

F. No. S-02/34/2022-KVI-I
Government of India
Ministry of MSME
(ARI Division)

New Delhi, dated: 13.9.2022

To
All Nodal Agencies under SFURTI (As per list attached)

Subject: Revised SFURTI guidelines regarding.

This is to inform that the SFURTI guidelines have now been revised (copy enclosed as Annexure-A). These guidelines have new features. However, the system of application/ registration remains unchanged i.e, through online portal (www.sfurti.msme.gov.in) .

2. The Portal will be opened for receiving new proposals in the Ministry w.e.f 01.10.2022. Nodal Agencies (NAs) are directed to ensure that the proposals are strictly in conformity with the laid down procedures, format and the modifications/requirements made in the SFURTI guidelines. A list of compliances, which are mandatory, is enclosed as Annexure-B.

3. It is further clarified that proposals submitted to the Ministry which are not in compliance with the mandatory requirements will be returned. The NA may submit the revised proposals, afresh, to be taken up in the Ministry as per the order of receipt of the duly revised proposal. Format of the mandatory documents, to be attached with the DPR, are enclosed as Annexure-C.

Yours faithfully


(P K Singh)

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Attachment: As above.

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

1. Background

1.1 Scheme of Fund for Regeneration of Traditional Industries (SFURTI), a programme of Ministry of Micro Small and Medium Enterprises, Government of India, aims to organize the traditional industries and artisans and producers into collectives and provide them with support in order to make quality and competitive products to ensure long-term sustainability of the sector and its artisans .

1.2 This scheme focusses upon physical infrastructure creation, technology upgradation, training, product development, innovation, design interventions, marketability, improved packaging and marketing infrastructure with aim to improve artisanal income.

1.3 Traditional industries have been broadly categorized as under:

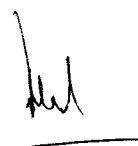
- I. Khadi Industries;
- II. Village Industries; and
- III. Coir Industries.

Details are at Annexure-1

2. OBJECTIVES OF SFURTI SCHEME

The objectives of the Scheme are as follows:

- i. To organize the traditional industries and artisans into collectives 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 producers.
- iii. To enhance marketability of products of such clusters and collectives by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure.
- iv. To equip traditional artisans and producers of the associated clusters with the improved skills and capabilities through training and exposure visits.
- v. To promote collective business enterprises of traditional artisans and producers.
- vi. To make provision for common facilities and improved tools and



- equipment for artisans and producers to promote optimum utilization of infrastructure facilities.
- vii. To provide 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.
 - viii. 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, respond to them in a coherent manner and to ensure equitable distribution of surplus generated by the collective among all the artisans and producers.
 - ix. To promote traditional skills, improved technologies, advanced processes, market intelligence and new models of public- private partnerships, to gradually replicate similar models of collective/cluster-based traditional industries.
 - x. To focus on penetrating uncovered districts, aspirational districts, etc. for setting up collectives covering traditional industries with special focus on endangered art and crafts.
 - xi. To support traditional artisans with special focus on disadvantaged communities like SCs, STs, women, etc.
 - xii. To ensure convergence from the design stage with each activity of the cluster formation and operations thereof.
 - xiii. To identify and understand collective/cluster's target customers, understand their needs and aspiration and develop the present product lines to meet the requirements. 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 Village and Industries products.
 - xiv. 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.
 - xv. 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.
 - xvi. To tap E-Commerce as a major marketing channel and devise a quick strategy to make its presence felt in the E-Retail space.
 - xvii. To make substantial investment in the area of product design and quality improvement, Research and Development and emerging technologies based on the market trends with an eye to standardize the quality of inputs and processes so that the products meet the quality benchmarks.
 - xviii. To extensively promote latest technological advancements in order to



- take local to global in lines with the call for 'Atma Nirbhar Bharat'.
- xix. To establish collectives with special focus on adoption of Industry 4.0, Block Chain for traceability, digitization of turnover and artisan income, digitization of training module, effluent treatment, fire safety, green energy, knowledge repositories, etc.
 - xx. To encourage and promote Green and sustainable products and processes.

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 with special focus on digitization of training modules;
- iii. Machine handling and maintenance training;
- iv. Institution development;
- v. Exposure visits;
- vi. Market promotion initiatives;
- vii. Design and product development
- viii. Participation in seminars, workshops, and training programmes on technology up-gradation, etc.

Note: Digitization of training modules should be done to support training to new artisans, refresher training, assistance to artisans working from home, etc.

3.2 *Hard Interventions*

Hard interventions will include creation of following facilities:

- i. Common facility centres (CFCs) and worksheds with a provision of IP enabled CCTV cameras.
- ii. Procurement of machineries;
- iii. Working Capital and Raw material banks (RMBs);
- iv. Tools and technological up-gradation such as charkha up-gradation, tool-kit distribution, etc.
- v. Warehousing facility;
- vi. Training center.



NOTE:

- (i) Working Capital of up to 20% of HI may be budgeted. This may cover (a) Raw Material procurement, (b) Direct wages to be paid for production, (c) cost of electricity and water.
- (ii) Working Capital support, as a revolving fund, will be provided for initial production cycle as an advance which should be recouped with the sale of products.
- (iii) Need for such expenses should be clearly spelt out in business plans.
- (iv) The assistance for raw material procurement may 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 and technological upgradation of similar group of clusters based on performance.
- vi. Developing institutional linkages existing & proposed clusters

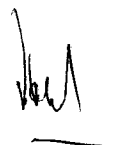
Note: These interventions are illustrative in nature and the project may cover any of the other felt needs of the cluster (as detailed in the DPR and approved by SSC), that will enable the cluster enterprises in improving their competitiveness.

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 chairpersonship of Secretary (MSME), as detailed in Annexure-2.

- I. 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.
- II. The SSC will consider the proposals of clusters submitted by Nodal Agencies (NAs) and shall extend approval to the cluster proposals. The cluster proposals will include the details of Technical agency (TA) and Implementing Agencies (IAs) submitted by Nodal Agencies (NAs).
- III. 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.

4.2.2 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 sectoral expertise in the major sub-sectors of the Traditional Industries, competence in cluster/collective development, project management and facilitation of market access and who are operating in the field of cluster/collective development for the last five years. The institutions could be any of the following:

- a. a Society registered under the Societies Registration Act, 1860;
- b. a Co-operative Society under an appropriate statute;
- c. A Producer Company under section 465(1) of Companies Act, 2013 (18 of 2013);
- d. a Section 8 Company under The Companies Act, 2013 (18 of 2013); or
- e. a Trust registered under the Indian Trust Act

4.2.3 List of existing Nodal agencies appointed by M/o MSME is given in the Annexure 6.



4.2.4 *Submission of Proposals under the scheme for setting up of cluster:*

Proposals for setting up of clusters under the scheme shall be submitted online to any of the Nodal Agencies. The following is the process to be followed for application.

Any IA interested in submitting a proposal under SFURTI Scheme shall first submit a Concept note along with necessary documents on the SFURTI portal.

- I. Once the Proposal Concept meets the basic criteria, it would be submitted to the NA chosen by the IA.
- II. The NA would examine the proposal concept forwarded to , together with the documents submitted.
- III. NA will accept the Proposal Concept for development of Detailed Project Report (DPR) if it meets the minimum criteria, as applicable.
- IV. NA will verify the presence of artisans given in the concept note along with representative of MSME (DI) through physical visits.
- V. NA will engage an appropriate TA to work with the IA to develop the DPR in the prescribed format (Annexure-7). The indicators of a SFURTI proposal is given at Annexure -8.
- VI. MSME (DI) will validate the feasibility of the proposed cluster as per the DPR and submit a report to NA.
- VII. The DPR shall be examined by the Project Screening Committee (PSC) of the NA. If the proposal meets the benchmarks of Indicators of SFURTI proposal, it will be forwarded to the Ministry with its recommendation.
- VIII. Any changes, revisions suggested by the Ministry on assessment of the DPR must be addressed and a revised DPR may be presented before the PSC for approval before forwarding it to the Ministry for further action.
- IX. Any other mechanism as decided by Ministry from time to time.

