

REVISED OPERATIONAL GUIDELINES FOR
COIR INDUSTRY TECHNOLOGY UPGRADATION SCHEME (CITUS) UNDER COIR VIKAS YOJANA

1. Short Title:

The component shall be called Coir Industry Technology Upgradation Scheme (CITUS).

2. Objective:

The objectives of this component are:

- To provide modern infrastructure facilities to the production units resulting in improvement of productivity and quality.
- To support the establishment of new 'State-of-the-Art' Coir Processing Units.
- To spread the industry to potential areas.
- To promote enhanced utilization of available raw material.
- To create more employment opportunities, especially for women in rural areas.
- To attract new generation entrepreneurs to the industry.
- To modernise the existing coir units.
- To promote the development and installation of information technology including Enterprise Resource Planning (ERP).
- To support the production of high value customer-oriented products.
- To make the Coir Industry integrated and competitive with modern technologies.
- To facilitate the adoption of eco-friendly production techniques.
- To achieve the target of a pollution-free coir industry with technological advancements.

3. Nodal Agency:

3.1 Coir Board, Kochi, will be the Nodal Agency for implementation of CITUS. The component will be implemented through the Regional/Sub-regional offices of Coir Board. Technical interventions, wherever necessary, will be provided by Central Coir Research Institute (CCRI), Kalavoor, and Central Institute of Coir Technology (CICT), Bangalore, and other institutes engaged in the development and promotion of coir industry.



3.2 The applications for assistance under the component will be invited by Coir Board, at periodic intervals, by releasing All-India advertisement with particular emphasis on coconut producing regions. Publicity through all other sorts like web-based electronic & IT tools etc., shall also be undertaken. The component will be popularized through State/UT Governments, Industrial associations etc.

3.3 The applicant/beneficiary units, seeking assistance under this component, shall file applications online with all relevant details/documents.

4. Interventions under the component:

4.1 Assistance under the component will be available to entrepreneurs in the categories of SHGs, Associations, Enterprises from small/medium/co-operative/public sector, interested in production of value-added coir/coir blended items, where coir is the dominant fibre, by setting up new unit or adding to the existing capacity, subject to investment only in new Plant and Machinery. Single unit/enterprise will not be allowed for grant of assistance under this Scheme. No applications from those units exceeding the investment limits prescribed for medium scale enterprises in the MSME Act, from time to time, shall be considered for grant of assistance under this component.

4.2 All eligible Coir units under the component will be entitled to get financial assistance for procurement of eligible Plant and Machinery for modernisation, upgradation and/or establishing a new unit on making an application in the prescribed format for the purpose. The financial assistance shall be 25% of the cost of admissible items of Plant and Machinery procured by the Coir units. The upper ceiling of the financial assistance will be Rs. 2.50 crore per coir unit/project.

4.3 The financial assistance will be payable only in Indian Rupees in India through Direct Benefit Transfer (DBT) mode and Public Finance Management System (PFMS) as reimbursement of the amount invested. The amount will be released after the Coir Unit installs



the appropriate/approved Plant and Machinery and commences its operation. The applicant unit will be at liberty to procure the Plant and Machinery from out of the loan amount from any financial institution/bank/leasing company or from own resources.

5. Eligibility:

All newly established coir production/processing units (*under categories mentioned in para 4.1 above*) will be eligible to apply for financial assistance. All coir production/processing units registered with Coir Board under Coir Industry (Registration) Rules, 2008, and having Udyog Aadhar are eligible to apply for financial assistance for modernisation under this scheme. The units which has applied for assistance under this component will have to complete 5 years of successful operation before applying for assistance under modernisation.

The details are as follows:

- i) Financial assistance under this component will be extended to entire coir sector of the country. The project cost of the units applying for financial assistance shall be within the investment limits prescribed for Small and Medium Enterprises under the MSME Act from time to time.
- ii) The equipment and machinery/motors eligible for assistance under the scheme shall not be below the standards prescribed from time to time by BIS.
- iii) The ceiling of prices of different items of machinery will be fixed and reviewed periodically by a five-member Technical Committee (TC), consisting of three senior officers and two representatives from trade, constituted by Chairman, Coir Board, from time to time, after making a fair assessment of probable cost of all components used in the production of equipment and machinery. As the cost of equipment and machinery tends to change, and additional developments/innovations in machinery/technology are possible, this list will be updated periodically by the TC.



- iv) The machinery/equipment procured should be as per the standards prescribed by the BIS, and can be sourced from open market at the option/choice of entrepreneurs with valid receipts/invoice with GST number. Machinery can also be imported for setting up high-tech coir processing unit for which the beneficiary unit shall substantiate the reason for import of machinery.
- v) The machinery suppliers will have to give a 'performance guarantee' for a period of at least two years to the beneficiaries and copy to be provided while availing the incentive under the scheme. In the case of imported machinery, the units shall produce the invoice, shipping bill etc. certified by Customs Authorities/DGFT/Banks with performance certificate from the supplier.
- vi) In respect of projects for modernization, the cost of new machinery/equipment/power generators/material handling equipment/conveyors etc. installed/procured will only be taken for arriving at the project cost for calculation of the amount of financial assistance.
- vii) The financial assistance under this component will be available to entrepreneurs who have not availed any Central Government subsidy under PMEGP, CUY, DPI, TUF etc. for the same purpose. An undertaking to the effect that the applicant has neither applied for nor availed of assistance under these programmes/components will have to be furnished while applying for assistance.
- viii) If original documents are pledged with banks, the copies, duly attested by the Manager of the bank, have to be submitted with the application for the assistance.

6. Appraisal and Approval:

- i. The application, with all relevant documents and Detailed Project Report (DPR), shall be filed online. The Regional Officer/Sub Regional Officer of the Coir Board will conduct



on-the-spot inspection of the unit, will verify all the documents, assess the quantum of financial assistance required and recommend those cases, complete in all respects, to Coir Board Head Quarters online for obtaining sanction from the Competent Authority. Applications for financial assistance will be duly examined by the above-mentioned officers to ascertain whether the requirements have been duly complied with, and the acceptance/rejection of the application will be communicated to the applicant within 15 days from the date of receipt of the application. In case of rejection, detailed reason (s) thereof shall be communicated to the applicant.

- ii. Project Screening Committee (PSC): The DPRs of applications seeking financial assistance, recommended by the Regional/Sub Regional Officers of the Board, shall be placed before a *Project Screening Committee (PSC)* headed by Chairperson, Coir Board. The PSC shall have representatives from the CCRI and CICT of the Board, subject experts and representatives from the industry. This Committee will examine each proposal in the light of the scheme guidelines for its technical feasibility, financial viability, sustainability etc. for making recommendation either for accepting or rejecting the proposals. The PSC will meet at least once in three months.
- iii. Scheme Steering Committee (SSC): The cases recommended by PSC shall be placed before the Scheme Steering Committee (SSC), chaired by Secretary (MSME), to be constituted by the Ministry of MSME, Government of India. The SSC shall have AS&FA or a representative, Principal Advisor, PAMD, Niti Aayog, Chairman, Coir Board, Secretary, Coir Board, representatives of Indian Banks' Association (IBA) and NABARD, 2 Coir Experts, JS, DONER and JS (ARI), MSME.
- iv. The SSC will consider the proposals received from PSC and will extend its in-principal approval to the projects considered suitable by the SSC. A period of six months will be allowed to arrange finance and purchase plant and machinery etc. Based on the progress made, the SSC will accord final approval for sanctioning financial assistance.



- v. Even though scrutiny of the applications will be made on first come first served basis, subject to receipt of proper documents, the criteria adopted for selection of beneficiary shall be purely on merit and the rankings given by the SSC. The units with greater number of member enterprises would be given priority.

7. Procurement/Cost of Machinery under the Scheme:

- 7.1 All plant and machinery/equipment required for setting up the coir processing unit shall be of BIS/Coir Board standard specifications prescribed from time to time and shall be of reputed make. In case of setting up of high-tech imported machinery for manufacturing of high value coir products, all relevant documents regarding the import of machinery from the Customs Authorities/DGFT/Bank along with Performance Guarantee of the machinery should be produced, along with a certificate stating that the said-machinery will be used only for coir/value-added diversified products/Coir blended items. The estimated cost will be revised by the Technical Committee from time to time, based on the field situations and increase in the cost of inputs for fabrication of the machinery.
- 7.2 In the case of installation of power generator sets/diesel engines/any non-conventional energy generating equipment/separate electrical power line from the rural feeder, incentive will be considered along with the project cost for existing and new units.
- 7.3 Any addition/modification to the range of machinery for each type of unit, due to technological advancements, innovation, new processing technologies and product diversification, will be added to the list by the Coir Board, as per the recommendations of the Technical Committee from time to time.

8. General Instructions:

- a. The financial assistance, as admissible under this component, will be disbursed to the applicant as reimbursement of investment in Plant & Machinery, only after the unit goes into production. In the case of units set up/modernised availing of institutional credit, the



assistance shall be released to the Bank account through which the loan/credit has been availed of.

- b. The beneficiary availing financial assistance under this component shall not mortgage the assets except to the financial institution/bank from where he/she had availed loan for the establishment of the unit.
- c. The coir unit will not be allowed to dispose of the items, for which incentive has been disbursed, within a period of 10 years from the date of receipt of assistance under the scheme.
- d. To identify machines bought under this component, embossing/engraving Identification Code (IC) on each plant/machine, for which the incentive has been provided, will be made.
- e. The entrepreneur availing incentive under this component will give an undertaking that the unit has not applied for or availed of subsidy/assistance under any other scheme like PMEGP, CUY, DPI, TUF etc. of the Central Government for the same purpose.
- f. The assistance received from the Board under this component shall be recoverable from the entrepreneur through legal means on the following grounds:
 - i. Where the assistance under the scheme has been obtained by misrepresentation of facts or by furnishing of false information; or where the machinery and premises of the unit are used for purposes other than for which the assistance was availed, during the currency period of the assistance i.e. for 10 years.
 - ii. Where the unit goes out of production within 10 years from the date of commencement of production, except in case where the unit remains out of production for short periods extending to 6 months due to reasons beyond its control, such as shortage of raw material, power, natural calamities etc.



- g. In case of any disputes with regard to grant of financial assistance under the scheme, the decision of the SSC shall be final.

9. Maintenance of list of Applicants:

List of applicants should be maintained at Regional Office/Sub Regional Office, Head Quarters of Coir Board and also on the Coir Board Website. A data bank should be created in the Coir Board.

10. Monitoring and Evaluation:

The monitoring of the units will be undertaken by the Regional/Sub Regional Offices of Coir Board on weekly basis. The *Secretary/Chairman*, Coir Board will review the Scheme on monthly and quarterly basis and send a report to the Ministry. Ministry of MSME will also be the controlling and monitoring agency for implementation of the Scheme. Quarterly review meeting will be held in the Ministry on performance of CITUS. The Mid-term appraisal of implementation of the scheme will be under taken by the Board through reputed external agencies. Based on the findings of the evaluation study, the Scheme would be reviewed.

