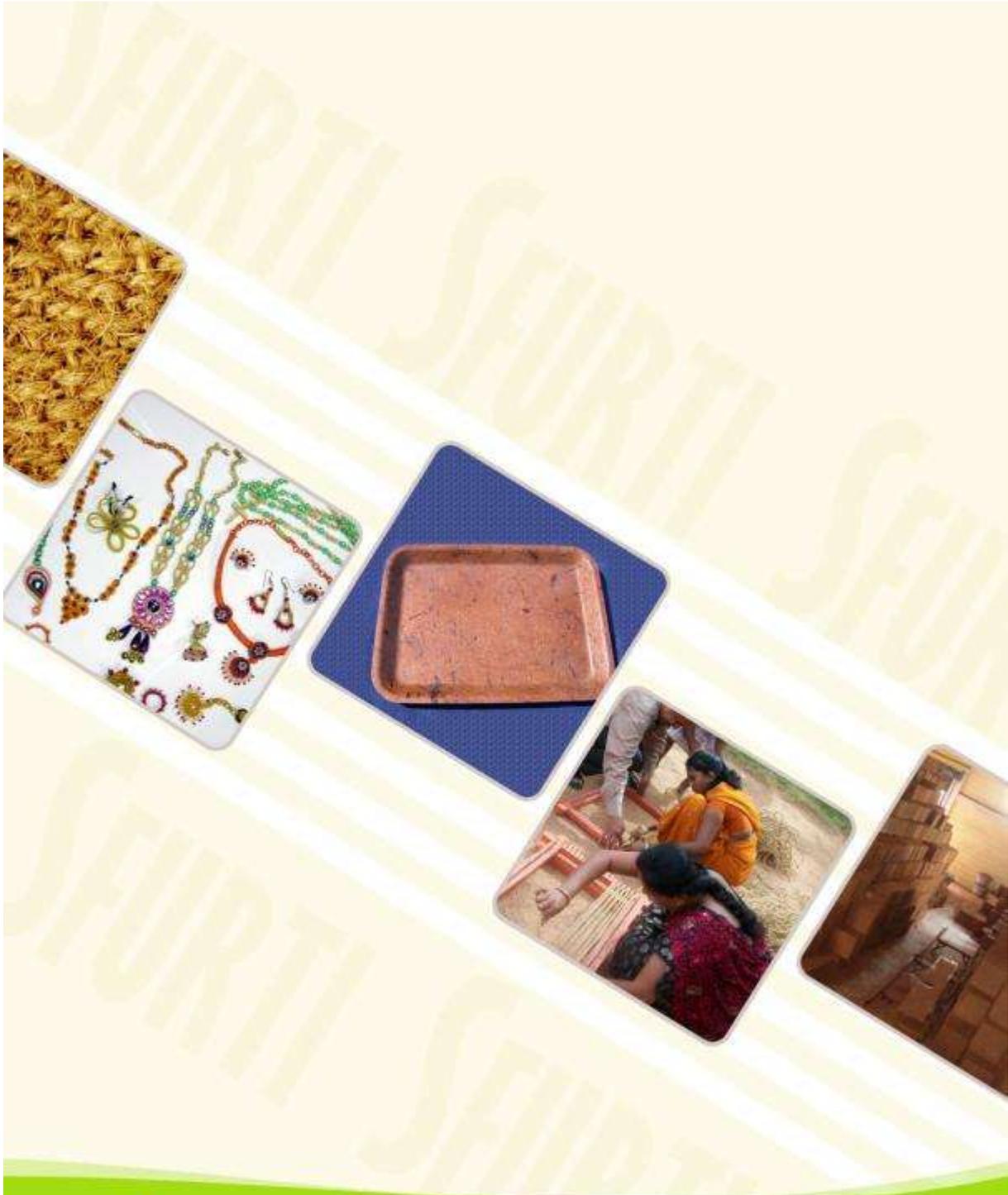
This Chapter will talk about the proposed implementation framework that will be adopted for the implementation of the project. The Implementing Agency will provide details on their role and whether they themselves will reconstitute the institution as per the guidelines to be the SPV (along with proof of eligibility) or whether they will register a separate SPV for the implementation of this specific project. The structure and composition of the SPV should be indicated here. Also, the IA should provide details of the other strategic partners and institutions that will be associated with the project to strengthen their operations. A road map on the proposed methodology and implementation plan for the project should also be provided]

Indicative List of Sections:

- 12.1 Role of the Implementing Agency (IA)
- 12.2 Details of Strategic Partners and other project stakeholders
- 12.3 Structure of the SPV
- 12.4 Composition of the SPV with details of roles and responsibilities of each partner / shareholder

Chapter 16: Expected Impact**(DPR)**

[This Chapter will talk about the key impacts that are expected to be achieved as a result of this project. The key development parameters for the Cluster and the stakeholders (artisans, entrepreneurs, etc) will be mapped at the beginning of the project. This section will outline the expected improvement in these key development parameters that are expected at the end of the project period. These parameters will include – cluster turnover, employment, artisans incomes, profit/ margin for local entrepreneurs/ exporters, quality levels, productivity levels, market access etc]



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