

EXECUTIVE INSTRUCTIONS

FOR 2ND PHASE IMPLEMENTATION OF
SFURTI COIR CLUSTERS

SFURTI

COIR BOARD
(ISO 9001:2008 CERTIFIED)

MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES

GOVERNMENT OF INDIA

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Revised 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, woolen, 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 microenterprises 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 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 equipment, 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.

1.9. Clusters have gained increasing prominence in debates on economic development in recent years. Governments worldwide regard clusters as potential drivers of enterprise development and innovation. Cluster initiatives are also considered to be efficient policy instruments in that they allow for a concentration of resources and funding in targeted areas with a high growth and development potential that can spread beyond the target locations (spillover and multiplier effects).

1.10. Clusters are defined as “geographical concentrations of inter-connected enterprises and associated institutions that face common challenges and opportunities”. This definition highlights two essential features of clusters: they consist of a critical mass of enterprises located in geographical proximity to each other and enterprises within them share many common features.

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 equipment for artisans to promote optimum utilization of infrastructure facilities;
- 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;
- viii. To look for setting up of multi-product cluster with integrated value chain and a strong market driven approach for viability and long term sustainability of the cluster;
- ix. To ensure convergence from the design stage with each activity of the cluster formation and operations thereof.
- x. To identify and understand clusters target customers, understand their needs and aspirations and develop and present product lines to meet the requirement. Substantial focus should be on the buyer segment that places a premium on natural, eco-friendly, ethically sourced and the uniqueness of the Khadi and VI products.
- xi. To develop specific product lines out of the currently offered diversified basket of heterogeneous products based on the understanding of the target consumer segment. A brand unification exercise also needs to be done to maximize the value.
- xii. To make a paradigm shift from a supply driven selling model to a market driven model with the right branding, focus product mix and correct positioning and right pricing to make the offering holistic and optimal for each of the focus categories.
- xiii. To tap the E-Commerce as a major marketing channel given the outreach and the growing market penetration of E-Commerce, there is a need to devise a quick strategy to make its presence felt in the E-Retail space.
- xiv. To make substantial investment in the area of product design and quality improvement. There is a need to standardise the quality of inputs and processes so that the products meet the quality benchmarks. Research need to be done to develop new textures and finishes to cater to the prevailing market trends.

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/ for the entire value chain different skills need to be imparted;
- 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. Multiple facilities for multiple products and packaging wherever needed;
- ii. Common facility centres (CFCs);

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

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), as 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 TA and IA proposed by 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 national 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.

To spread the outreach and to establish competence in cluster development, project management and facilitation of market access of the revamped SFURTI, new Nodal Agencies (NAs) need to be selected and appointed by the SSC. The selection of NAs shall have to be a reputed national, regional level institution with sectorial expertise in the major sub-sectors of the Traditional Industries, competence in cluster development, project management and facilitation of market access and who are operating in the field of cluster development for the last five years. The institutions could be any of the following:

- 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 8 Company under The Companies Act, 2013 (18 of 2013); or
- v). a Trust.

Such NA will be assigned clusters which are not assigned to KVIC, Coir Board or others.

4.2.3 Suggested Guidelines for new NA to be appointed by the SSC:

A. Submission of Proposal

Proposal (one hard copy and one soft copy) in the prescribed proforma as in Annexure-3 as required along with necessary enclosures and endorsement from the Head of the Institution/Agency/Trust/Company desirous of being empanelled as Nodal Agency for anchoring Cluster development may be sent to the following addressee:-

The Joint Secretary (ARI Division),
Ministry of Micro, Small & Medium Enterprises,
Room No.171 Udyog Bhawan, New Delhi-110011.
Telephone (011) 23061543 Telefax: (011) 23062858 E-
mail: js.ari@nic.in

B. Appraisal and Approval:

The proposals for engaging the Nodal Agency will be appraised based on the track record, merit and strategies of the entity in promoting cluster development. The appraisal will be done by the **Scheme Steering Committee**, constituted by the MoMSME. The SSC shall take a final decision for approval of designated Nodal Agency. Continuation of support to the NA will be

entirely performance oriented and subject to approval. The performance will be monitored both at quantitative and qualitative aspects by the Scheme Steering Committee. In case of significant shortfall in the progress, the support may also be terminated mid-term with approval of SSC.

C. Terms and Conditions for Grants-in-Aid for new Nodal Agencies:

Agencies except those funded by Ministry of MSME or any other Ministry is provided under Annexure-4.

4.2.4 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-2.1](#)]

4.2.5 Role of the NAs:

The role and responsibility of NAs includes the following:

- i. Program fund management including NA shall be responsible to ensure timely disbursement of funds to the IAs on recommendation of TA to ensure time bound completion of projects;
- ii. Empanelment & engagement of TAs. NA would duly notify and inform all concerned stakeholders including the industry, State Governments, concerned Ministries / organizations of Government of India and Financial Institutions, about the appointment of TA for implementation of SFURTI;
- iii. NA shall extend all support required to TA for implementation of the scheme as may be required such as obtaining Government Approvals, Environment Clearances etc for setting up of Clusters;
- iv. Preparation of strategy and implementation plan for sub-sector thematic interventions;
- v. Appraisal of PPRs and DPRs received from TAs based on due-diligence methodology that clearly establishes the project viability, output, outcomes, impact and sustainability;
- vi. Seek and obtain approval from competent authority of the State Government/UTs for the cluster in partner with the Technical Agency before submission of DPR to the SSC for final approval;
- vii. Shortlist and recommend proposals to SSC for approvals;
- viii. Recommend selection of IAs to SSC;
- ix. Review performance of the TAs;
- x. Monitoring and evaluation of the cluster projects being implemented; and
- xi. Any other tasks assigned by the SSC.

4.3 *Technical Agency (TA)*

Established national-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, mapping of technological and skill levels no. of artisans with their existing activities and their present earnings, strategies for delivering the cluster level interventions, outcomes, resultant enhancement of wages of the artisans etc., backward forward linkages, sourcing of raw materials, marketing of finished products etc. and conducting Diagnostic Study and suggest possible Soft, Hard and thematic interventions;
- iv. To identify focus products and product mix for the Cluster for domestic and export markets. That may also include multi products in the cluster and creating linkages with other available network of cluster in the adjoining Primary Cluster within the given budgetary allocation and as per approval of PPR/DPR.;
- v. Preparation of comprehensive DPRs for final approval of SSC containing the following details, namely,- business model for self-sustenance, skill up-gradation of artisans, acquiring of new skills, setting up of physical and financial outcome targets for the project, proposed percentage enhancement of productivity and earnings of the artisans, brand building, product segmentation, promotion and advertising through regular publicity modes and participation in fairs and exhibitions, exploring possible export avenues with clear targets etc ;
- 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. T.A. will assist the IA in formulating plans, getting approvals, obtaining clearances from statutory institutions, identifying suitable technologies/ equipment for value addition of the products and will assist the IA in setting up of CFCs after identification of land by the IA. More than one CFC is also permitted provided demand is justified for bringing higher productivity in the cluster. TA will assist IAs in selection of agencies / experts for various services and in developing suitable operational framework for various interventions and would also assist in periodic monitoring of the progress of the projects and disbursement of funds and finally the TA would 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;
- ix. TA to put in place a suitable business plan detailing the revenue model based on appropriate user fee, mechanism to collect it to enable the SPV to achieve the projected outcomes in terms of productivity, sales, employment, wages enhancement, overall income of the Cluster as projected in the DPR;

- x. T.A should assist the IA/ SPV in engagement of a Design House/Designer with appropriate terms of reference and detailed scope of work for extending appropriate input of design, product processing, product development and proper packaging in consultation with NA, IA and other stake holders;
- xi. To assist the IA/ SPV in engagement of Business Development Services (BDS) providers, out sourcing/improving tools and equipment, developing strategies & best practices for credit linkage as far as possible;
- xii. T.A. would advise IA/CDE for making plans for procurement of raw materials along with various micro and macro level tools and machineries and other processes as identified and mentioned under DSR/DPR. Tools/Kits and Charkhas/Implements may also be distributed among artisans as a part of Cluster Level Intervention as per DSR/DPR. TA should assist the IA in establishing a proper, appropriate and transparent system duly examined and vetted by the Cluster Level Committee for distribution of tolls/ kits/ charkhas/ implements among artisans;
- xiii. TA will draw up a marketing strategy and detailed plan in consultation with NA and IA in regard to the following:
 - a. Product development
 - b. Packaging
 - c. Product pricing
 - d. Product positioning and promotion
 - e. Product mix/ diversification
 - f. Dealer/Distributor Network under offline marketing mode
 - g. Tapping e-commerce for online marketing.
 - h. Determining supply chain and logistics
 - i. Ensuring quality of product and standardization
 - j. Tapping the export potential through appropriate interventions
- xiv. Miscellaneous activities that need to be ensured by I.A. shall require close supervision by T.A.:
 - a. Awareness and exposure visit of artisans
 - b. Mandatory opening of Bank Account by Artisans under Jan Dhan Yojana
 - c. Health insurance of all the artisans under the cluster as applicable under KVIC rules (Janashree Bima Yojana & Rashtriya Swasthya Bima Yojana wherever applicable)
 - d. Enrolling under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which will offer a renewable one-year life cover of Rs.2 lakh to all savings bank account holders in the age group of 18-50 years, covering death due to any reason, for a premium of Rs.330 per annum.
 - e. Enrolling under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) which will offer a renewable one-year accidental death-cum-disability cover of Rs.2 lakh for partial/permanent disability to all savings bank account holders in the age group of 18-70 years for a premium of Rs.12 per annum per subscriber
 - f. Issue of Aadhaar based Identity card to artisans mentioning the benefits, privileges, rights as well as their specific responsibilities along with necessary undertakings in regard to the implementation of the programme
 - g. The Atal Pension Yojana (APY) will focus on the unorganized sector and provide subscribers a fixed minimum pension of Rs.1,000, Rs.2,000, Rs.3,000, Rs.4,000 or Rs.5,000 per month, starting at the age of 60 years, depending on the

contribution option exercised on entering at an age between 18 and 40 years. Pension and similar other financial benefits as applicable to be provided Aadhaar linked.

- h. Periodic training of Artisans.
 - i. SHGs members may also be extended to these general and miscellaneous supports as extended to the artisans under Cluster Programme.
 - xv. TA shall assist IA/ SPV in organizing and planning Business Development Strategies, buyer-seller meet and implementation of thematic intervention focusing on branding, e-marketing, new media marketing, innovation, research and development etc. for smooth running of Clusters.
 - xvi. Assisting the SPV in mobilizing additional funds for the project. This would involve preparation of proposals under relevant schemes of the Government apart from tying up loans from the banks.
 - xvii. TA shall facilitate linkages between the SPV and various other stakeholders, particularly the Government organizations, buyers and financial institutions.
 - xviii. T.A. will facilitate in the identification of suitable Technical Consultants in designing appropriate technologies for the cluster within the allocation ceiling for the respective type of cluster.
 - xix. T.A. will plan out in consultation with NA to frame the training requirement of artisans and stake holders and grouping their requirements as per the need of the clusters. Accordingly, the TA will assist in the identification of training institutions will be done in defining the courses duration, fees and other necessary requirement as per the cluster.
 - xx. Assist the NA for seeking and obtaining approval from the State Governments/UTs before submission of DPR to the SSC for final approval;
 - xxi. TA shall create appropriate system for online reporting of progress reports to Nodal Agency and to the Ministry of MSME on monthly and quarterly basis.
 - xxii. Any other work assigned from time to time by the NA, Ministry of MSME, for timely completion of project, any changes in nature of intervention, any sorts of addition/alternation in the implementation programme, etc. that may come at any point of time during the project period should very well be considered by TA for execution without any additional cost;
 - xxiii. At the end of the Project, TA shall prepare proper documentation covering the entire activities, preparation of case studies and photo documentation along with an end-project report articulating the outcomes in terms of productivity and sales. Listing out the outcomes achieved against the targets fixed at the beginning of the project will also be done.
 - xxiii. Formulate an exit strategy for the IA and prepare a sustainability roadmap for the Cluster with a business plan for the next five years 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 will be assigned for 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 at least 50% of the total project cost excluding the cost of land.

4.4.1 Formation of SPV is mandatory to seek the final approval 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 8 Company under The Companies Act, 2013 (18 of 2013);
- v. a Trust; or
- v. Any other legal entity, with the prior approval of SSC.

4.4.2 (a) 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%).

(b) In case the 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.

(c) 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.

4.4.4 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. Selection of CDE must be made from 3 options viz. (i) a local capable & strongly acceptable CDE from among the beneficiary group, (ii) grooming of an existing person from the group to become a good CDE and (iii) an externally recruited CDE. Additional

qualification, experience and expertise to be considered while selection of the CDE in line with the requirements of the project deliverables.

- ii. In case of an external person is chosen as the CDE, a capable local person may be made the deputy to the CDE so that he is groomed to take up the responsibility once the regular CDE leaves the cluster after financial support is stopped.
- iii. The IA would identify and arrange suitable land for the project whose book value may be shown as their contribution towards the project;
- iv. Implement various interventions as outlined in the approved DPR;
- v. 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.

5. Implementation methodology

5.1 Web-Based Project Management System (PMS)

- 5.1.1 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 from inviting proposals to screening of applications 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.
- 5.1.2 The web platform would also provide the option to the potential Nodal Agencies to apply and upload their credentials so as to enable the SSC to take a suitable call to enroll the agency as a Nodal Agency.
- 5.1.3 The web platform would also have a built in module to screen, sort and filter the received applications State wise and forward the same to the State Governments in real time to save any delay in implementation. The system would also send reminders

periodically to the State Governments till such time the approvals are sought.

5.1.3 All enrolled NAs, TAs would be listed on the web portal so as to provide the available options to the potential IAs to approach them accordingly.

5.1.4 The system would also act as a web based monitoring system to provide necessary inputs for any kind of delays and non-processing at any stage in the entire work flow.

5.2 Identification of tentative list of clusters

- i). Nodal Agencies will first draw up a State-wise list of potential clusters in consultation with Technical Agencies with clear identification of Implementing Agency who shall be local operative for managing the cluster and looks after the day-to-day affairs of the cluster.
- ii). A market driven approach should be adopted for identification and structuring of the projects so as to ensure viability and long term sustainability of the project activities. The Cluster should be so selected where the products have huge potential market demand and the Cluster can be developed to scale up activities and produce high value products for the market.
- iii). The SFURTI Clusters should preferably be existing clusters (Brownfield) and new clusters (Greenfield), should however be carefully selected after a thorough study of the cluster dynamics and potentiality of the products.
- iv). In addition to Khadi, the Clusters should cover traditional rural industries and village industries which should be in conformity with the KVI Act and norms.
- v). The SFURTI project should aim to adopt the Growth Pole concept for triggering growth of the traditional village industries. A cluster of clusters approach must be adopted for the project to create cascading positive externalities with the scope of extension of the activities in a larger contiguous area.
- vi). Multi-product Clusters must be promoted, particularly in the case of Heritage Clusters for greater project coverage and economic viability/ sustainability of the cluster. Products which are complimentary to each other need to be selected for Multiproduct Clusters.
- vii). The Clusters and the activities must have a critical mass, for ensuring economies of scale. Projects under SFURTI should be integrated value chain based and the project should be structured with interventions to address the gaps along the entire value chain.
- viii). End to End product clusters will enhance viability of the clusters. The project must ensure that substantial value addition takes place at the village/Cluster level for greater value capture and higher unit value realizations.
- ix). It must be ensured that as far as possible the entire value addition should be done at the

cluster itself, so that maximum realization is done.

- x). The project design and structure should specifically provide a plan for sustainability of the project activities, especially beyond the project period along with exit plan.
- xi). The project must be so structured such as to promote optimum utilization of infrastructure facilities through a range of activities. In case of multi-product Clusters, the possibility of setting up specialized CFCs for each product line, closer to the raw material base, could also be explored.
- xii). The project should allow involved and active participation of all members of the Cluster. NER projects should focus on the challenges in the region and come out with solution for these.

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. Net worth of the organization;
- ii. Organizational experience in implementing projects of similar nature specially artisans and micro-enterprise based developmental initiatives;
- iii. Competence of personnel and team;
- iv. 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. Any other eligible institution may approach the Ministry of MSME or any of the Nodal Agencies for enrolment as a TA and the SSC shall be the final authority for due approval of the proposal for appointing any institution with eligibility and competence. 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) as per the standard template as provided under Annexure-5 submitted by the TA assigned to the cluster. The PPR should broadly cover the major features of the proposed project including baseline

information, tentative interventions, proposed implementation framework and a list of potential IAs. 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 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 fulfillment of the following conditions:

- i. Preparation of DPR as per the standard template as provided under Annexure-5 with specific details of interventions with cost estimates and timelines;
- ii. Identification of IA and formation of project specific SPV;
- iii. Execution of shareholders agreement and other related agreements between the IA and the members; and
- iv. 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.
- iv. Approval by the Secretary, Department of Industries and Commerce of the State Govt./Union Territories, who is the competent authority to issue the consent for setting up of the cluster before the DPR is put up for final approval by the SSC at the apex level. State Governments, District Administrations and local PRIs may be involved in the entire process of State level approval. This shall ensure the involvement of local administration for smooth implementation of the SFURTI programme at cluster level and helps in dovetailing of the schemes of the State and Central Governments to strengthen the local governance system at the cluster level. Through this process, the legal entity, constitution and existence of the IA are being confirmed and authenticated by the Government machinery to avoid any kind of duplication and non-existence of operatives resulting in gross misuse of precious public funds. The NA and TA shall have to act diligently in co-ordination with the respective State Governments to ensure timely approvals for the proposals at the DPR stage in order to obtain final approval from the SSC. As the total time provided for the valid project proposal in the DPR format after in-principle-approval is six months or 180 days, the projects must obtain the State level clearances within a maximum period of 3 months or 90 days from the date of in-principle-approval.

5.5 ***Pre-requisites for Release of Funds***

Once the DSR/PPR is approved by MoMSME, the process for release of funds under soft-intervention would initiate after ensuring the following preparatory actions at the level of the Nodal Agency:-

- I. The Implementing Agency and Technical Agency are appointed;
- II. Action initiated for formation of SPV at the IA level;
- III. Proposal for the Cluster gets in-principle-approval from the SSC.

5.6 ***Release of Funds to NA***

- i) The cost of project shall include hard interventions and soft interventions. 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, which needs to be paid by the Nodal Agency.

- ii) 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.
- iii) The funds will be released to the NAs on receipt of UC and Progress Report, and the NAs shall in turn, release the fund to the cluster as per the approved Cluster/ Annual Action Plan.
- iv) Funds to NA will be disbursed under two heads:
 - i. SFURTI Programme Fund
 - ii. SFURTI Administrative Fund
- v) 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.

5.7 Release of Funds to IA

On obtaining final approval, a sanction order will be issued by NA and 1st installment for the hard intervention will be released by NA in the dedicated bank account opened in the name of the IA. Whereas release of fund by NA to IAs for soft-intervention shall be need-based and a part component of the same is released to the IA after in-principle-approval of the SSC, the following schedule will be adopted for release of scheme funds for hard interventions:

- i. 1st instalment of 40% of the hard intervention 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, as reimbursement.

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 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 8.00 crore
Major Clusters (500-1000 artisans)	Rs 3.00 crore
Mini-Clusters (Upto 500 artisans)	Rs 1.50 crore

6.3. 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 training, capacity building, design development	100%	Subject to maximum 33% of A (Total cost of cluster interventions both hard and soft interventions) or Rs.25 lakhs, 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)	Nil
C	Cost [#] of IA/SPV	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.

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 Administrative and scheme management expenses

It is envisaged that 3% of the total 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 utilized with the approval of the 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 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.

6.8. Thematic Interventions

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 Centres 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 twinning 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 SSC.

6.9. Monitoring and Evaluation

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 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 more than 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	44500

7.2. **Project Duration**

The timeframe 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 shareholding 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 be leveraged to secure additional financial assistance from the MDBs to ensure sustainability and competitiveness of the clusters.

8.2. The participation of stake holders 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.

8.3. TAs and NAs must therefore ensure that convergence is built into implementation framework right from the stage of project design. For example, the banks and RSETI expressed the need to involve them at the stage of DSRs and Action Plan formulation. Convergence with private sector buyers in the value chain and other key stakeholders must be built into project design. Funding from public and private agencies should also be ensured at early stage. In order to ensure convergence, linkages should also be made through reporting to SLBC and District committees chaired by the Collector.

9 SUSTAINABILITY

9.1. *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 in five years;
- iv. Representative of the NA; and
- v. GM, DIC or his representative.

The Working Committee 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.

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

9.3. *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.

10 ROLE OF STATE GOVERNMENT

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

- i. Approval by the Secretary, Department of Industries and Commerce of the State

Govt./Union Territories, the competent authority to approve the setting up of the cluster before the DPR is put up for final approval by the SSC at the apex level. Through this process, the legal entity, constitution and existence of the Implementing Agency are being confirmed and authenticated by the Government machinery to avoid any kind of duplication and misuse of precious public funds.

- ii. As the total time provided for the valid project proposal in the DPR format after in-principle-approval is six months or 180 days, the projects must obtain the State level clearances within a maximum period of 3 months or 90 days from the date of in-principle-approval.
- iii. Assist in identification and procurement of suitable land for the projects wherever required, in order to set up cluster infrastructure;
- iv. Providing all the requisite clearances wherever needed for setting up cluster and providing necessary assistance for power, water and other utilities to the cluster;
- v. Providing necessary external infrastructure to the projects such as power, water supply, roads, effluent disposal etc, wherever needed;
- vi. 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;
- vii. Providing necessary project related clearances on a priority basis;
- viii. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects; and
- ix. Extending incentives available under related industrial promotional policies.
- x. The State Governments/UTs may conduct surveys and map and identify potential sites and products for clusterisation under R-SFURTI and accordingly seek the intervention of M/o MSME to set up SFURTI clusters in those sites and consisting of the specified products/industries.

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.

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. 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 and 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 woollen 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, woollen, 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.

An indicative list of major VIs is provided as below:

- i). Mineral Based Industry*
 - a. Cottage Pottery Industries
 - b. Lime Industries

- ii). Forest Based Industry*
 - a. Medicinal Plants Industries
 - b. Bee-keeping
 - c. Minor Forest based Industries

- iii). 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

- iv). Polymer & Chemical Based Industry;*
 - a. Cottage Leather Industries
 - b. Non-edible oils & Soap Industries
 - c. Cottage Match Industries
 - d. Plastics Industries

- v). Rural Engineering & Bio-Technology Industry*

- a. Non-Conventional Energy
 - b. Carpentry & Black smithy
 - c. Electronics
- vi). *Hand Made Paper & Fiber Industry;*
- a. Handmade Paper Industries
 - b. Fiber Industries
- vii). *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	Principal Adviser, PAMD, Niti Aayog	Member
5	Chief Executive Officer, KVIC	Member
6	Secretary, Coir Board	Member
7	Representative of Indian Banks Association (IBA)	Member
8	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
9	5 Cluster Experts - to be nominated by Ministry of MSME	Member
10	DC (Handlooms)	Member
11	DC (Handicrafts)	Member
12	JS (NRLM), M/o Rural Development	Member
13	Joint Secretary, Ministry of MSME	Member Convener

ANNEXURE2.1: Composition of Project Screening Committee (PSC) for KVIC/Coir Board

1	Chief Executive Officer-KVIC/Chairman-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.

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

MEMORANDUM OF UNDERSTANDING

BETWEEN

(NODAL AGENCY)

COIR BOARD

M.G. ROAD, P.B. No.1752, KOCHI-16.

&

IMPLEMENTING AGENCY

AGREEMENT

THIS AGREEMENT made at Cochin this day of2015 between THE COIR BOARD, a statutory body constituted under the Coir Industries Act, 1953 and having its head office at M.G. Road, Cochin-16 hereinafter referred to as "Coir Board" (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the ONE PART and aestablished/registered under Act and having its registered office at hereinafter referred to as the "Implementing Agency" (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the OTHER PART.

Preliminary:

WHEREAS:

- a) The Coir Board has been constituted under the Coir Industry Act 1953 and functioning under the Ministry of MSME, Govt. of India to devote itself to the development and promotion of coir industry in the country with the support, assistance and guidance of the Govt. of India.
- b) The Government of India, with a view to making the traditional industries more productive and competitive and facilitating their sustainable development, has announced a scheme for regeneration of traditional industries, by name "**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**" under which clusters of traditional industries in the MSME sector are setup and developed . The Scheme is implemented by the Ministry of Micro, Small and Medium Enterprises (MSME) and its organizations and institutions in collaboration with State Govts. The orders on approval of this scheme, its operational guidelines prescribed by the Govt. of India and its amendments from time to time, will form integral part of this agreement.
- c) The Government of India has identified the Coir Board as the Nodal Agency (NA) for implementation of the scheme in coir sector who shall in turn identify the Implementing Agencies (IA) for the proposed clusters in a transparent manner with the approval of the Scheme Steering Committee (SSC) constituted by the Ministry of Micro, Small and Medium Enterprises (MSME).

d) The primary objectives of the Scheme are:

1. Develop clusters of traditional industries in various parts of the country.
2. Make traditional industries more competitive with more market driven, productive, profitable and sustained employment for traditional industry artisans and rural entrepreneurs.
3. Strengthen local governance system of industry clusters.
4. Build up innovated and traditional skills, improved technologies in processing, market intelligence, and new models of public-private partnership.

e) The SFURTI, with a view to achieve the aforesaid objectives, envisages the development of certain selected activities of village industries by developing clusters, marketing channels and forum, market facilitation centers, strengthening of Sales outlet, capacity building, design up-gradation, setting up of Common Facility Centers (CFC) etc.

f) The Coir Board, being the Nodal Agency is desirous of implementing the said Scheme in each cluster through Implementing Agencies (IA) such as Registered Institutions/ Societies, Institutions of Non Government Organizations (NGOs), Institutions of Central Government and State Government and Semi Government Institutions, etc.

g) The Implementing Agency, being actively involved in the activities for the development of Coir Industries/ rural employment, possesses the requisite expertise to implement the said Scheme and desirous of undertaking the Scheme and accordingly approached the Coir Board for undertaking the Cluster programme (herein after referred to as the "said Programme") under the said Scheme on the terms and conditions herein after appearing.

NOW THIS AGREEMENT WITNESSETH:

1) Terms and conditions;

The assignment given to the Implementing Agency shall include and comprise the following:

- (a) The Institution/ NGO shall work as the Implementing Agency and would identify and arrange suitable land for the cluster at.....
- (b) The Implementing Agency shall implement various interventions as outlined in the approved Detailed Project Reports of clusters and shall during the implementation of the said cluster programme, provide from time to time, equipments/ machines/ tools/ working capital/raw material and other infrastructure facilities to be used for common facility, by way of user fee based model to the beneficiaries in the cluster in a phased manner. The Implementing Agency shall take proper care, upkeep, insurance and account of these assets, keep them in trust and ensure its efficient operation till the completion of the said programme and thereafter, as required.
- (c) The Implementing Agency will make available the assets provided at the Common Facility Centre as aforesaid and the records and books of accounts of the cluster for inspection by any officials of the Comptroller & Auditor General of India, Ministry of MSME/ its authorized agents or agencies and Coir Board.
- (d) The Implementing Agency will oversee the formation of a Special Purpose Vehicle in the cluster before seeking approval for hard interventions under the project.
- (e) The assets provided at the Common Facility Centre shall always be the property of Coir Board during the continuance of the said programme and thereafter, unless otherwise specified in writing by the Coir Board.
- (f) The Implementing Agency shall keep identification marks on the body of the assets procured by utilizing the scheme funds and put up appropriate name boards for the said programme at the premises of the cluster and the Common Facility Centres.
- (g) The Implementing Agency shall keep separate records and books of accounts for the said programme and the funds utilized there under.
- (h) The Implementing Agency shall be responsible to furnish Utilization Certificates as per the formats prescribed for the funds released by the Coir Board under this programme from time to time and send quarterly/half yearly/yearly reports and returns regularly on the progress of the said programme in the prescribed formats to the Coir Board.

(i) The Implementing Agency may levy service charges for utilization of Common Facility Center's assets at the rates fixed in consultation with Coir Board. The services of the Common Facility Centre shall be made available to all those agencies/ artisans/entrepreneurs whomsoever working in the coir sector.

(j) The Implementing Agency shall recruit and engage a full-time Cluster Development Executive to be located in the cluster, preferably one amongst the stakeholders, in order to ensure efficient implementation of the project. Selection of Cluster Development Executive must be made from 3 options viz. (i) a local capable & strongly acceptable Cluster Development Executive from among the beneficiary group, (ii) grooming of an existing person from the group to become a good Cluster Development Executive and (iii) if options (i) and (ii) fails, an externally recruited Cluster Development Executive. Additional qualifications, experience and expertise to be considered while selecting the Cluster Development Executives in line with the requirements of the project deliverables.

(k) In case an external person is chosen as the Cluster Development Executive, a capable local person may be made the deputy to the Cluster Development Executive by the Implementing Agency so that he is groomed to take up the responsibility once the regular Cluster Development Executive leaves the cluster after financial support is stopped.

(l) The Cluster Development Executive appointed by the Implementing Agency shall be responsible for the implementation of the programme and to conduct diagnostic studies in the clusters and prepare annual action plan/ annual plan besides promoting linkages with professional institutions, local institutions, PRIs assisting the sourcing of raw materials, tying up of credit linkages, marketing of finished goods, collection of user fees, operation and maintenance of CFCs etc.

(m) Implementing agency shall be eligible for Technical Supports from the Technical Agencies *engaged by* the Coir Board for each Cluster who have expertise in cluster development methodology.

(n) The Implementing Agency shall be liable to implement the cluster development methodologies/ strategies formulated/ prescribed by the Coir Board/ Technical Agencies from time to time or as finalized mutually and also to formulate the consortium of the beneficiaries/cluster level stake holders wherever applicable towards the productive prospects, benefits and sustainability and long life of the cluster.

(o) The duration of the SFURTI programme shall be up to 31.03.2017, unless it is extended further, in writing by Coir Board.

(p) That Implementing Agency and its functionaries shall be jointly and severally liable to Coir Board for performance of the work including performance of services and of the Implementing Agency's obligations including that of its associates, contractors/ sub-contractors engaged for the cluster development, well before the date of termination of the programme.

(q) That the Implementing Agency agree and acknowledge that the time of completion of the project, as set forth in this agreement, is the essence of the contract and Implementing agency shall accordingly undertake the performance of work with the objective of achieving the project implementation and completion within the prescribed time schedule, complying with the qualitative and quantitative parameters of the specified deliverables in the Detailed Project Report.

(r) The Implementing Agency shall abide by the contents of the operational guidelines of the scheme prescribed by Govt. of India vide O.M.No 4(25)/2012-KVI-I (Part-III)dated 30.06.2015 issued by the Government of India, Ministry of MSME and the amendments, if any made from time to time. The said O.M, shall also form part of this agreement.

(s) The tripartite agreement signed by Coir Board, Implementing Agency and M/s..... Special Purpose Vehicle will also form part of this agreement.

(t) The Implementing Agency will open an office with all infrastructure and function in the cluster area. Moreover, Implementing Agency should nominate one person in that office as office assistant other than Cluster Development Executive, for carrying out daily activities of the office premises.

(u) The Implementing Agency agree to undertake the procurement of goods and services, engagement of contractors, consultants, experts etc. for the cluster as and when required in a fair & transparent manner consistent with the Govt. of India rules and regulations and the directions from Coir Board from time to time.

(v) The release of costs of Implementing Agency will be need based and on quarterly basis.

2) Financial Assistance:

(a) The Financial assistance from the Coir Board shall be towards implementation of Hard and Soft interventions with provision for setting up of Common Facility Centers (CFC) and cluster level activities, which will be released as per the project cost approvals, in suitable installments as grant amount', as provided in the Tripartite Agreement, read with the operational guidelines of SFURTI.

(b) The specific form of assistance as per the approved final action plan shall be communicated at the time of release of funds during the period of the programme from time to time.

(c) The amount sanctioned shall be released in suitable manner in installments according to the operational guidelines of the scheme as per the approved action plan and as decided from time to time by Coir Board.

(d) The Implementing Agency shall maintain separate and dedicated bank account in their name with a nationalized bank in the locality of the cluster, jointly operated by their authorized signatory and president of Special Purpose Vehicle, for utilization of the funds received from the Nodal Agency for implementation of the hard interventions like setting up of CFC, civil works, procurement and installation of machinery and shall allow the auditors deputed by the Coir Board and/ or the representatives of the Coir Board/Ministry of MSME/A.G. to inspect and audit such accounts at any time. The Nodal Agency shall release to this account 75% of the project cost meant under Hard Interventions as grant amount in installments as per the guidelines approved by the Ministry on recommendation by NAFO only if the Special Purpose Vehicle contributes 25% as its share for total hard intervention cost in lump sum into this joint account.

(e) In addition to the above, the Implementing Agency shall maintain another separate and dedicated account with a nationalized bank in their locality, in their name for remitting the Implementing Agency & Soft Intervention costs received from the Nodal Agency and shall allow the auditors deputed by the Nodal Agency and/or the representatives of the Nodal Agency / Ministry of MSME/A.G. to inspect and audit such accounts at any time.

(f) The Implementing Agency shall maintain separate records for recording the details of the assets acquired out of the Coir Board funds and the assets provided by the Coir Board both movable and immovable and shall sent periodic report of the same to the Coir Board. All the assets acquired out of the Coir Board funds will be the property of the Coir Board and the Implementing Agency shall not create any charge or encumber the same and shall use the same only for the purpose for which it has been acquired

(g) The Implementing Agency shall furnish the utilization certificates from time to time in the prescribed form of GFR 19-A, Govt. of India and should be accompanied by audited statements of accounts indicating

the expenditures incurred on various items pertaining to the grant received from the Coir Board from time to time.

(h) The Implementing Agency shall set up and update a website for the cluster and facilitate the web based Project Management System (PMS) by Coir Board.

3) Other activities that need to be ensured by Implementing Agency through Special Purpose Vehicle with assistance of the Technical Agency are:

- a. Organizing awareness and exposure visit of artisans
- b. Mandatory opening of Bank Account by artisans and beneficiaries under Jan Dhan Yojana
- c. Providing Health insurance coverage for all the artisans under the cluster as applicable under KVIC rules (Janashree Bima Yojana & Rashtriya Swasthya Bima Yojana wherever applicable)
- d. Enrolling the beneficiaries under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which will offer a renewable one-year life cover of Rs.2 lakh to all savings bank account holders in the age group of 18-50 years, covering death due to any reason, for a premium of Rs.330 per annum.
- e. Enrolling the beneficiaries under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) which will offer a renewable one-year accidental death-cum-disability cover of Rs.2 lakh for partial/permanent disability to all savings bank account holders in the age group of 18-70 years for a premium of Rs.12 per annum per subscriber.
- f. Issue of Aadhaar based Identity card to artisans mentioning the benefits, privileges, rights as well as their specific responsibilities along with necessary undertakings in regard to the implementation of the programme.
- h. Progressively enroll the beneficiaries under the Atal Pension Yojana (APY) which will focus on the unorganized sector and provide subscribers a fixed minimum pension of Rs.1,000, Rs.2,000, Rs.3,000, Rs.4,000 or Rs.5,000 per month, starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years and providing periodic training to artisans in the cluster.
 - i. Self Help Group members may also be extended these general and miscellaneous supports as extended to the artisans under Cluster Programme.

4) Utilization of funds:

- (a) It is expressly agreed that the outlay sanctioned hereunder shall be utilized only for the purpose of the assignment and the funds shall not be diverted for any other industry, purpose, assignment or use.
- (b) Implementing Agency shall channelize the funds as per the above said joint bank account specifically earmarked for the assignment (and not pool it in other finances).
- (c) In the event of any misutilisation of funds (like diversion for any other purpose other for which it is granted, misappropriation etc.) and non achievement of targets fixed for the cluster, the Implementing Agency shall be bound to refund the entire amount released to it by the Coir Board along with interest and penal interest at the rates as may be decided by the Coir Board.
- (d) The funds earmarked towards the cost of implementing agency shall be utilized for the development of cluster.
- (e) The Implementing Agency will arrange for the credit requirements including working capital for activities within the cluster.

5) Monitoring mechanism;

- (a) Implementing Agency and the Cluster Development Executive shall work from time to time in co-ordination with the Coir Board and also under the directions from Working Committee set up under the scheme operational guidelines.
- (b) The Coir Board and or Government of India, Ministry of MSME shall depute its representatives or officials to assess the progress of the programme from time to time.
- (c) In the event of unsatisfactory progress of the programme, the Coir Board shall have the right to discontinue the programme. There upon the Coir Board shall be at liberty to entrust the said activity to any other person or agency to conduct and carry the same afresh or to continue the same further from where the activity was discontinued and for this purpose Coir Board shall be at liberty to utilize all data, reports and technique collected and developed by the Implementing agency on the termination of the activity as aforesaid.
- (d) That in case of abandonment or earlier termination of the project/ work without its completion, the total amount/advances paid to Implementing agency including the unutilized amount shall be returned by the Implementing Agency with interest on term deposit rates(at the rates prevailing in the Nationalized Banks) to Coir Board.

6) Progress Report

Implementing Agency shall give progress report on all ongoing programme to Coir Board. This report shall cover (i) work done for the previous year (ii) future activities and strategies and (iii) details of financial expenditure incurred during the year under broad heads.

7) End of programme report and certificates.

At the end of programme Implementing Agency shall send (i) comprehensive report of the programme, outlining its achievements (ii) utilization certificate with relevant statements and enclosures for audit purposes, including a detailed statement of assets created.

8) Completion of the Project

The project shall be deemed to have been successfully completed on submission of the final report by Implementing Agency and its acceptance by the Scheme Steering Committee at the Ministry level.

9) Operations & Maintenance (O&M) Of Assets

(a) Implementing Agency 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.

(b) Implementing Agency shall be responsible for O&M of assets created under the Scheme beyond the project duration. Implementing Agency shall ensure that the users of these facilities pay for the services rendered, for the maintenance of the assets.

(c) In case of dissolution of Implementing Agency/Special Purpose Vehicle within 10 years from the date of sanction of assistance by the Government under the Scheme, all the assets created with such assistance shall be vested with the Government.

10) Handing over assets at the end of programme period

At the end of the programme, Implementing Agency shall prepare a comprehensive list of assets (movable and immovable) purchased/ created and ensure that they are handed over to Coir Board, if so

directed. Assets may also be handed over during period of programme depending upon the nature of the assets. Relevant copies of purchase or other documents, if any, should also be handed over by Implementing Agency to Coir Board at the time of transfer, if so directed.

11) Breach of terms and its rectification

If in the opinion of Coir Board there is a major breach by Implementing Agency of the terms herein contained or for any reason Implementing Agency is not in a position to continue the assignment, Coir Board shall have the right to bring to the notice of Implementing Agency the breach of contract or the fact of its inability to successfully continue the assignment and upon the failure of Implementing Agency to rectify the breach and successfully continue the assignment within 45 days thereof, this agreement shall be terminated by Coir Board whereupon Implementing Agency shall be removed from the assignment forthwith and shall refund the entire amount released by the Coir Board.

12) No Liability to Coir Board

There shall be no principal and agent relationship between Coir Board and Implementing Agency. The Coir Board shall not be held liable for acts of omissions or commissions of Implementing Agency resulting in claims and damages from third party against Coir Board.

The Implementing Agency shall at all times indemnify the Coir Board against any claims in respect of any damages or compensation payable in consequences of any accident or injury sustained by its (Implementing Agency) employee or the subcontractors or by any other third party resulting from or by any transportation/ conveyance or act or omissions conducted by or on behalf of the Implementing Agency. Similarly, the Implementing Agency, shall all times indemnify Coir Board against all claims / damages etc for any intellectual property rights (IPR) while providing its services under the project.

13) Amendment to Agreement:

Implementing Agency and Coir Board may make amendment to this Agreement, as per requirements, by mutual consent, in writing.

14) Notification of change

The Implementing Agency shall notify the Coir Board of any material change in their status, shareholding or that of any guarantor of the Implementing Agency, in particular, where such change would impact on performance of obligations of Implementing Agency under this agreement.

15) Force Majeure:

Neither of the parties shall be held responsible for non-fulfillment of their respective obligations under this agreement due to exigency of one or more force majeure events like floods, fire etc., provided on the occurrence of cessation of many events the effected, shall give one month notice within occurrence of such event.

16) Resolution of dispute /Interpretation

In case any dispute arise between the Implementing Agency and Coir Board, the same shall be settled mutually, and if any difference of opinion persist, the same shall be referred for arbitration to the Secretary, Ministry of MSME, Govt. of India, whose decision shall be final and binding on both parties.

17) Jurisdiction

The terms & conditions of the agreement shall be interpreted in Indian laws and shall be subject to the jurisdiction of Courts at Kochi, Kerala.

In witness where of the parties to this Agreement have hereunto signed their respective names and affixed their respective seals the date and the year first here in above written.

Signed, Sealed and delivered by

Sri.....

For and on behalf of the

1st Party, in presence of Witness

1.

2.

Signed, Sealed and delivered

by Sri.....

for and on behalf of the 2nd Party in the presence of witness

1.

2.

COIR BOARD
(Ministry of MSME, Govt. of India)
Kochi-16

.....

GENERAL INSTRUCTIONS TOWARDS IMPLEMENTATION OF SFURTI IN COIR SECTOR FOR COMPLIANCE BY NODAL AGENCY FIELD OFFICES (NAFO), IMPLEMENTING AGENCY (IA), TECHNICAL AGENCY (TA) & SPECIAL PURPOSE VEHICLE (SPV)

1. The “**Scheme of Fund for Regeneration of Traditional Industries**” also known as SFURTI 2nd phase implemented during the 12th Plan period shall be completed on or before 31.03.2017.
2. The Common Facility Centres (CFC) shall be established in each` cluster as approved by the NA and all assets created out of the Govt. grants received shall be in the name of NA. The grant amount would be utilized only for the purpose for which it is released and the funds shall not be diverted for any other industry, purpose, assignment or use under any circumstances.
3. The IA/SPV shall commence the work of setting up 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.
4. The SPV should open and maintain a corpus fund for the maintenance of the CFC. The user charges will go to the corpus.
5. In the case of civil constructions, the plan and estimate and valuation of the construction shall be approved by competent authorities like local PWD/Chartered Engineer/Local bodies like Panchayat/Municipality. Besides, a letter of consent should also be obtained from the Electricity Board (EB) for providing adequate power supply to the proposed unit. It shall be the responsibility of the Technical Agency to ensure that all the aspects connected with statutory clearances are complied in the cluster.
6. Payments in the case of civil constructions will be released only after inspection at different stages of construction by a team headed by NAFO official and consisting of the representatives of the IA and NA and based on their recommendations in writing. The payments should be regulated as follows:
 - Construction up to foundation level – not exceeding 20% of the contracted cost.
 - Construction up to roof level – not exceeding 40% of the total contracted cost.
 - 35% will be released on completion of the remaining works and
 - 5% will be released on completion of construction of the building and on production of valuation certificate and proof of joint insurance assigning Board’s share and SPV share in the building.

Reports in this regard from time to time together with a copy of the recommendations of the Inspection team will be given by the IA to the NA through the NAFO.

7. While procuring machinery, equipments, goods and services required for setting up of the cluster, the SPV/IA has to follow the Government of India procedures and formalities, the CVC guidelines etc. from time to time. Agreements and integrity pacts have to be signed by the suppliers/service providers wherever required.
8. While resorting procurement of machinery and equipments, the performance and quality standards have to be given paramount importance. The two cover tender system should be followed in all cases of purchase of machinery, equipments, services etc. 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 only the tenderers who qualify the technical bid should only be opened and the lowest acceptable rates will be recommended for placement of orders. The machinery suppliers identified shall enter an agreement with SPV/IA to ensure the defined specifications, production, trouble free operation, training the workers, SPV members etc. along with one year performance guarantee for plant and machinery are complied with by them, in all respects.
9. A tender opening committee shall be constituted with the head of office of the NAFO concerned as Chairman, for the procurement of machineries, goods and services wherein CDE and representatives of IA &TA will act as members. An official from CCRI/CICT not below the rank of ESO/Scientific Assistant may also be included in the committee as member. The committee shall evaluate the purchase procedures and also ascertain that the procurement of goods are in compliance with rules of Govt. of India. If the total number of bids obtained are not sufficient enough to make the evaluation process, extension of time limit for submission of bids may be resorted to. Under inescapable circumstances, identification of supplier may be made on the basis of available bids after repeated efforts. Before doing so, the ascertainment of reasonableness of amount quoted with reference to the technical specifications, the justifications for doing so etc. shall be ensured and recorded by the tender opening committee. CCRI/CICT may be consulted wherever required, for finalizing bids.
10. In case of machinery purchases, payment may be as follows:
 - Payment of advance along with firm order should be discouraged. However in inevitable cases advances up to 40% can be released against Bank Guarantee in its acceptable form for equal amount, which may be decided by the I.A. in consultation with the Technical Agency.
 - Up to 60% of the cost of the machinery may be released once the full set of machinery ordered is landed in the CFCs.
 - Out of the balance 40%, 35% cost of the machinery may be released on installation and successful trial run; and

- The balance 5% may be released after successful running of the unit and production of insurance policy. A certificate in this regard has also to be given by the I.A. to the NA.
 - Care must be taken to ensure that the supplier/vendor/manufacturer etc. as the case may be is capable of providing aftersales services/maintenance (AMC) spares and the same has been duly confirmed by them in writing.
11. On production of documents in proof of purchase and installation of machineries in the cluster, the NAFO shall arrange the release of the amount for the expenditure incurred thereof, directly to the suppliers on getting recommendations from TA & IA.
 12. The maintenance of the CFC shall be the responsibility of the SPV and NA shall not provide any funds for that purpose. The SPV shall develop and sustain the cluster after the project implementation period is over.
 13. **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:
 - Chief functionary of the IA – Convener
 - Representative of a Nationalized bank operating in the area preferably from the Bank through the SPV operates its fund
 - 3 artisans nominated by the IA (including at least one woman) on annual rotation basis, re-nomination may not be allowed in five years
 - Representative of the NAFO
 - GM, DIC or his representative/nominee

The Working Committee should meet at least once in a month to review the progress of the CFC and decide about the user charges once it setup. The Committee may decide *interalia* the user charges to be levied for availing the facilities of the Common Facility Centre.
 14. The NAFO should convene quarterly meeting with all Implementing Agencies/CDE and TAs under their Jurisdiction and report progress/shortfalls of each cluster to NAHQ.
 15. The Technical Agency (TA) in their quarterly reports to the Nodal Agency, in the prescribed format (Table 8) with a copy to NAFO, will specifically mention the shortfalls, if any, in achievement of defined target /objectives in the cluster.
 16. The NAFO shall mark a copy of all letters addressed to IA, TA & CDE to NA and vice-versa by the IA, TA and CDE for information by the IA.
 17. The Technical Agency shall make visit to the clusters for giving technical support for proper and speedy implementation of the scheme once in a fortnight and should submit report to Nodal Agency in the prescribed format (tool 4).

18. The TA cost as negotiated and approved by the NA and earmarked for each cluster will be released in 4 installments as laid down in clause 9 of the agreement signed by NA and TA after getting the utilization certificate, certified statement of account and report on the progress of activities. The TA shall be bound to discharge all its responsibilities and comply with the guidelines, as well as terms and conditions in the agreement signed by them.
19. Income tax, other taxes and statutory deductions, if any from time to time shall be deducted at source while releasing payment. The tax deducted will be immediately remitted in the TAN of the payer and certificate of deduction of tax issued in due course. The applicability of service tax will be taken care of by the IA and the SPV, in consultation with the TA.
20. 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.
21. The SFURTI interventions like Common Facility Centre, Capacity Building measures, Market Promotional Assistance and Product Development & Design Interventions from time to time may be taken up by IA with the concurrence/approval of working committee and recommendation of TA with validation by NAFO. The NAFO shall send the validated proposals to NA for approval and the amount allocated by NA for those purposes will be released to IA.
22. The TA/DA of Coir Board officials incurring in connection with SFURTI and expenditure for conducting Review meetings of SFURTI, consumables like stationery etc. to be met from the head "SFURTI ADMINISTRATIVE FUND".
23. The NAFO shall be given TA/DA advance of Rs.10,000/- for each cluster on recurring basis from the head "**SFURTI ADMINISTRATIVE FUND**" for undertaking tour to SFURTI coir clusters for implementation of the Scheme. The advance sanctioned shall be settled before 31st March each year. Such advances shall not be utilized for any purpose other than SFURTI programme.
24. The Implementing Agency (IA) shall recruit and engage a full-time Cluster Development Executive (CDE) in order to ensure efficient implementation of the project. Selection of CDE must be made from 3 options viz. (i) a local capable & strongly acceptable CDE from among the beneficiary group, (ii) grooming of an existing person from the group to become a good CDE and (iii) an externally recruited CDE. Additional qualification, experience and expertise to be considered while selection of the CDE in line with the requirements of the project deliverables. The engagement of CDE will be made in consultation with TA.
25. The IA cost shall be released every quarter by the Nodal Agency based on the requirements from time to time after getting the Utilization Certificate-GFR 19-A of the previous releases, Statement of Accounts of utilization of fund and quarterly/monthly reports with proper recommendation of NAFO.

26. The Implementing Agency (IA) cost provided in the Scheme shall be utilized for the following purposes.

- a) Conduct meetings with Working Committee members etc. fortnightly at IA's office (the amount for one person for the meeting shall not exceed Rs.200/-)
- b) TA/DA of the functionaries for the travel connected with the cluster development according to their eligibility. The TA/DA rules and regulations of the Central Govt. will be applied for reckoning the eligibility/entitlement.
- c) TA/DA of Cluster Development Executive for attending training, seminars, meetings outside the cluster shall be paid TA/DA as per the eligibility of Group 'B' officials in Govt. of India.
- d) Procurement and installation of one computer/laptop with printer and internet facility after following due purchase procedures at a cost not exceeding Rs.50,000/-and the internet lease charges. The computer and the furniture shall be the property of the SPV and taken to their stock records. The annual maintenance of the system and the cost thereof will be the responsibility of the IA and SPV.

27. If the Implementing Agency desires to change the Cluster Development Executive of the cluster it should be done with the approval of Nodal Agency and training cost of the new CDE if any, at Coir Board/Technical Agency have to be met from IA cost.

28. Under the CDE cost, the monthly remuneration of CDE is fixed as Rs.18,000/-with yearly increment of Rs.1000/- for each completed year of engagement. The following amount will also be paid to the CDE in addition to salary for travel inside the cluster and communication by IA.

a)	Local Mobility Expenses	Upto Rs.1000/- p.m. (as reimbursement on production of bills/vouchers)
b)	Expenses for correspondence/communication	Upto Rs.500/- p.m. (as reimbursement on production of bills/vouchers)

29. If the CDE is a Government/Federation/PSU/Corporation sponsored official, there will be no provision for CDE salary. They are eligible to draw TA/DA for the tours connected with the cluster development as per their eligibility and the expenses for communication.

30. The CDE cost will be released by the NA to IA from the IA cost quarterly according to their performance report and tour diary. The CDE should also submit their report in the prescribed formats (Table 1,2,3,4,5) to the IA and TA with a copy to NAFO & NA. The CDE should reside inside the cluster.

31. In case of an external person is chosen as the CDE, a capable local person may be made the deputy to the CDE so that he is groomed to take up the responsibility once the regular CDE leaves the cluster after financial support is stopped.
32. No TA/DA will be admissible from the project funds to any person other than the functionaries engaged for the specified purposes under the Scheme for the cluster development.
33. All payments utilizing the project funds including CDE remuneration should be made through bank accounts in NEFT/RTGS mode.
34. The IA shall implement various interventions as outlined in the approved DPR and shall undertake procurement of goods and services and appointment of contractors, as and when required, in a fair and transparent manner after following the Govt. of India rules and regulations.
35. The IA will enter into an agreement with the Nodal Agency (NA) for timely completion on cluster intervention and proper and timely utilization of Government Grants.
36. The IA shall undertake Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model. The IA may levy service charges for utilization of Common Facility Centre's assets at the rates fixed in consultation with Coir Board. The services of the Common Facility Centre shall be made available also to all those agencies/ artisans/entrepreneurs whomsoever working in the coir sector.
37. The IA will be responsible for furnishing Utilization Certificates (UCs) to NA from time to time in respect of the funds released and regular Progress Reports to Nodal Agency in the prescribed formats. The Utilization Certificates (UC) and the annual statement of accounts certified by a C&AG empanelled Chartered Accountant and endorsed by Technical Agency and NAFO have to be forwarded to NA. The Utilization Certificates towards the fund utilized must be given in the prescribed form No. 19-A as per GFR along with Statement of Accounts.
38. The IA shall maintain separate and dedicated bank account in their name with a nationalized bank in the locality of the cluster, **jointly operated by their authorized signatory and president of SPV**, for utilization of the funds received from the NA for implementation of the hard interventions like setting up of CFC, civil works, procurement and installation of machinery and shall allow the auditors deputed by the Coir Board and/ or the representatives of the Coir Board/Ministry of MSME/A.G. to inspect and audit such accounts at any time. The Nodal Agency(NA) shall release to this account 75% of the project cost meant under Hard Interventions as grant amount in installments as per the guidelines approved by the Ministry on recommendation by NAFO only **if the SPV contributes 25% as its share for total hard intervention cost in lumpsum** into this joint account.
39. In addition to the above, the IA shall maintain another separate and dedicated account with a nationalized bank in their locality, in their name for remitting the IA & Soft Intervention costs received from the Nodal Agency (NA) and shall allow the auditors deputed by the NA and/or the

representatives of the NA/ Ministry of MSME/A.G. to inspect and audit such accounts at any time.

40. In the event of project cost exceeding the estimate prepared, the IA/SPV has to remit the equity contribution of the extra amount to the dedicated bank account opened for the purpose. However, the escalations from the estimated cost shall be limited to the orders issued by the NA in this regard.
41. On obtaining final approval from the SSC, a sanction order will be issued by NA and 1st installment for the hard intervention will be released by the NA to the dedicated bank account opened in the name of the IA/SPV. 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 to IA for hard interventions:
- 1st installment of 40% of the total Hard Interventions Cost as advance on IA arranging land;
 - 2nd installment of another 40% on utilization of 2/3 of 1st installment; and
 - Balance 20% as 3rd and final installment, as reimbursement.
42. For the release of 1st installment of 40% of Total Hard Interventions Cost (wherein 25% will be the beneficiary contribution), the following parameters should be followed by IA with the due endorsement of TA. Compliance of these parameters should be ascertained by NAFO before effecting the payment to IA.

Checklist-I

- Obtaining of Registered lease deed for 15 years/Land registration certificate in the name of IA/SPV
- Obtaining of Bipartite Agreement between IA & NA
- Obtaining of NOC and necessary clearances from local bodies, PRI, Central Pollution Control Board etc.
- Obtaining of approved plan and estimates by Chartered Engineer
- Obtaining of Consent letter from Electricity Board for adequate power connection to run the proposed unit
- Collect the basic data from beneficiaries like contact address, mobile no., Aadhar no. etc.

Likewise, for the 2nd release of installment of another 40% of Total Hard Interventions Cost, the following parameters should be adopted:

Checklist-II

- Obtaining of Utilization Certificate (UC) by IA in the prescribed form of GFR 19-A, Govt. of India (proforma attached) for utilization of 2/3rd of 1st installment release, provided the UC should be accompanied by audited statements of accounts indicating the expenditure incurred on various items
- Obtaining of Stage Completion Certificate showing progress of completion of building from a Chartered Engineer
- Ensuring the enrollment of beneficiaries in Social Service Schemes mentioned in clause no. 4.3.1 as per the scheme guidelines
- Spot inspection by the NAFO on the progress of the implementation of the scheme and

recommend NA to release the 2nd installment. The NA may also directly depute a person to verify the progress of implementation, if found needed

The 3rd and final installment of remaining 20% will be utilized as working capital as per the guidelines and will be released as reimbursement subject to the following conditions.

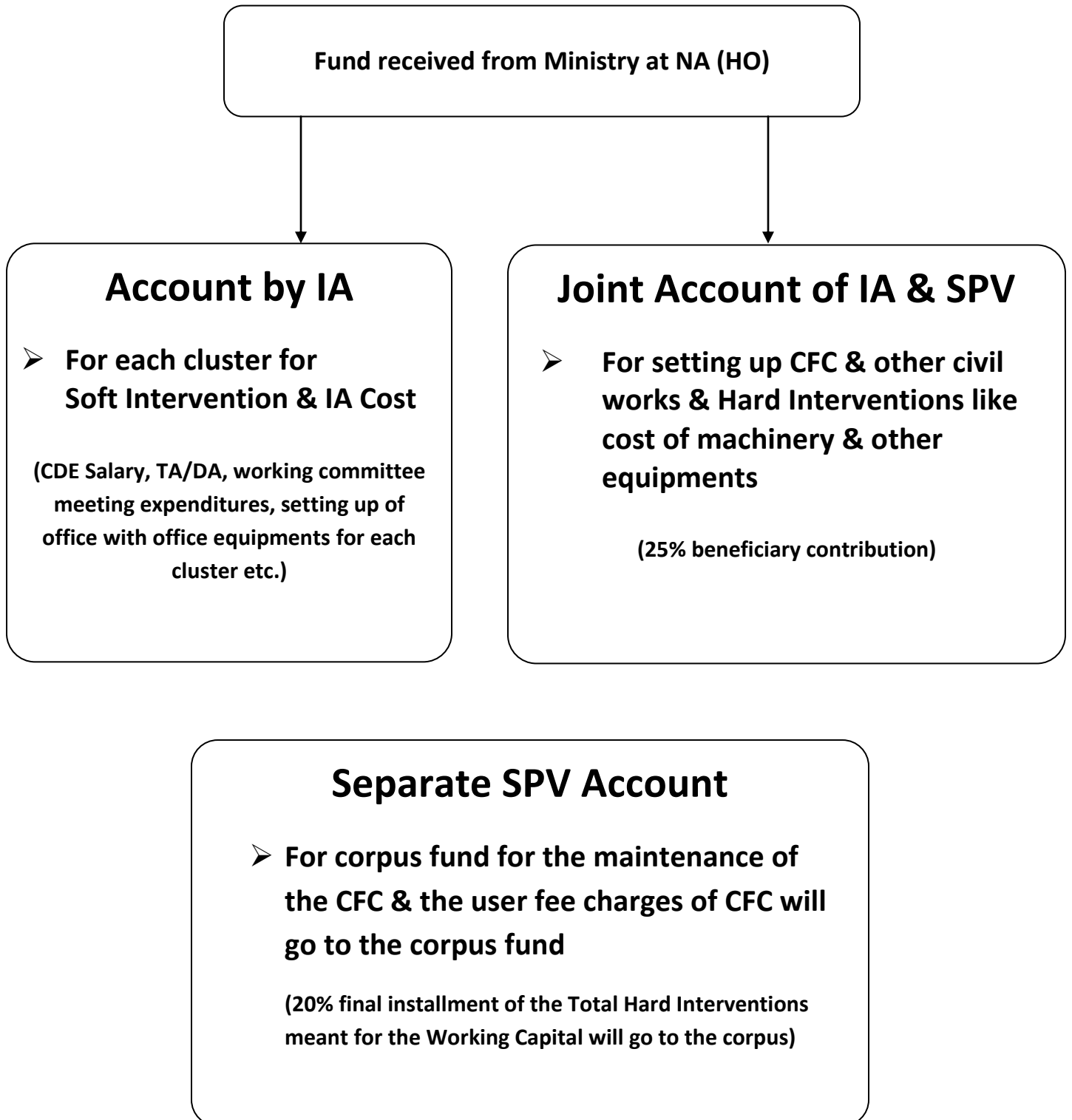
Checklist-III

- Obtaining of completion certificate showing the entire completion of building construction.
43. All the checklists specified above shall be examined thoroughly and endorsed by the TA and they will furnish a clearance certificate (proforma attached) while recommend the same to NAFO.
 44. All Soft Interventions should be carried out by the IA with direction of supervision of TA and the payment for the same shall be effected by Implementing Agency (IA) as specified in the DPR.
 45. The IA/SPV shall abide by the rules and regulations prescribed by the Ministry of MSME and shall bound to follow the operational guidelines of SFURTI and its amendments made from time to time.
 46. The IA shall set up and update a website for the cluster and facilitate the web based Project Management System (PMS) by Coir Board.
 47. The IA should open an office with all infrastructure and function in the cluster area. Moreover, IA should nominate one person in that office as office assistant for carrying out daily activities of the office premises.
 48. The Implementing Agency shall maintain separate registers for recording the details of the assets acquired out of the NA funds and the assets provided by the NA both movable and immovable and shall send periodic report of the same to the NA. The IA will physically verify the assets of each financial year and record the fact in the register. All the assets acquired out of the NA funds are the property of the NA and the IA shall not create any charge or encumbrance over the same and shall use the same only for the purpose for which it has been acquired.
 49. In the event of any misutilization of funds (like diversion for any other purpose other for which it is granted, misappropriation etc.), the IA shall be bound to refund the entire amount released to it by the NA along with interest and penal interest at the rates as may be decided by the NA.
 50. The IA will arrange for the credit requirements including working capital for activities within the cluster.
 51. The IA must submit monthly report (Tool 2) and quarterly report to the NAFOs as per the prescribed format (Table 6, 7A and 7B) with a copy to TA and NA during the last week of every month/quarter. The NAFOs must submit monthly report (Tool 4) and quarterly report (Table 9,10,11,12,13,14) to the Nodal Agency on or before 5th of every month/quarter.

52. At the end of the programme, IA shall prepare a comprehensive list of assets (movable and immovable) purchased/created out of project finances and ensure that they are handed over to NA, if so directed by the NA. The assets may also be handed over during period of programme depending upon the nature of the assets. Relevant copy of purchase or other documents, if any, connected with the purchase/acquisition should also be handed over by IA NA at the time of transfer, if so directed.
53. For any clarifications/information with regard to the specifications, marksmanship, productivity/output parameters etc. of the machinery/equipments to be sourced for the cluster, CCRI/CICT of the Board shall be consulted.
54. The Technical Agency for the cluster shall provide to the NAFO and IA all the vital inputs/information on the procedures and formalities to be followed on tendering, receipt of goods etc. while procuring goods and services required for the cluster.
55. All documents pertaining to the Sale Deed/Lease Deed etc. in respect of the land in which the CFC is setup, in vernacular shall be translated to English and authenticated by the Notary.
56. The agreements/contracts entered into by the NA/SPV with regard to the activities in the cluster shall be executed in Non judicial stamp worth of rates applicable to the respective states.
57. All the units set up under CFC have to be registered under ***Udyog Aadhar*** from respective District Industries Centre (DIC) of the concerned state. For more information about the Gazette Notification published thereon and details about registration procedures, the portal www.udyogaadhaar.gov.in may be visited.
58. As part of e-commerce initiatives, the IA/SPV should ensure that have registered with Coir Board as suppliers and they are bound to supply their whole manufactured products to the franchises registered under the Board.

.....

MODUS OPERANDI OF FUND UNDER SFURTI



1. TOOLS FOR CDE (TABLES 1,2,3,4,5)

CDE REPORTING STRUCTURE

To be submitted by	CDE
To be submitted to	IA
Frequency of preparation	Quarterly
Submission Deadline	7 days from end of the reporting day
Additional attachments	Nil

Table 1 : CDE Structure in Place: to be filled by CDE, Quarterly

CDE working in the cluster since (month & year)	
Is the CDE formally trained in CDP methodology	Yes/No
Is the CDE working full time for the cluster?	Yes/No
If no, list job responsibilities (other than SFURTI CDE work)	
CDE's TA & DA pending for how many months?	
CDE's salary pending for how many months?	
Number of work days spent in the cluster	
Number of work days spent outside in the cluster for cluster related activities	

Table 2 : CDE Structure is Working/Responsive; to be filled by CDE, Quarterly

Stakeholder confidence on CDE	1	2	3	4	5
Entrepreneurs suggest CDE activities					
Entrepreneurs invite CDE to their group meetings					
CDE welcomed to firms without prior appointment					
Local institutions invite CDE for their MSE related functions					
Institutions seek help of CDE in mobilizing firms					
CDE's ability to document					
CDE's ability to make presentations					

Score :1 = No, 2 = Sometimes, 3 = To a great extent, 4 = Mostly, 5 = Always

Table 3: Activity Review; to be filled by CDE, monthly

Sl. No.	Activity as per Action Plan approved by SSC	Time (Qtr.)	Outcome and actual No. Of Direct Beneficiary	Problems faced
1.				
2.				
15				
Sl.No	Unplanned Activity	Time(Qtr.)	Actual No. of Direct Beneficiary	Problems faced
1.				
2.				
3.				
4.				

Note: No more than 30% of the activities should be un-planned. Hence, 70% or more will be planned activities. Hence there are 15 planned (approved) and 4 activities which are un-planned.

Table 4: Output Review; to be filled by CDE, Quarterly

Inputs provided	Reponse	No. of families benefited	Of which SC/ST families
1. Purchase of Machinery			
Machinery identified	Yes/No		
Supplier identified	Yes/No		
Contribution of Stakeholders received	Yes/No		
Order placed and delivered	Yes/No		
In use	Yes/No		
2. Establishment of CFC	Yes/No		
CFC identified	Yes/No		
Land and building identified	Yes/No		
Machinery identified	Yes/No		
Bank Loan (if any) cleared	Yes/No		
Contribution of stakeholders received	Yes/No		
Order placed and delivered	Yes/No		
CFC working	Yes/No		
3. Design and product development support provided	Yes/No		
4. Market promotion assistance provided	Yes/No		
5. Exposure visits to other clusters & institutions undertaken	Yes/No		
6. Need based trainings provided	Yes/No		
7. Support for cluster level networks	Yes/No		
8. New BDS/BDS providers introduced	Yes/No		
9. Capability enhancing measures like health/literacy camps, insurance/pension schemes etc undertaken	Yes/No		

10. Total families benefited in the quarter (without overlap for the quarter)	NA		
11. Total cumulative families benefited (without overlap for the intervention period)	NA		
12. Any other remarks			

Table 5: Outcome Review- to be filled by CDE, Quarterly

Attributes (Outcome increase due to CDP)	Amounts/Number where applicable	No. of families benefited	Of which SC/ST
Turnover (Rs. lakh)			
Savings (Rs. lakh)			
Employment (No.)			
Average increase in number of days of work (for existing employment only)			
CFC created/revived			
Network created/revived			
Loan disbursed (Rs lakh)			
Improved Working Conditions	NA		
Reduced Migration	NA		
Total families benefited in the quarter (without overlap for the quarter)	NA		
Cumulative families benefited (without overlap for the intervention period)	NA		

2. TOOLS FOR IA (TABLES 6, 7A and 7B)

IA Reporting Structure

To be submitted by	IA
To be submitted to	NAFO
Copy and feedback on tables 1,2,3,4,5 from	TA
Frequency of preparation	Quarterly
Submission Deadline	15 days from end of the reporting period
Additional attachment tables	Table nos. 1,2,3,4,5

Table 6: IA Structure is in Place and Working; to be filled by IA, Quarterly

Name, Mobile Number, e-mail, highest qualification, years of experience in CDP	
Is the IA Representative formally trained in CDP?	Yes/No
Working committee meeting conducted for the quarter and Report available	Yes/No
Follow-up of Working Committee meeting done	Yes/No
Support CDE in Annual Plan preparation	Yes/No
Support CDE in creation of Consortium	Yes/No
Support CDE in organizing contribution of stakeholders for purchase of machinery and creation of CFC	Yes/No
Support CDE in implementation of CDP	Yes/No
Organize joint meeting of CDE, IA, TA once every quarter for review and filling of M&E format	Yes/No
Support CDE in conducting diagnostic studies, once during project	Yes/No

period	
Total number of days spent	
Any other remarks	

Table 7A: Fund Usage; to be filled by IA, quarterly

Sl. No.	Fund Usage of NA	Rs. lakh
1	Fund sanctioned during the financial year	
2	Fund disbursement during the financial year	
3	Expenditure during the financial year	
4	Expenditure during the current quarter	

Table 7B: Fund Usage; to be filled by IA, quarterly

Sl. No	Activity	Expenditure in Activities (Rupees)			
		NA	Other SI (Estimated)	Cluster (Estimated)	Total
1	CFC				
2	Design & product development support				
3	Market promotion assistance				
4.1	Exposure visits				
4.2	Need based trainings				
4.3	Support for cluster level networks				
4.4	Others (eg., capability enhancing measures undertaken (Health, literacy camps, insurance schemes etc.)				
Total					

3. TOOLS FOR TA (TABLE 8)

TA Reporting Structure

To be submitted by	TA
To be submitted to	NAHQ
Copy to	NAFO
Frequency of preparation	Quarterly
Additional Attachment	Nil
Submission Deadline	7 days from end of the reporting period

Table 8: TA Structure is in Place and Working: to be filled by TA, Quarterly

Name of TA representative, formally trained in CDP?	
Work days (full) spent in the cluster	
Work days (full) spent outside the cluster for cluster related work	
Inputs	
i & ii. Training of current CDE, IA representative, designated NAFO official in CDP	Yes/No
iii. Support towards conducting diagnostic studies	Yes/No
iv. Action Plan preparation for the current year	Yes/No
v. Action plan validation for the current year	Yes/No
vi. Guidance to enhance effectiveness in the areas of market linkage, design and product development, identification of CFC opportunity, credit capability	Yes/No
vii. Training to CDE & IA on issues of implementation in the cluster with inputs from NAFO for the quarter	Yes/No

viii. Support CDE and IA in filling up of M&E tables	Yes/No
ix. Identification/Linkage with BDS provider(s), Formation of Working Committee	Yes/No
x. Strengthening of cluster related association, society, network and IA. Participated in the Working Committee Meeting	Yes/No
xi. Participation in Working Committee Meeting	Yes/No
Total number of days spent	
Any other remarks	

4. TOOLS FOR NAFO (TABLES 9, 10, 11, 12, 13, 14)

NAFO Reporting Structure

To be submitted by	NAFO
To be submitted to	NAHQ
Frequency of preparation	Quarterly
Additional attachments	Nil
Submission Deadline	15 days from end of the reporting period

**Table 9: Overall Structure is in place and working; to be filled by NAFO, Quarterly for each cluster
(To be derived from Tables 1,2,6 and 8)**

Sl. No.	Name of the cluster- (Separate sheets for Khadi/Village and Coir Clusters)	Response	Gross Answer
1	Full time CDE is in place and formally trained in CDP	Yes/No	Yes/No
2	CDE remains in the cluster for around 15 days in one person-month (of 22 working days)	Yes/No	
3	CDE Salary and Allowances not pending for more than current month	Yes/No	
4	IA is formally trained and is in regular touch with CDE, NAFO and TA	Yes/No	Yes/No
5	TA is trained in CDP methodology	Yes/No	Yes/No
6	TA visits cluster at least once in 2 months for 2-3 days each and participates in quarterly evaluation meetings and Working Committee meeting	Yes/No	
7	TA provides guidance to enhance effectiveness in the areas of machinery purchase, establishment of CFC, design and product development, market promotion, exposure visits, BDS linkages, capability enhancing measures	Yes/No	Yes/No
8	Working Committee is constituted with all cluster stakeholder groups and meets regularly (at least quarterly) and minutes of the same available.	Yes/No	Yes/No

9	NAFO has designated one person from the office for overseeing cluster development and the person is formally trained and participates in Working Committee Meeting	Yes/No	Yes/No
---	---	--------	--------

Note: Gross answer is yes for each level if all sub-responses are yes and if Gross answer is yes for all, Overall Structure is in Place.

**Table 10: Overall Structure is in place and working - separately for Khadi and Village Industries Clusters by KVIC NAFO and that for coir clusters by Coir Board NAFO (for the state as a whole, quarterly)
(To be derived from Table 9)**

Levels	Number of clusters	Of which Clusters in the North East
CDE System working		
IA System working		
TA System working		
Working Committee system working		
NAFO system working		

**Table 11: Output Review – separately for Khadi and Village Industries clusters by KVIC NAFO and that for coir clusters by Coir Board NAFO
(for the state as a whole, quarterly)**

(To be derived from Table 3)

Inputs provided	Reponse	No. of families benefited	Of which SC/ST families
1. Purchase of Machinery			
Machinery identified	Yes/No		
Supplier identified	Yes/No		
Contribution of Stakeholders received	Yes/No		

Order placed and delivered	Yes/No		
In use	Yes/No		
2. Establishment of CFC	Yes/No		
CFC identified	Yes/No		
Land and building identified	Yes/No		
Machinery identified	Yes/No		
Bank Loan (if any) cleared	Yes/No		
Contribution of stakeholders received	Yes/No		
Order placed and delivered	Yes/No		
CFC is working	Yes/No		
3. Design and product development support provided	Yes/No		
4. Market promotion assistance provided	Yes/No		
5. Exposure visits to other clusters & institutions undertaken	Yes/No		
6. Need based trainings provided	Yes/No		
7. Support for cluster level networks	Yes/No		
8. New BDS/BDS providers introduced	Yes/No		
9. Capability enhancing measures like health/literacy camps, insurance/pension schemes etc undertaken	Yes/No		
10. Total families benefited in the quarter (without overlap for the quarter)	NA		
11. Total cumulative families benefited (without overlap for the intervention period)	NA		

Table 12: Outcome Review- separately for Khadi and Village Industries clusters by KVIC NAFO and that for coir clusters by Coir Board NAFO (for the state as a whole, quarterly)

(To be derived from Table 5)

Attributes (Outcomes increase due to CDP)	Amounts/Number where applicable	No. of Families benefitted	Of which SC/ST
Turnover (Rs. lakh)			
Savings (Rs. lakh)			
Employment (No.)			
Range of average wage increase (Rs.)			
Range of increase in number of days of work (for existing employment only)			
CFC created/revived			
Network created/revived			
Loan disbursed (Rs. lakh)			
Improved Working conditions (no. of clusters)			
Reduced Migration (no. of clusters)			
Total families benefitted in the quarter (without overlap for the quarter)	NA		
Cumulative families benefitted (without overlap for the intervention period)			

Table 13: Find Leverage – separately for Khadi and Village Industries clusters by KVIC NAFO and that for coir clusters by Coir Board (for the state as a whole, quarterly)

(To be derived from Table 7B)

Sl. No.	Amount Spent (Rs. Lakhs)			
	Nodal Agency	Cluster Stakeholders	Support Institutions	Total
Qtr 1				
Qtr 2				
Qtr 3				
Qtr 4				
Total (for the year)				

**Table 14 : Financial Usage - separately for Khadi and Village Industries clusters by KVIC NAFO and that for coir clusters by Coir Board
(for the state as a whole, Quarterly)**

Activities	Sanctioned Amount (Rs. Lakh)	Disbursed Amount (Rs Lakh)	Utilization Amount (Rs Lakh)
CFC			
Design & product development support			
Market promotion assistance			
Exposure visits			
Need based trainings			
Support for cluster level networks			
Others (eg. Capability enhancing measures undertaken (Health, literacy camps, insurance schemes etc.))			
Total			

5. TOOLS FOR NAHQ (TABLES 15, 16, 17, 18, 19)

NAHQ Reporting Structure

To be submitted by	NAHQ
To be submitted to	SSC
Frequency of preparation	Quarterly
Additional attachments	Nil
Submission Deadline	30 days from end of the reporting period

Table 15: Collation of Systemic Review - separately for Khadi and Village Industries clusters by KVIC HQ and that for coir clusters by Coir Board HQ, Quarterly

(To be derived from Table 10)

Levels	Number of clusters	Of which Clusters in the North East
CDE system working		
IA System working		
TA System working		
Working Committee working		
NAFO system working		

Table 16: Output Review - separately for Khadi and Village Industries clusters by KVIC HQ and that for coir clusters by Coir Board HQ (for the 6 regions as a whole, quarterly)

(To be derived from Table 11)

Inputs provided	No. of clusters	No. of families benefited	Of which SC/ST families
1. Purchase of Machinery			
Machinery identified			
Supplier identified			
Contribution of Stakeholders received			
Order placed and delivered			
In use			
2. Establishment of CFC			
CFC identified			
Land and building identified			
Machinery identified			
Bank Loan (if any) cleared			
Contribution of Stakeholders received			
Order placed and delivered			
CFC working			
3. Design and product development support provided			
4. Market promotion assistance provided			
5. Exposure visits to other clusters & institutions undertaken			

6. Need based trainings provided			
7. Support for cluster level networks			
8. New BDS/BDS providers introduced			
9. Capability enhancing measures like health/literacy camps, insurance/pension schemes etc. undertaken			
10. Total families benefited in the quarter (without overlap for the quarter)	NA		
11. Cumulative families benefited (without overlap for the intervention period)	NA		

Table 17: Outcome Review - separately for Khadi and Village Industries clusters by KVIC HQ and that for coir clusters by Coir Board HQ (for the 6 regions as a whole, quarterly)

(To be derived from Table 12)

Attributes (Outcome increase due to CDP)	Amounts/Number where applicable	No. of Families benefited	Of which SC/ST
Turnover (Rs. lakh)			
Savings (Rs. lakh)			
Employment (No.)			
Range of average wage increase (Rs.)			
Range of increase in number of days of work (for existing employment only)			
CFC created/revived			
Network created/revived			

Loan disbursed (Rs. lakh)			
Improved Working conditions (no. of clusters)			
Reduced Migration (no. of clusters)			
Total families benefited in the quarter(without overlap for the quarter)	NA		
Cumulative families benefited (without overlap for the intervention period)	NA		

**Table 18: Fund Leverage - separately for Khadi and Village Industries clusters by KVIC HQ and that for coir clusters by Coir Board HQ (for the 6 regions as a whole, quarterly)
(To be derived from Table 13)**

Sl. No.	Amount Spent (Rs. lakhs)			
	Nodal Agency	Cluster Stakeholders	Support Institutions	Total
Qtr 1				
Qtr2				
Qtr3				
Qtr4				
Total (for the year)				

**Table 19: Financial Usage - separately for Khadi and Village Industries clusters by KVIC and that of coir clusters by Coir Board HQ (for the 6 regions as a whole, quarterly)
(To be derived from Table 14)**

(Rs. lakh)

Activities	Budget Sanctioned	Fund disbursed	Fund Utilized	North East
CFC				
Design & product				

development support				
Market promotion assistance				
Exposure visits				
Need based trainings				
Support for cluster level networks				
Others (eg. capability enhancing measures undertaken (Health, literacy camps, insurance schemes etc.)				
Total				

PROFORMA - MONTHLY PROGRESS REPORT

To be submitted by : IA
 To submit to : NA & NAFO
 Prepared for : Every month
 Submission dead line : Last week of every month

Progress report from the month of

1	Name of cluster		
2	Name of IA, Contact person & Contact No.		
3	Name of CDE and contact no.		
		Reporting Month(Rs.)	Total Amount (Rs.)
4.	Amount Received from Nodal Agency		
	i. CDE Cost		
	ii. IA Cost		
	iii. Core/Complimentary activities		
	Total		
5.	Utilization Certificate submitted to NAFO		
	Visits	Reporting Month (Nos.)	Total (Nos.)
	No. of TAs visits (No. of days)		
	No. of IAs visits(No. of days)		
	Working Committee Meetings held		
	Details of Programmes*		
6.	No. of Awareness Programmes Conducted (No. of participants)		
7.	No. of Exposure visit conducted (No. of participants)		

	No. of EDPs conducted		
		Reporting Month	Status of completion of activities
8.	CFCs started(Give the activity) &Status		
9.			
10.	Product Development & Design Intervention		

Details in bracket to be furnished in Bracket.

* Details of programmes may be included in the list according to the cluster action plan and programmes conducted. A summary of activities conducted and Statement of Account upto reporting month may also be enclosed.

Signature, Name of IA & Date

NA-Nodal Agency (Coir Board), TA-Technical Agency, IA-Implementing Agency, CDE-Cluster Development Executive, NAFO-Nodal Agency Field Officer, CFC- Common Facility Centre, EDP-Entrepreneurship Development Programme

DETAILS OF FUND UTILIZATION (Rs. in Lakhs) up to 20.....

Name of the Cluster:

Sl. No	Head of Account	Fund earmarked as per the Action plan	Fund received from HO	Fund released to IA	Fund Utilized by the Cluster	Balance Fund		
						With NAFO	With IA	Total
1	Soft Interventions (SI)							
	i. Skill trainings							
	ii. Capacity building							
	iii. Design development							
	iv. Market promotion							
	v. Other heads under SI, if any (mention the name)							
2	Hard Interventions (HI)							
	i. Common Facility Centres (CFCs)							
	ii. Raw material banks (RMBs)							
	iii. Training Centres							
	iv. Other heads under HI, if any (mention the name)							
3	TA cost							
4	IA/CDE cost							
	Total							

PROFORMA FOR CLEARANCE CERTIFICATE ISSUED BY TA/NAFO FOR RELEASE OF INSTALLMENTS OF FUNDS TOWARDS SOFT/HARD INTERVENTIONS

DECLARATION

I....., the(Designation) of (name of Technical Agency/Nodal Agency Field Officer) of(name of cluster) in(name of State) do hereby solemnly affirm that all the documents submitted by the IA/SPV, as stipulated in the revised Scheme Guidelines approved by Ministry of MSME and Executive Instructions issued by Coir Board, are genuine to the best of my knowledge and belief and they have been verified in all aspects and I hereby recommend NA to release the first/second/third installment (strike out whichever not applicable) release of the funds ie, Rs.....(in figures) (.....) (in words) towards Soft/Hard Interventions (strike out whichever not applicable) under the 2nd phase implementation of SFURTI.

.....
(Place)

.....
(Signature)

.....
(Date)

.....
(Name)

PROFORMA FOR UTILIZATION CERTIFICATE (UC) TO BE PROVIDED BY IMPLEMENTING AGENCY

Letter No:.....

Date:.....

20... -

FORM GFR 19-A
[See Rule 212(1)]
Utilization Certificate

Sl. No.	Ministry's Letter No. & Date	Amount (Rs.)	
		<p align="center">----- =====</p>	<p>Certified that out of `of grants-in-aid sanctioned during the year 20.. - .. in favour of Coir Board under the Ministry of Micro, Small and Medium Enterprises letter No. given in the margin and `..... lakhs on account of unspent balance of the previous year, a sum of `..... lakhs has been utilized for the purpose of for which it was sanctioned ieand the balance of `..... lakhs remaining unutilized at the end of the year has been surrendered to Coir Board HQ (Vide No. , dated.....)/will be adjusted towards the grants in aid payable during the next financial year.</p> <p>Certified that the quantified and qualitative targets have been achieved against funds utilized during the year 2014-15.</p>

2. Certified that I have satisfied myself that the conditions on which the Grants-in-aid sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that money was actually utilized for the purpose for which it was sanctioned.

Kinds of Checks exercised

1. The expenditure of Coir Board is within the Sanctioned Budget estimates.
2. The final accounts are audited by the C & AG of India on annual basis.
3. The Coir Board furnishes the Government, copies of Audit Reports together with the final accounts with the Audit Certificate fulfilling the conditions that the grant-in-aid released to Coir Board are properly utilized.
4. The fund released to Coir Board is kept in the accounts with Nationalized Banks.
5. Funds are released to incur expenditure on sanction from the competent authority and in accordance with the existing Rules, Orders and Procedures prescribed by the Government.

Signature:

Designation:

Date

Frequently Asked Questions (FAQ)

1. What is SFURTI?

To make 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. Pursuant to this announcement, a Central Sector Scheme titled the “Scheme of Fund for Regeneration of Traditional Industries (SFURTI)” was launched.

2. Why the SFURTI has been re-named as Revamped SFURTI?

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. Therefore, the Revamped SFURTI framed accordingly which intensify the sustainability of the programme beyond the project period through creation of Special Purpose Vehicle (SPV) or deemed SPV. Further, the revamped guideline has added many new features for all round development of SFURTI clusters.

3. What are the objectives of Revamped SFURTI?

As per the Revamped SFURTI guidelines notified on 01/08/2014 by Government of India, the objectives are as under:

- 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.

4. What is the financial assistance allowed under Revamped SFURTI?

The financial assistance provided for Revamped SFURTI shall be as under in various categories:

Type of Clusters	Budget Limit per cluster
Heritage (1000 to 2500 artisans)	Rs. 8.00 crore
Major (500 to 1000 artisans)	Rs. 3.00 crore
Heritage (150 to 500 artisans)	Rs. 1.50 crore

The cost of project shall include hard interventions and soft interventions. 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.

5. What is the duration of Project?

The time frame for implementation of Project will be 3 years.

6. What the activities covered under Soft Intervention?

Soft Interventions under the project would consist of activities such as

- General Awareness, counseling, motivation and Trust building
- Skill development and Capacity Building
- Institutional development
- Exposure visits
- Market Promotion initiatives
- Design and Product Development
- Participation in seminars, workshops and training programmes on technology up-gradations, etc.

7. What the facilities covered under Hard Intervention?

Hard interventions will include creation of following facilities

- Creation of Common Facility Centres (CFCs)
- Raw Material Banks (RMBs)
- Up-gradation of Production Infrastructure
- Tools and Technological up-gradation such as Charkha up-gradation, tool-kits distribution, etc
- Warehousing Facility
- Training Centre

- Value addition and processing centre

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

7. How much financial assistance (Government subsidy) is applicable and required own contribution by I.A.?

#	Project Intervention	Scheme Funding	Financial Limit	IA Share
A	Cluster Interventions	-		-
A1	Soft Interventions including skill training, capacity building, design development	100%	Subject to maximum 33% of A (Total cost of cluster interventions both hard and soft interventions) or Rs.25 lakhs, 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)	Nil
C	Cost [#] of IA/SPV	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.

9. Whether the working capital will be provided?
Yes 20% of hard intervention cost will be utilized towards Working Capital corpus.

10. Whether the cost of land is included in the project cost?
No. Land should be owned by I.A.

11. Who can play the role of Implementing Agencies (I.A.)?

Implementing Agencies(IAs) would be non-Governmental Organisations (NGOs), Institutions of the Central and State Governments and Semi-Government Institutions, field functionaries of State & Central Government Panchayati Raj Institutions (PRIs), etc 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.

12. Can implementing agencies take up more than one traditional industry?

No. One IA may normally be assigned only one cluster (unless it is an agency with State-wide coverage).

13. Whether existing PMEGP units can take up the Revamped SFURTI as Implementing Agency?

No. Individual & Entrepreneurs of PMEGP beneficiaries are not eligible. However, the PMEGP units established by the NGOs can take up the Project under Revamped SFURTI if fulfill the criteria prescribed by N.A. as per the Revamped SFURTI guidelines.

14. Whether Educational/Academic/Training Institutions can play the role of
Implementing Agency?

Educational/Academic/Training Institutions are eligible if fulfill the criteria prescribed by N.A. as per the Revamped SFURTI guidelines.

15. Who can play the role of Technical Agencies (T.A.)?

Established national/ regional level institutions, with proven expertise in artisanal and small enterprise cluster development shall be empanelled as Technical Agencies by Nodal Agency (N.A.) only can play the role of Technical Agency (T.A).

16. What is the definition of “Traditional Industry”?

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.

17. What is Coir?

Coir is generally referred to as “Golden Fibre”, which is a bye-product of coconut, extracted from the coconut husk.

18. Whether formation of Special Purpose Vehicle (SPV) is mandatory? What is the purpose of SPV?

Yes. 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:

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

19. Whether artisans shall be the members of SPV?

Yes. At least 33% of Artisans shall be members of SPV

20. What is the CFC?

Common Facility Centre (CFC) is one of the Components in Hard Intervention where which artisans can utilize the machineries installed thereon and manufacture coir based value added products. CFC can also be used as a warehouse for storing and maintaining finished products.

21. Who will market the products produced by Artisans?

Implementing Agency (IA) will support for marketing of the products produced by Artisans. IA may have its own Sales outlets also.

Glossary

- 1. CDE- Cluster Development Agent**
- 2. CDP- Cluster Development Programme**
- 3. CFC- Common Facility Centre**
- 4. M&E- Monitoring and Evaluation**
- 5. NAHQ- Nodal Agency Head Quarters**
- 6. NAFO- Nodal Agency Field Office**
- 7. IA- Implementing Agency**
- 8. SI- Support Institution**
- 9. SC/ST- Scheduled Caste/ Scheduled Tribe**
- 10. SSC- Scheme Steering Committee**
- 11. TA- Technical Agency**
- 12. UC- Utilization Certificate**

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