4.2.5 ***Guidelines for appointment of new Nodal Agency (NA):***

A. Submission of Proposals

Proposal for appointment of new Nodal Agency (NA) (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 empaneled as Nodal Agency for anchoring Cluster development may be sent to JS ARI, Ministry of



B. Appraisal and Approval:

The proposals for engaging the Nodal Agency will be appraised based on the track record, merit, strategies, available manpower, etc. of the entity in promoting cluster development. The appraisal will be done by the Scheme Steering Committee, constituted by the M/o MSME. 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 of cluster implementation or furnishing of incorrect information, the support/empanelment of the NAs may also be terminated mid-term with approval of SSC.

NOTE: In case of termination of empanelment of any Nodal Agency (NA), the existing proposals of the NA will be transferred to any other NA with the approval of the Project Management Committee (PMC), as mentioned in Section 13.1.

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

Terms and Conditions for Grants-in-Aid to Agencies except those funded by Ministry of MSME or any other Ministry is provided under Annexure-4.

4.2.5 A Project Screening Committee (PSC) shall be constituted under each of the NAs, chaired by the Chief Executive/Head of the NA for the management and implementation of the Scheme. All Nodal Agencies shall constitute a PSC comprising of three independent cluster experts, Director, MSME-DI or authorized representative, a bank representative, a marketing expert and financial expert. [Details in Annexure-5]

Note1: It is to be ensured that any representative of TA or IA who has submitted any proposal for SFURTI to the Nodal Agency should not be part of PSC to avoid conflict of interest.

Note2: Minutes of the PSC has to be enclosed along with the DPR.

4.2.6 Role of the NAs:

The roles and responsibilities of NAs includes the following:

- i. 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



- ii. NA will be responsible for expanding the outreach of the scheme with focus on aspirational districts, NE and Hilly areas, districts uncovered under SFURTI and endangered arts and crafts.
- 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 DPRs received from TAs based on due-diligence methodology that clearly establishes the project viability, output, outcomes, impact and sustainability;
- vi. NAs to submit DPR to Ministry/SSC for approval only after ensuring the following:
 - a. Preparation of DPR as per the standard template shared by the Ministry from time to time and in accordance with the Indicators of SFURTI proposal as provided under the scheme.
 - b. Identification of IA and formation of project specific SPV as per provision of the guidelines.
 - c. Authenticate the list of artisans as per the information provided in the concept note in the presence of Director, MSME DI or authorized representative.
 - d. Execution of MOU/MoA and other related agreements between the IA and the SPV and IA and the NA.
 - e. Verification of availability of land of requisite nature where CFC can be constructed through field visits and ascertaining the ownership or registered sale or lease deed (long term of 15 years or more) in the IA/SPV's name.
 - f. Ensuring that the incorporated SPV is a "for profit" entity.
 - g. Confirmation on availability of 10%/5% (NER and Hilly areas) IA/SPVs share.
 - h. 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;
- vii. Regular review of the performance of the TAs with appropriate documentation of the same.
- viii. Monitoring and evaluation of the cluster projects being implemented through regular field visits and MIS.
- ix. Ensure that the Business Plan and Projected income of the artisans reflected in Detailed Project Report (DPR) are duly validated by Chartered Financial Analysts (CFA)/Chartered Accountant (CA).



202859/2022/SFURTI-KVIC

- x. Representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process including floating of the tenders and tender evaluation.
- xi. Submit a certificate in the DPR from Chartered Engineer for civil works in CFC/work shed justifying the cost of the construction, etc. During implementation phase, Chartered Engineer will further certify that the expenditure incurred and the quality of construction, material used, etc. is as per the approved DPR. (Annexure-10 & 10.1).
- xii. Submit a certificate in the DPR from Chartered Engineer for proposed plant and machineries justifying the cost based on item wise components, specifications, etc. During implementation phase, Chartered Engineer will further certify that the expenditure incurred and the quality of procurement, number of items, etc. is as per the approved DPR. (Annexure-11 & 11.1).
- xiii. Ensuring that funds are released only after the Implementing Agency's (IA) contribution for Hard Intervention has been deposited in the dedicated joint account of Nodal Agency (NA) and Implementing Agency (IA)/SPV opened for implementation of the cluster.
- xiv. Monitoring the performance/sustainability of Special Purpose Vehicle for a period of 10 years from approval of the clusters.
- xv. Supporting the Special Purpose Vehicle in creating a sustainable business model in coordination with Technical Agency and Implementation Agency.
- xvi. Ensuring submission of utilization certificate post utilization of funds
- xvii. Maintaining a separate MIS portal for regular updates and progress report on clusters and related activities.
- xviii. NAs are delegated powers to take decisions, under intimation to the Ministry (within 15 days of their taking decision), with regard to the following:
 - a. Change of cost of interventions, i.e. SI/ HI. Thematic (allowed only if cost is equal to or less than the approved cost).
 - b. Change of TA.
 - c. Change of Cluster Development Executive (CDE).
 - d. Change of IA.
 - e. Change of Plant & Machinery (P&M) within the approved cost.
Change of location of CFC within participating villages.
These decisions taken by NA are subject to endorsement by Project Monitoring Committee.
- xix. NAs to take an undertaking from IA at the time of making application that IA has not availed any financial assistance for the same cluster from any Central/State Government Agency and it should be made part of the DPR;
- xx. Tagging of all the clusters may be ensured by all NAs. Necessary provision for IP enabled CCTV should be provided in all clusters.



- xxi. All NAs shall have to act diligently to ensure compliance to all Rules and Regulations, as required, for the proposals at the DPR stage in order to obtain final approval from the SSC.
- xxii. As per statutory financial compliances by the Govt of India towards audits and returns, all NAs are required to furnish audited accounts regularly which shall include income & expenditure, receipt & payments, balance sheet etc. by the appointed Chartered Accountant.
- xxiii. In all such cases, where the NA comes up with a proposal for change of land/site for CFC, post disbursal of funds, the NA will have to submit necessary undertakings that the dimension, location & nature of the proposed new piece of land has been verified by them and found similar in all aspects as proposed earlier, for the approval of Project Monitoring Committee.
- xxiv. Any other tasks assigned by the SSC and Ministry from time to time.

Note: New clusters will be assigned to the Nodal Agencies based on their geographic presence, available manpower, meeting the implementation timeline and Output-Outcome parameters of the already approved clusters. Each Nodal Agency will present, on a quarterly basis the status of the implementation of the approved clusters against the decided timelines to the Ministry/PMC.

4.3 Technical Agency (TA)

Established institutions, with proven expertise in artisanal and small enterprise cluster/collective 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 of and validation of Cluster Action Plans, preparation of DPRs, 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/or whenever necessitated by the competent authorities and submit report on quarterly basis, to the respective field office of Nodal Agencies.

TA is required to have in-house sectoral expertise relevant to the project. TA may hire design/product experts in its team as necessary for implementation of specific projects. TAs who have worked in a similar sector will be assigned a project under SFURTI. Preference may be given to TAs who have prior experience of working in that geographic area.



4.3.1 Role of the TAs:

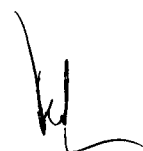
The role and responsibility of TAs includes the following:

- i. Sensitization and awareness generation in the collectives about the scheme;
- ii. To identify focus products and product mix for the collectives for domestic and export markets. That may also include multi products in the cluster and creating linkages with other available networks in the adjoining area within the given budgetary allocation and as per approval of DPR.
- iii. 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, scope for technology transfers, innovations, setting up of physical and financial outcome targets for the project, proposed percentage enhancement of productivity and earnings of the artisans, risk mitigation, compliance, mandatory certifications as per the nature of the industry, creating sales channels, brand building, product segmentation, promotion and advertising through regular publicity modes and participation in fairs and exhibitions, exploring possible export avenues with clear targets for scaling up along with all such relevant information/activities required to meet the objectives envisaged under the scheme. The DPR should be prepared as per the standard template shared by the Ministry from time to time and in accordance with the Indicators of SFURTI proposal as provided under the scheme.
- iv. Assisting the identified IA in establishment and structuring the project specific SPV as a 'for profit' entity.
- v. TA 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 its identification by IA. More than one CFC/worksheds is also permitted provided demand is justified for bringing higher productivity in the cluster.
- vi. TA shall also cross-check through physical visits the land details with statutory agencies for validation of the purpose of the CFC to be erected and made functional vis-a vis Land registration, Water resources, Environmental aspects, local policy matters, electricity norms etc.
- vii. TA will assist the IA for preparation of specification for various procurement of the clusters, prepare tender documents for the



procurement process/CFC construction, selection of competent agencies / experts for various services to be availed by the IA/SPV, ensure that the procurement/construction of CFC is as per specifications and the pricing is competitive. The specifications of the tender documents will be presented before the cluster working committee for consideration and will be forwarded to the NA for verification and approval before floating of tender. TA will also ensure that representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process, including floating of the tenders and tender evaluation.

- viii. Besides, the TA will develop suitable operational framework and service level agreements for various interventions. TA would also assist in periodic monitoring of the all such agencies/experts engaged along with the progress of the projects and disbursement of funds.
- ix. TA would formulate a robust Sustainability Roadmap detailing the exit strategy for the IA and the plan for business operations of the cluster under the SPV beyond the project duration;
- x. TA will assist the IA in ensuring GI tagging of the clusters wherever applicable;
- xi. 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;
- xii. TA should assist the IA/ SPV, wherever needed, 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;
- xiii. To assist the IA/ SPV in engagement of Business Development Services (BDS) providers, improving tools and equipment, developing strategies & best practices for credit linkage as far as possible;
- xiv. TA 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 DPR. Tools/Kits and Charkhas/Implements may also be distributed among artisans as a part of Cluster Level Intervention as per 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 tools/ kits/ charkhas/ implements



among artisans;

- xv. TA will prepare a detailed Soft Intervention plan covering various aspects of training, awareness building among artisans, exposure visits, design intervention through specialized tie-ups, marketing connect with special focus on E-Commerce. It will submit periodic reports on the deliverables to the Nodal Agency.
- xvi. TA shall ensure refresher training for artisans/ training for newly joined artisans through digitized training material and tie-ups with specialized agencies and institutions for developing latest designs in line of current market demands;
- xvii. 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
 - k) Digitization of raw material supply, cluster turnover, artisan income as applicable.
 - l) Adoption of renewable energy as applicable, Industry 4.0 principles, including LEAN Management.
 - m) Convergence with schemes of M/o MSME, other schemes of Govt. of India and State Government.
 - n) TA shall ensure by close supervision the following activities are implemented by the IA
 - o) Awareness and exposure visit of artisans.
 - p) Mandatory opening of Bank Account by Artisans under Jan Dhan Yojana
 - q) Health Insurance of all the artisans under the cluster as applicable under KVIC rules (Jana Shree Bima Yojana & Rashtriya Swasthya Bima Yojana wherever applicable).
 - r) Enrolling under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which will offer a renewable one year life cover of Rs. Lakhs to all the saving 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 as applicable.



- s) Enrolling under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) which will offer a renewable one year accidental death cum disability cover of Rs. 2 Lakhs for partial/permanent disability to all saving bank account holders in the age group of 18-70 years for a premium of Rs.12 per annum per subscriber or as applicable.
 - t) Issue of Aadhar based identity card to artisans mentioning the benefits, privileges, right as well as their specific responsibilities along with necessary undertakings in regard to the implementation of the programme.
 - u) The Atal Pension Yojana (APY) will focus on the unorganized sector and provide subscribers a fixed minimum pension of Rs 1000, Rs 2000, Rs. 3000, Rs.4000 or Rs.5000 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 Aadhar linked.
 - v) Periodic training of Artisans.
 - w) Self Help Groups (SHGs) members may also be extended to these general and miscellaneous supports as extended to the artisans/producers under the scheme.
- xviii. TA shall assist on adoption of digital mode of payments like Aadhar Enabled Payment System (AEPS)/ UPI/Rupay debit card-PoS/Mobile banking app, etc. for receipt and payment related to their business activities, as applicable.
 - xix. 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.
 - xx. Assisting the IA/SPV in mobilizing additional funds for the project, at no additional cost during the period of its engagement with the cluster, under relevant schemes of the Government as well as tie ups with National Financial Institutions.
 - xxi. TA shall facilitate linkages between the SPV and various other stakeholders, particularly the Government organizations, buyers and financial institutions.
 - xxii. TA will facilitate in the identification of suitable Technical Consultants in designing appropriate technologies and/or facilitate technical collaborations and transfers for the cluster within the allocation ceiling for the respective type of cluster.



202859/2022/SFURTI-KVIC

- xxiii. TAs will bring in external consultants for specific functions, as applicable.
- xxiv. TA 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.
- xxv. Assist the NA for seeking and obtaining approval if any from the State Governments/UTs before submission of DPR to the SSC for final approval;
- xxvi. 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.
- xxvii. 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.
- xxviii. At the end of the Project, TA shall prepare proper documentation covering the entire activities, preparation of case studies and photo/video 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.
- xxix. 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.
- xxx. Empaneled TAs are permitted to identify and advise upon a suitable IA.
- xxxi. TAs will be assigned a maximum of upto 50 Clusters. However, TA should have a separate dedicated Nodal Officer for each set of 5 approved projects.
- xxxii. TA shall have to act diligently to ensure compliance to all Rules and Regulations, as required for the proposals at the DPR stage in order to obtain final approval from the SSC.

NOTE: Misinformation/misrepresentation and/or furnishing false/incorrect information can lead to cancellation/termination with approval of the Project Monitoring Committee.



15

4.4. 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, which are as follows-

- i) 40% on Approval of the Project
- ii) 30% on functionalization of the Clusters
- iii) 30% on handover of the cluster by the IA to the SPV.

NOTE: The payment of the TA will also be linked to the output/outcome parameters indicated in the DPR. The same should be defined clearly in the agreement between NA and TA.

4.5 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), registered Producer Collectives, etc. with suitable expertise to undertake cluster development. One IA will be assigned for only one cluster normally (unless it is a reputed agency with State-wide coverage). However, in case IA proposes to set up more clusters, NAs will be responsible for assessing the capability of the IA to set up additional cluster(s). 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. All or any contribution brought in by an IA shall not be treated as Equity.

NOTE: Producer Collectives can become an IA only if its own members are beneficiaries of the proposed project.

All non-government organisations (NGO)/private organisations/ registered Producer Collectives will be bound by the extant GoI provisions regarding release of funds/grant in aid as applicable in case of such organisations.

4.6 Formation of SPV

4.6.1 (a) Formation of a SPV dedicated for the purposes operating the SFURTI Cluster is mandatory to seek the final approval by IA. The purpose of SPV will be to develop and sustain the cluster operations and profitability after the



202859/2022/SFURTI-KVIC

project implementation period is over. A SPV will be formed for each cluster which may be any of the following entities:

- i. a Co-operative Society under an appropriate statute;
- ii. a Producer Company under section 465(1) of Companies Act, 2013 (18 of 2013).
- iii. Any other legal entity, with prior approval of SSC

NOTE: In case of Khadi Institutions (KIs) of KVIC, Khadi Institutions (KIs) as IAs are already deemed SPV.

(b) All artisans/workers mentioned in the proposal, along with the subsequent addition of artisans, will be the members of SPV with equal rights to all members. A minimum 2/3rd representation of artisans will be mandatory in the Governing body/Managing Committee of clusters.

(c) In case the Panchayati Raj Institutions (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 66% of the total equity (or representation) in the SPV's governing body.

(d) In case of private sector promoted SPVs the shareholding of the lead investor/private partner shall not normally exceed 50% of the total equity. In this case the SPV may be a Private Limited Company.

(e) The IA/SPV may deposit their share (10% or 5%, as the case may be) in a phased manner with minimum 25% amount in a single installment and maximum of four instalments, as per satisfaction of NA.

- i. All contributions shall be considered as SPV contribution inclusive of the one made by the IA.
- ii. The machinery will be procured in the name of the SPV.
- iii. Land, owned/ taken on lease by IA, will be transferred to the SPV after the release of the 1st instalment by the Ministry to the NA and before the release of the same by the NA to the IA.
- iv. The IA contribution will be considered as voluntary contribution/interest free unsecured loans in the books of the SPV. In case the IA contribution is considered as interest free loan, it may be settled subsequently based on the repayment schedule given in the agreement between the IA and the SPV
- v. A maximum of 10% of the surplus may be given to IA.
- vi. At least 90% of the surplus earned by the SPV is to be shared



- among the artisans, along with re-investment in the cluster.
- vii. At least 60% of the surplus will be shared among the artisans while rest can be re-invested by the SPV within the cluster.
 - viii. In case of any variation within the share of distribution of 90% of the surplus among artisans and re-investment within the cluster, the same can be decided by the SPV Governing Body/Management Committee, with intimation to the Ministry.
 - ix. IA will be required to handover the cluster to the SPV after one year of the functionalization of the cluster.
 - x. IA or the SPV cannot hypothecate the infrastructure, plant and machinery created out of the funds received under SFURTI.

In case of failure/closure or dispute leading to dissolution of SPV the assets created under the SFURTI shall be taken over by NA which in turn shall remain a custodian of all such assets free from incumbrances except the land on behalf of MoMSME till a period 10 years from the date of release of funds. Further to this the competent authority shall take a decision on the matter.

NOTE 1: Indicative handover plan is enclosed at Annexure 9

NOTE 2: The process and terms of conditions regarding the handover of the cluster to the SPV shall be a part of the agreement between NA and IA.

NOTE 3: Existing clusters will be encouraged to change the constitution of the SPV to 'for profit entity'.

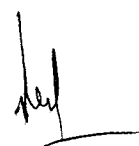
(f) IA shall appoint and engage a full-time executive, to be located in the cluster, who will act as the Cluster Development Executive (CDE), and shall be responsible for implementation of the project as per the approved DPR. The responsibilities of CDE shall include preparation and implementation of the Annual Action Plans of the cluster, promoting linkages with professional institutions as well as local institutions including PRIs and facilitate exclusive coordination amongst all stake holders. The CDE shall directly report to the Chief functionary of the IA and shall also have a dotted line reporting to a designated representative of the MSME/NA for functional purposes.



4.7 Role of IAs:

The roles and responsibilities of the IAs includes but not limit to the following:

- i. Recruit a full-time CDE in order to ensure efficient implementation of the project for a period of minimum 3 years. 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 with a minimum qualification of graduate. Preference may be given to candidates with higher/technical/management qualifications such as Masters in Rural Development, Enterprise Management Skills, etc. CDEs should have direct experience in the sector. Additional qualification, experience and expertise to be considered while selection of the CDE in line with the requirements of the project deliverables. The CDE will be supported by the project for a period of 3 years. In order to ensure that the CDE becomes accountable to the SPV, it is proposed that once the project is handed over to the SPV, before 3 years, the 'employment' of the CDE will be undertaken by SPV. The applicable funds of CDE salary may be transferred by the IA from the IA fee to the SPV. After 3 years, the engagement of the CDE is left to the discretion of the SPV.
- ii. In case of an external candidate is identified having substantial understanding of the community and the enterprise is chosen as the CDE, he/she may be made the deputy to the CDE so that he is groomed to take up the responsibility in the absence of the CDE or once the regular CDE leaves the cluster after its engagement is over.
- iii. IA will furnish an undertaking that no similar support has been availed for the same activities under the cluster from any other scheme of Government of India or State Government.
- iv. The IA would identify and arrange suitable land for the project as per the guidelines.
- v. Implement various interventions as outlined in the approved DPR;
- vi. IA will provide under guidance of TA refresher training for artisans/ training for newly joined artisans through digitized training material and tie-ups with specialized agencies and institutions for developing latest designs in line of current market demands;
- vii. Monitor procurement and issue workorders to the vendors and contractors, when required, in a fair and transparent manner, while adhering to the GFR Norms along with maintaining records for the statutory audits.
- viii. The IA will enter into an agreement/MOA with the Nodal Agency for



- timely completion on cluster intervention and proper utilization of Government Grants; and all such other contributions towards the project cost; under the sub clause within the same MOA that no IA can exit without a proper handover of all Physical and Financial Progress to the succeeding IA , if exiting mid-term or to the SPV in case of completion of the project as per the exit policy laid down by the TA in the DPR.
- ix. Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model with timely compliances, especially in case of advanced technology laden equipments, plant and machinery.
 - x. Responsible for furnishing Utilization Certificates (UCs) and regular Progress Reports to Nodal Agency in the prescribed formats and milestones set for such submissions.
 - xi. Implementing Agency (IA) may suggest a suitable TA to the NA to assist them in implementing the cluster project. The decision in this matter will be taken by the NA.
 - xii. 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 or a designated representative and with representation from PRIs, traditional industry enterprises, eminent local professionals, academicians, 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. Once the IA exits, the Cluster Advisory Group will continue with the SPV.
 - xiii. IA shall display artisan rights and cluster activities in the CFC in vernacular language.
 - xiv. IA shall also be responsible for issuing Cluster Identity Cards to all artisans under its clusters and ensure that 100% of the artisans are made shareholders in the SPV and atleast 2/3 of such shareholders have representation on the Governing Board/Management Committee of the Cluster.
 - xv. IA will be responsible for opening bank-accounts for artisans/producers under Pradhan Mantri Jan Dhan Yojana (PMJDY).
 - xvi. IA will be responsible for enrolling all eligible artisans/workers under the social security schemes namely Pradhan Mantri Jeevan Jyoti Bima Yojana (Life Insurance coverage of Rs.2 Lakh at the annual premium of Rs.330), Pradhan Mantri Suraksha Yojana (Accidental Insurance Coverage up Rs.2 Lakh with premium of Rs.12) and Atal Pension Yojana (Contributory Pension Scheme) at the bank branch/BC point.
 - xvii. IA will encourage Artisans/producers to adopt digital payment modes like Aadhar Enabled Payment System (AePS)/UPI/Rupay debit



card-PoS/Mobile banking app etc. for receipt and payment related to their business activities.

xviii. IA will be responsible for providing all relevant documents relating to the cluster and the digitization of raw material supply, procurement, commercial transaction, cluster turnover, income of artisans, etc. under the guidance of the NA and the TA. After the exit of the IA, the SPV will be responsible for the above.

xix. It is also to be ensured that the representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process including floating of the tenders and tender evaluation.

xx. Any other direction given by the Ministry of MSME/Nodal Agency from time to time.

NOTE: Misinformation/misrepresentation, furnishing false/incorrect information and noncompliance with the objectives of the project/DPR may lead to removal of the IA.

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, a dedicated SFURTI website has been designed to provide status of the applications received in the Ministry and the status of functionalization of approved clusters.

5.1.2 Other provisions as applicable from time to time.

5.2 *Identification of tentative list of clusters*

- i). Ministry will hold meetings with the Nodal Agencies and Nodal Agencies with their respective Technical Agencies to identify potential crafts and districts which are uncovered under SFURTI. Consequently, NA may conduct outreach programme to identify prospective Implementing Agency who can apply under the scheme.
- 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



202859/2022/SFURTI-KVIC

products.

- iv). In addition to Khadi, the Clusters should cover traditional rural industries and village industries.
- 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 Major 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 came out with solution for these.
- xiii). All NAs may advertise through both Electronic, Print and alternate media, giving wide publicity to the Scheme on regular basis for identification of potential clusters.

Note: To increase the spread of the SFURTI, it has been decided to

- (a) Approve 40% clusters for uncovered and Aspirational districts;
- (b) 20% clusters with innovative production processes, GI, endangered



arts.

(c) In case, suitable proposals are not received under sl. (b), the shortcoming will be covered under sl. (a)

(d) Any other mechanism decided by Ministry of MSME.

NOTE2: The distribution is contingent upon the receipt of adequate quality proposals under Sl.(a) & Sl.(b)

Note 3: The decision on point (b) will be taken by a duly constituted committee with the approval of Minister, MSME

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 in house and extended team
- iv. Geographical presence; and
- v. Any other parameter as deemed fit by the NA/SSC.
- vi. Self-certification of not being blacklisted by any State/Central by any Regulatory/Statutory Authority/PSU/ Government undertaking/Ministry/Department of Govt. of India or any State Govt. in India.

Note: A Technical Agency empaneled with a Nodal Agency for SFURTI can be engaged by any other Nodal Agency, based on mutually agreeable conditions, subject to the applicable conditions of the scheme.

5.4 Approval from SSC

The SSC shall be responsible for approval of the projects and monitoring of their implementation. There would be only one stage approval at Ministry/SSC level.

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



- i. Preparation of DPR as per the standard template as provided under the scheme with specific details of interventions with cost estimates, timelines and sustainability plan.
- ii. Identification of IA and formation of project specific SPV as per provision of the guidelines.
- iii. Execution of MOU/MoA and other related agreements between the IA and the SPV and IA and the NA.
- iv. Identification and arrangement of land of requisite nature (free from all encumbrances) for construction, erection and commissioning of CFC along with clearances from statutory authorities for such purposes. The standard terms of registered sale or lease deed (long term of 15 years and more) shall be executed in the name of the IA/ SPV as per clause 4.6.1 (e) (iii).
- v. Confirmation on availability of 10%/5% (NER and Hilly areas) IA's share as per the guidelines.

5.5 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), progress of expenditure and as per the funding pattern listed in 5.5.1.
- 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. Nodal Agencies will be bound to deposit interests earned on the funds received from the Ministry of MSME to the Bharat Kosh, or any account, as per the prevalent instructions of Government of India.
- vi) On receipt of SFURTI Programme funds the NAs shall transfer the Funds to a Bank Account exclusively opened for the Specific Cluster/project. Such Bank



account shall be jointly opened as a dedicated account, with the representatives of the NA, IA, SPV and MSME DI or any other signatory as indicated by the M/o MSME from time to time, duly authorized by the Chief functionaries of each organisations, as joint signatories.

vii) On receipt of SFURTI Administrative Funds, the NA shall transfer it to a project specific separate account opened with an objective of expenditure for administrative purposes only.

5.5.1 Quantum of Fund Release: Consequent upon the approval of the project by the Scheme Steering Committee (SSC), 50% of the Soft Intervention, 50% of the Hard Intervention, 50% of the IA cost and 50% of the TA cost shall be released to the Nodal Agency. On production of Utilization Certificate and actual utilization of 2/3rd of the released amount, remaining 50% of the Soft Intervention, 50% of the Hard Intervention, 50% of the IA cost and 50% of the TA cost shall be released to the Nodal Agency.

5.6 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 50% of the hard intervention as advance on IA arranging land and depositing its applicable share of contribution,
- ii. 2nd instalment of remaining 50% on utilization of 2/3 of 1st instalment; and depositing its corresponding contribution.

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.5 (Five) crore.

Type of clusters	Per Cluster Budget Limit
Regular Clusters (upto 500 artisans) *	Rs.2.50 crore
Major Clusters (more than 500 artisans)	Rs.5.00 crore



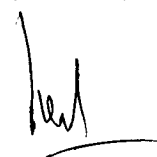
202859/2022/SFURTI-KVIC

*Clusters with lesser number of artisans/workers etc. can also be proposed by NAs but number of artisans/workers etc. should not be less than 100 (50 for NER & Hilly areas) In such cases, proportionate GIA(Grants-in-aid) may be considered by SSC while granting approval.

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 trainings, capacity building, design Development	100%	10% of the amount of Hard Intervention (HI) or Rs. 25 lakh, whichever is less.	Nil
A2	Hard Interventions (HI) including CFCs, RMBs, training centres, etc. *	90%	---	10% of Hard Intervention as own contribution in cash.
B	Cost of TA^^	100%	5% of the amount of Hard Intervention (HI) or Rs. 15 lakh, whichever is less.	Nil
C	Cost of IA/SPV including CDE #	100%	8% of the amount of Hard Intervention (HI) or Rs. 20 lakh, whichever is less.	Nil
<p>* 95%:5% in case of North Eastern Region (NER), J&K and hilly states. (IA/SPV may deposit their share in a phased manner with minimum 25% in a single installment as per the satisfaction of NA.)</p> <p>^^ Additional 1%, i.e. 6% to be given to TAs for clusters in NER/J&K/Hilly Areas, upto Rs. 18 lakhs, whichever is less.</p> <p># This includes remuneration of Cluster Development Executive (CDE) and other expenses incidental for a period of 3 years.</p>				

6.4 It shall be the responsibility of the IA to bring in land. 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 Hard Intervention. The cost of land will be exclusive of the approved project cost. A contribution of 10/5% (NER/J&K/Hilly States) in cash has to be provided by the IA/SPV for Hard Intervention.



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 State and Central Ministerial schemes and other sources detailed in Paragraph 9 for the project, provided there is no duplication of funding for the same component/intervention.

7. ADMINISTRATIVE AND SCHEME MANAGEMENT EXPENSES

4% of the total budget allocation is earmarked for Nodal Agency Administrative Fees. 50% of the total project cost for an approved cluster will be released to the Nodal Agency with the approval of the project. 25% of the fee will be payable on functionalization of the cluster and 25% on the handover of the cluster by the IA to the SPV. All administrative expenses of the Nodal Agency including hiring of adequate resources, travel/exposure visit, training, MIS, communication and stationery expenses, etc. will be met from this expenditure.

2% of the total budget allocation is earmarked as Scheme Management expenses with the Ministry which will include monitoring and evaluation, publicity, creation of SFURTI Cell/PMU, management of portal/MIS, etc.

Monitoring and Evaluation to be undertaken by Ministry will include periodic project reviews using innovative M&E systems such as videoconferencing and ICT tools, and third-party evaluations and impact assessment studies by the Ministry of MSME. For outcome level monitoring and evaluation, including profitability analysis, technically qualified agencies will be appointed, which will cover all clusters.

Under publicity, a comprehensive plan using various modes of communication, will be undertaken to expand the scheme, with focus on uncovered areas, aspirational districts, NER.

A Project Monitoring Unit will be created in Ministry for providing necessary assistance and coordination to the Ministry and the NAs. It will be responsible for providing technical and administrative support and assistance for analysis, monitoring, evaluation, conducting of specialized studies and reports, organizing Steering Committee meetings, organizing Project Monitoring Committee meetings, and other related activities.



7.1 Thematic Interventions

In order to promote cross-cutting thematic interventions at the national and international level, an additional 5% of the total budget allocation can be utilized by the NA. Activities such as national level marketing campaigns and brand promotion for Khadi, herbal products, honey, organic food products that are directly connected to the promotion of the scheme shall be supported with due approval of the SSC. Other activities may include training of CDEs, IAs, national level cross-learning workshops and sector specific innovation, research and development initiatives, technological upgradation, etc.

8. PROJECT COVERAGE & DURATION

8.1 Project Coverage

The target is to cover more than 677 clusters across the country between 2021-22 to 2025-26, wherein approx. 4,00,000 artisans/producers/beneficiaries are proposed to be covered under the various scheme components. The focus will be to further strive to ensure poorer artisans in a cluster are included the interventions and work towards substantial improvements in incomes of the artisans. 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.

8.2 Project Duration

The timeframe for the implementation of project will be 12 months for Regular Clusters and 18 months for Major Clusters. The DPR would provide quarter-wise phasing of the interventions and requirements of funds.

9. CONVERGENCE

9.1 Substantial investments are being made for strengthening of rural clusters and the livelihood base of the poor. In order to optimize the efforts and maximize 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 corporate 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 49% 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. The Ministry will actively facilitate and encourage both backward and forward linkages. Backward linkages imply that SFURTI clusters are being sought to be established where preliminary work has been done through other schemes/programs. Forward convergence implies that SFURTI clusters are looking to collaborate with other schemes and departments to seek additional resources for expenditure not covered under SFURTI.
- 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.

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

9.3 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.

10. SUSTAINABILITY

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

- i. Chief functionary of the IA – Convener;
- ii. Representative of a Nationalized bank operating in the area;
- iii. 3 artisans nominated by the SPV (including at least one woman where women artisans are there) on annual rotation basis, re-nomination may not be allowed in five years;
- iv. Representative of the NA;
- v. Representatives of TA;
- vi. Director MSME (DI) or representative;
- vii. GM, DIC or 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 NA will invariably maintain the record of all meetings of the working committee. The Ministry/Project Monitoring Committee may review the same from time to time. Once the IA/CDE exits, the SPV will convene the Working Committee, at least till the completion of the project. The Working Committee will be regularly informed of the progress made regarding progress of the scheme, procurement, expenditure incurred on various items of Hard and Soft Intervention, marketing connection, etc. This is only indicative and additional role can be assigned to the Working Committee for ensuring participatory decision making.

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.

10.2 Access to credit: The IA will arrange the credit requirements including **additional** 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 (not exceeding the commercial rates of the nationalized banks) from the nearest available source.



11. ROLE OF STATE GOVERNMENT

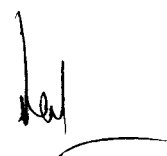
- i. After in principle approval of the concept note by the NA, an intimation for setting up of cluster to be given to the concerned department of the State Govt. with a request to provide inputs, if any, in 90 days and in case no comments are received, it will be considered that they have no objection to the proposal.
- ii. Assist in identification and procurement of suitable land for the projects wherever required, in order to set up cluster infrastructure;
- iii. Providing all the requisite clearances wherever needed for setting up cluster and providing necessary assistance for power, water and other utilities to the cluster;
- iv. Providing necessary external infrastructure to the projects such as power, water supply, roads, effluent disposal etc., wherever needed;
- v. 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;
- vi. Providing necessary project related clearances on a priority basis;
- vii. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects; and
- viii. Extending incentives available under related industrial promotional policies.
- ix. State Govts. may also send such proposals (DPR) to M/o MSME through any of the NAs mentioned in para 4.2 of these Guidelines.

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

12.1 NA 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.

12.2 NA shall be responsible for O&M of assets created under the Scheme beyond the project duration. NA shall ensure that the users of these facilities pay for the services rendered, for the maintenance of the assets as per user charges decided and fixed from time to time.

12.3 In case of dissolution of SPV within 10 years from the date of sanction of assistance by the Government under the Scheme, NA will reconstitute a SPV with requisite artisans. In the event of failure, the assets created with such assistance shall be vested with the Government. An agreement between NA and SPV regarding the control of the O&M in case of dissolution of the SPV should be entered into. The Memorandum of Association & Articles of Association of



the SPV shall incorporate this condition. In case of deemed SPVs, the IA will furnish and undertake to this effect.

13. MONITORING OF THE CLUSTERS

13.1- It is proposed to constitute a Project Monitoring Committee (PMC) to periodically review the progress of the projects under the scheme. The composition of the PMC is as following:

- a) AS&DC, M/o MSME- Chairperson
- b) JS, ARI, M/o MSME
- c) EA, M/o MSME
- d) Director, ARI will be the member convenor of the committee.

13.1.1 The role and responsibilities of the Project Monitoring Committee will be as follows:

- (a) Monitoring of the implementation of the approved projects vis a vis
 - i) Achievement of milestones against timelines,
 - ii) Utilization of funds as per activities/amount indicated in DPR,
 - iii) Expenditure pattern as per the sequence of activities indicated in the PERT chart,
 - iv) Output and outcome as per the DPR
 - v) Performance appraisal of NA, TA and IA
 - vi) Any other activity
- (b) Endorsement of the changes proposed by NA regarding Cost of Interventions, IA, TA, CDE, plant and machineries, location of CFC, etc.
- (c) Monitoring of performance of NA and TA and termination of empanelment of TA and recommendation to SSC on termination of NA.
- (d) Transfer of projects from one NA to another, in case of termination of an NA.
- (e) Take decisions as per guidelines, in case of failure/closure of the project or dissolution of the SPV.

The Nodal Agency shall be responsible for obtaining Quarterly Progress Reports and Annual Progress Report through Monthly/Quarterly Progress Report formats showing physical and financial progress and Outputs and Outcome achieved from the clusters and present it before the Project Monitoring



Committee on a quarterly basis.

13.3 Periodic review by Nodal Agency: The NAs assisted by TAs will devise a systematic, intensive and regular monitoring framework for the clusters. In addition to the quarterly progress reports indicating cluster-wise physical and financial progress, the NAs will also track the progress regarding defined outputs and outcome through regular physical visits, video-conferencing and other ICT tools.

NOTE: Nodal Agencies will also take up internal audit of each of its cluster on a periodic basis.

13.4 Monitoring and Evaluation to be undertaken by Ministry will include periodic project reviews using innovative M&E systems such as videoconferencing and ICT tools, and third-party evaluations and impact assessment studies by the Ministry of MSME. For outcome level monitoring and evaluation, including profitability analysis, technically qualified agencies will be appointed, which will cover all clusters.

13.5 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.

13.6 Encouragements through Awards: All NAs may send proposals in this regard to the M/o MSME. Suitable mechanism will be ensured – including third party evaluation- for awards etc.

14 Information and Communication Matrix

In order to implement the project in a transparent manner, all relevant information pertaining to the project shall be clearly displayed through signages at CFC/workshed and other strategic points within the Cluster in English and vernacular language.

- I. Name of the cluster
- II. Name of the IA
- III. Name of SPV
- IV. Name of Nodal agency and contact details
- V. Sanction details of MoMSME under SFURTI, inclusive of
 - a) Number of artisans Covered



- b) GOI assistance along with component wise break-up
- c) Timeline of the Project
- d) Name of Artisans covered under the Scheme
- e) Projected yearly increase in artisan's income
- f) The rights/benefits due to the Artisans from the project
- g) Name and details of the members of the Cluster Working Committee
- h) Contact Details of the M/o MSME for grievance redressal.

NOTE: It will be the responsibility of the IA to display the information under the guidance of TA. The NA shall ensure the compliance of the above.

15 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.

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



CATEGORIZATION OF TRADITIONAL INDUSTRIES**1. Khadi Industries (KI)**

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

2. Village Industries (VI)

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

An indicative list of major VIs is provided as below:

- i). *Mineral Based Industry*
 - a. Cottage Pottery 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 & handmade Soap Industries
 - c. Industry/trades focusing on circular economy, provided it emerges out of the traditional industry.
- v). *Rural Engineering & Bio-Technology Industry*
 - a. Carpentry & Black smithy
- vi). *Hand Made Paper &Fiber Industry;*
 - a. Handmade Paper Industries
 - b. Fiber Industries
- vii). *Textiles Industry*
 - a. Apparel and garmenting
 - b. Embroidery and surface ornamentations
 - c. Fabric and yarn dyeing

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.

3. Coir Industry (CI)

Coir Industry is an agro-based traditional industry, established in coconut producing states like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a bi-product of coconut having diverse applicability, and potential for exports by developing value added products through technological interventions and product diversification. 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 lakh persons of whom a majority are 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.



COMPOSITION OF SCHEME STEERING COMMITTEE (SSC)

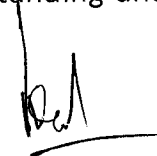
1	Secretary, Ministry of MSME	Chairman
2	Additional Secretary and Development Commissioner (MSME)	Member
3	Additional Secretary and Financial Adviser (AS & FA), Ministries of MSME (or a representative)	Member
4	Principal Adviser, PAMD, Niti Aayog	Member
5	Chief Executive Officer, KVIC	Member
6	Secretary, 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	Representatives of MoFPI	Member
14	Joint Secretary, Ministry of MSME	Member Convener
15	Representative of National Bamboo Mission	Member
16	Representatives of National Bee Board	Member
17	Representatives of Department of Animal Husbandry & Dairying	Member



PROFORMA OF APPLICATION FOR NEW NODAL AGENCY

1. **Executive Summary**
2. **Endorsement from Promoting Organisation (if applicable)**
3. **Name of the Institution/Organisation:**
Address, Phone, Fax:
4. **Name & Designation of Head of Organisation:**
Address, Phone, Mobile, E-mail:
5. **Name, Designation & contact details of the SFURTI Co-ordinator: -**
Address, Phone, Mobile, E-mail:
6. **Partner Institution Information-General:**
 - I. Legal Status of the organization (enclose certificate of registration)
 - II. Establishment date & summary of registered Objectives
 - III. List of Governing Body / Board of Directors
 - IV. Areas of activity
 - V. Major Regular Donors
 - VI. List of organizations with which formal MoU's / linkages exist
 - VII. Date of last Annual General Meeting (attach the minutes of meeting)
 - VIII. Enclose Annual Audited statement & IT returns for last 3 years
7. **ENDORSEMENT FROM THE HEAD OF INSTITUTION/ORGANISATION (Annexure-3A)**
8. **Applicant Organization's preparedness to Manage Collectives/clusters under SFURTI:**

Experience and Expertise of the SFURTI Nodal Officer/SPOC from Institution identified for the managing the SFURTI projects. (Attach a brief CV/bio-data, a person with domain expertise and having conceptual understanding and



202859/2022/SFURTI-KVIC

deep interest for innovation and entrepreneurship would be preferred to steer the cluster till it gets operationalized and thereafter would be an active interface between NA and cluster).

- I. List of projects undertaken, if any, in the previous **five** years as per the table given below.

Name of Cluster/Collective Project	Sponsoring Agency	Amount Sanctioned in Rs.	Amount released in Rs.	Thrust Area/ Sector/Industry	Duration	Outcome

- II. Awards & Recognition (Last 5 years): Details of Recognitions & Awards (having significant importance) won.

- III. Notable activities in innovation and entrepreneurship:

- a) Indicate details of cluster development with examples
- b) Team/Staff with cluster experience (Different Sector specific experts with cluster development experience)
- c) Organization of relevant cluster development programmes (courses, workshops, seminars, competitions, lectures etc) in the collective / cluster related activities.
- d) Domain and Demography- Elaborate Having specific expertise in a geography or a domain/sector**

9. **Approach, Methodology & experience towards cluster/collective development/enterprise management (To be elaborated against the following parameters)**

- a) Diagnostics & Base line survey
- b) Cluster/Collective Formation and creation of common Infrastructure
- c) Formation of registered producers collective, etc.
- d) Facilitate establishment of the CFC, etc.
- e) Handholding support to producers' collective, etc.
- f) Identify raw material suppliers/ Backward linkages



202859/2022/SFURTI-KVIC

- g) Marketing of the Products /forward linkages
- h) Promotional campaigns
- i) Linkages with implementing partners engaged in collective/cluster development space
- j) Skill training and capacity building to improve design/ production and develop new artisans
- k) Protection of IP rights
- l) Monitoring Framework/ Progress Reporting
- m) Any other information

**Name & Signature of the Head of the
Institution/Agency**

Name & Signature of the SFURTI SPOC

DATE:

PLACE:



ENDORSEMENT FROM THE HEAD OF INSTITUTION/ORGANISATION
(on letter head)

1. We have gone through and agree to abide by the terms and conditions of the grant scheme for SFURTI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. Certified that the hardware, other basic facilities and such other administrative support required for successful running of cluster will be extended as per terms and conditions of the grant.
4. We will get into an MoU with the Technical Agency so chosen to carry out the entire work of the cluster as per the Scheme guidelines.
5. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, and all requisite statutory compliances, etc. as required.
6. Certified that Shri/Smt..... will be the SFURTI Co-Ordinator of the proposed cluster. The SFURTI Coordinator will assume the responsibility of implementation of the project.
7. Our Organization assures to undertake the complete financial and other management responsibilities of the cluster, and successfully monitor the cluster as per the Scheme guidelines.
8. We abide by all the provisions of the guidelines as amended from time to time
9. **If any of the above statements or any information provided in the project proposal is found to be incorrect by the MoMSME or embezzlement of fund is noticed at any stage, the organization takes the responsibility to refund the entire amount released by MoMSME.**

Date.....

Place.....

Name, Signature & Seal of the
 Head of Institution/Agency



TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR NODAL AGENCIES FOR CLUSTERS EXCEPT AGENCIES FUNDED BY MINISTRY OF MSME/GOVERNMENT OF INDIA

1. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the grantee institution is required to register at CGA website (<http://pfms.nic.in>) further to be registered under 'EAT module' of PFMS to facilitate release of funds.
2. All grantee institutions except public funded institutions are required to execute a Bond (in prescribed proforma) on a non-judicial stamp paper before any grants-in-aid is released to them.
3. The grant being released should be exclusively spent on the specific purpose for which it has been sanctioned within the stipulated time. Any unspent balance out of the amount sanctioned would be refunded to the Govt. of India by means of an Account's Payee Demand Draft drawn in favour of Drawing & Disbursing Officer, MoMSME, payable at New Delhi.
4. The grantee is required to send two copies each of i) progress report; and ii) utilization certificate, in the prescribed proforma, to MoMSME at the end of each financial year as well as at the time of seeking further installments of the grant, if any as per the financial rules of Government of India.
5. The grantee is required to send two copies of the audited statement of accounts relating to the amount sanctioned at the end of the each financial year to MoMSME.
- 6. All the assets acquired or created from the grant will be the property of the Govt. of India and should not be disposed-off or encumbered or utilized for purpose other than those for which the grant has been sanctioned without the prior permission of the MoMSME.**
7. At the conclusion of the project, the Govt. of India will be free to sell or otherwise dispose off assets which are the property of Govt. The institution shall tender to Govt. necessary facilities for arranging the sale of these assets.



8. The institute shall furnish to MoMSME, utilization certificate and an audited statement of accounts pertaining to the grant as per the prevalent financial rules of Government of India.
9. The Comptroller and Auditor General (CAG) of India at his discretion shall have the right of access to the books of account for the grant received from the Government.
10. The grantee will maintain separate audited accounts for the grant. The funds released should be kept in a bank account earning interest, the interest earned should be reported to the MoMSME. The interest thus earned will be treated as a credit to the organization to be adjusted towards further installments of the grant, if any.
11. The grantee must not entrust the implementation of the work for which the grant is being sanctioned to another institution and divert the grant receipts as assistance to the latter institution. In case the grantee itself is not in a position to execute or complete the project, it may be required to refund forthwith the Govt. of India, the entire amount of grants-in-aid received by it.
12. MoMSME reserves the right to terminate support to the project at any stage, if it is convinced that the grant is not being utilized properly or that appropriate progress in the project work is not being made.
13. Where support has been provided by MoMSME under specific conditions accepted by a grantee institution and if it does not comply with these conditions, it will be liable to refund the grant already received in such a manner as may be required by the Government and no further MoMSME grant will be allowed to such an institution.
14. MoMSME will not have any liability towards the manpower appointed by the grantee institution for implementation of the project.
15. MoMSME will have no responsibility in case of any loss is caused to any life or property due to accident, fire or any other reasons. The Nodal Agency is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to the project.
16. The MoMSME will have no liability on account of any omission or commission of regulatory/statutory requirement by the Nodal Agency.



A. 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.	Director MSME-DI or representative	Member
7.	3 Cluster Experts (Independent) – to be nominated by the NAs	Member
8.	Director (SFURTI)-KVIC/Secretary- Coir Board	Member Convener

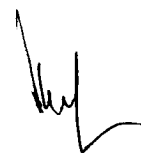
B. Composition of Project Screening Committee (PSC) for NAs other than KVIC/Coir Board

1.	Head of the Institution/NA	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.	Director MSME-DI or representative	Member
7.	3 Cluster Experts (Independent) – to be nominated by the NAs	Member
8.	Director (SFURTI)	Member Convener



ANNEXURE-6**List of Empaneled Nodal Agencies**


Sr. No	Nodal Agency
1	Khadi Village Industries Corporation
2	COIRBOARD
3	National Institute of Micro Small Medium Enterprises
4	Indo-German Tool Room, Indore
5	Indian Institute of Entrepreneurship GUWAHATI
6	Export Promotion Council for Handicrafts (EPCH)
7	Jammu & Kashmir Khadi Village Industries Board
8	Process and Product Development Centre, Agra
9	Tribal Cooperative Marketing Development Federation of India (TRIFED)
10	Uttar Pradesh Khadi Village Industries Board
11	Indian Microenterprise Development Foundation
12	Council for Handicrafts Development Corporation (COHANDS)
13	Foundation of MSME Clusters
14	Institute of Entrepreneurship Development, Odisha
15	Process and Product Development Centre, Meerut
16	Central Tool Room and Training Centre, Bhubaneswar (CTTC)
17	Central Institute of Hand Tools, Jalandhar
18	Hand Tool Design Development and Training Centre, Nagaur (Rajasthan)
19	Central Tool Room, Ludhiana
20	Central Tool Room and Training Centre, Kolkata
21	National Institute of Entrepreneurship and Small Business Development (NIESBUD)
22	Indo Danish Tool Room (ITDR), Jamshedpur
23	Tool Room & Training Centre, Guwahati
24	Indo-German Tool Room, Ahmedabad
25	Indo-German Tool Room, Aurangabad
26	Institute for Design of Electrical Measuring Instrument, Mumbai
27	Electronics Service & Training Centre, Ramnagar
28	Central Footwear Training Institute, Chennai
29	Centre for The Development of Glass Industry, Firozabad
30	Central Institute of Tool Design, Hyderabad
31	Central Footwear Training Institute, Agra
32	Fragrance & Flavour Development Centre, Kannauj
33	North East Handicraft and Handloom Development Corporation, Guwahati, Assam
34	NISARG, Bhopal, Madhya Pradesh



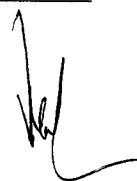
ANNEXURE- 7

GUIDANCE NOTE
FOR
DEVELOPMENT OF DETAILED PROJECT REPORT
Structure of Detailed Project Report

- Part A- Executive Summary
- Part B – Diagnostic
 - I. Cluster Profile
 - II. Cluster Value Chain Mapping (As Is)
 - III. Market Assessment and Market Demand Analysis
 - IV. Profile of Implementation Agency
 - V. Profile of Technical Agency
 - VI. Profile of Nodal Agency
- Part C– Analysis and Planning
 - I. Need Gap Analysis
 - II. Proposed Value Addition
 - III. Project Concept and Strategy Framework
- Part D – Detailed Intervention Plan
 - I. Project Interventions
 - a) Hard Interventions
 - b) Soft Interventions
 - II. Project Cost and Means of Finance
 - III. Plan for Convergence of Initiatives
 - IV. Project Timeline
 - V. Proposed Implementation Framework
- Part E – Business Plan and Expected Impact
 - I. Detailed Business Plan
 - II. Business Sustainability Plan
 - III. Expected Impact
- Part F- Cluster Governance Mechanism



- i. Information and Communication Matrix- (As per the scheme guidelines) to be displayed at the CFC
 - Part G- Monitoring and Evaluation Framework
 - i. M&E Framework for Output/Outcome Indicators.
 - Part H – Sustainability Plan
 - i. Handover and Exit Plan from IA to SPV
 - Part I- Mandatory Documents
 - Mandatory Declaration- If any of the above statements or any information provided in the project proposal is found to be incorrect by the MoMSME or embezzlement of fund is noticed at any stage, the organization takes the responsibility to refund the entire amount released by MoMSME.
-



Annexure 8

Indicators of A Good SFURTI Proposal

The table given below lists and describes the Key Indicators which every proposal submitted by Nodal Agencies (NA) under the SFURTI Scheme must reflect. The Project Screening Committee (PSC) of the respective NAs must ratify that these indicators have been adequately covered in the DPR.

Indicators of A Good SFURTI Proposal			
S. No.	Indicator	Rationale	Description
1	Project must be from a traditional industry/livelihood	Unique emphasis of the Scheme must be maintained	<ul style="list-style-type: none"> Traditional Industry must be as defined in SFURTI Guidelines The cluster must be located in a region well known for the product/produce The core beneficiary must be traditional artisans or other traditional workers like farmers, livestock farmers, etc.
2	Appropriateness of Project Location	Conditions at the project locations need to be suitable for successful implementation of the Scheme	<ul style="list-style-type: none"> At least 75% of artisans must reside in a radius of 10 kilometres Some geographical concentration of enterprises (not primary producers) must be present, preferably. Some development interventions should have been carried out in the cluster – training, product and design development, production, marketing,



			collective enterprise, group formation, etc. - Brownfield
3	Substantial and justified increase in income of artisans	Core objective of the Scheme and every Project must make adequate commitments	<p>Minimum projected increase in income of all direct beneficiary artisans must be as follows:</p> <ul style="list-style-type: none"> • At the end of year 1 after functionalisation –50% in addition to the baseline income • At the end of year 2 after functionalisation –75% from baseline • At the end of year 3 after functionalisation –100% from baseline • At the end of year 4 after functionalisation – More than 150% from baseline <p>Income may be calculated by including:</p> <ul style="list-style-type: none"> • Income derived by artisans from the SPV operations and profits • Income derived by artisans through their own production and marketing, catalysed by the project
4	Substantial Increase in Cluster Turnover	Important indicator to ensure 3 above and to understand that project planning is leading to desirable results	<p>The turnover of the cluster must be adequate to ensure income of the artisans as projected in 3 above, after accounting for all costs and provisioning for future</p> <p>This may include:</p> <ul style="list-style-type: none"> • Turnover of the SPV



			<ul style="list-style-type: none"> • Turnover of the beneficiary artisans apart from the SPV
5	Detailed Marketing Plan	Crucial to understand the achievability of the project outputs and outcomes	<ul style="list-style-type: none"> • Marketing plan should be adequate for the SPV turnover projected in 4 • Potential markets for independent business of artisans must be specified
6	Clear role / engagement of all beneficiary artisans	Project must ensure that each and every artisan listed as a beneficiary in the proposal is able to enhance their incomes to the levels committed in the DPR. This is only possible if engagement of artisans has been systematically planned.	<ul style="list-style-type: none"> • All beneficiary artisans listed in the DPR must have a clear engagement in the project. These could be one or a combination of the following: <ul style="list-style-type: none"> ○ Raw material or other input suppliers to SPV ○ Job workers for the SPV – at site and at home ○ Employees of the SPV ○ Marketing agents on behalf of the SPV ○ Independent artisans utilising services of the SPV ○ Any other engagement
7	Optimum GoI Assistance per beneficiary	Cost-benefit ratio of the project needs to be good	<ul style="list-style-type: none"> • Should be preferably around Rs.50,000/- per artisan
8	Hard Interventions	Biggest component of the scheme needs to be planned systematically	<ul style="list-style-type: none"> • All plant and machinery and building construction must be justified and linked with the production/service

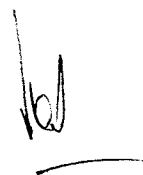


			<p>provision and storage requirement of the project, as projected in 3 above</p> <ul style="list-style-type: none"> • Number of machines must be linked with production volumes and numbers of artisans • Cost of machines must be comparable with similar machines available in the market • Only best quality machines, as relevant for the production, to be included • Machinery and building must be based on Lean Principles • Building must be energy efficient, providing good working conditions to all workers, especially women
9	Soft Interventions	Crucial component for success of the project and therefore needs to be planned systematically	<ul style="list-style-type: none"> • Must be directly related to the project plans • Should include both technical and managerial aspects for artisans • