

FREQUENTLY ASKED QUESTIONS

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

- i. General Awareness, counseling, motivation and Trust building
- ii. Skill development and Capacity Building
- iii. Institutional development
- iv. Exposure visits

- v. Market Promotion initiatives
- vi. Design and Product Development
- vii. 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:

- i. Creation of Common Facility Centres (CFCs)
- ii. Raw Material Banks (RMBs)
- iii. Up-gradation of Production Infrastructure
- iv. Tools and Technological up-gradation such as Charkha up-gradation, tool-kits distribution, etc
- v. Warehousing Facility
- vi. Training Centre
- vii. Value addition and processing centre

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

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

100% of Project cost excluding/except Hard Interventions. 90% of Hard Intervention is eligible for North Eastern Region, J & K and Hill States and 75% of Hard Intervention for Others.

#	Project Intervention	Scheme Funding	Financial Limit		IA Share
A	Cluster Interventions	-			-
A1	Soft Interventions including skill trainings, capacity building, design development	100%	Subject to maximum 33% of A (Total cost of Cluster Interventions both hard and soft interventions) or Rs. 25.00 lakh, whichever is less	Maximum Rs.8 crores per project (A+B+C)	Nil
A2	Hard Interventions including CFCs, RMBs, training Centres, etc. *	75%	-		25% of Project Cost.
B	Cost of TA	100%	8 % of A1+A2 (Total cost of Cluster Interventions both hard and soft interventions)		Nil
C	Cost# of IA/SPV including CDE	100%	Maximum Rs.20.00 lakh per project		Nil

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

#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 Khadi?

Khadi means any Cloth woven on handlooms in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns.

18. What is Village Industries?

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. 1.00 lakh (except for hilly areas, wherein the limit is Rs. 1.50 lakh) provided that any industry specified in the Schedule and located in an area other than a rural and recognized as a Village Industry at any time before commencement of the Khadi & Village Industries Commission (KVIC), continue to be a village industry under the KVIC Act.

19. Whether the scheme can be implemented in urban/semi urban areas?

No. As per the KVIC Act, KVIC is expected to implement the programme only in rural areas. Rural area defined in the KVIC Act as the area comprised in any village, and includes the area comprised in any town, the population of which does not exceed 20,000 [twenty thousand].

20. 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:

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

21. Whether artisans shall be the members of SPV?

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

22. Whether the training centre is available to undergo training in Skill up-gradation?

Yes. KVIC has its own training centres, besides KVIC proposed to collaborate with other Professional Institutions/Agencies for Skill up-gradation.

23. What is the CFC?

Common Facility Centre is one of the Components in Hard Intervention.

24. 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.

25. Whether any format is devised for making proposal?

Yes. Implementing Agency has to be applied in the prescribed format designed by N.A i.e., Template –I and same can be downloaded from the link SFURTI in the official website of KVIC (www.kvic.org.in)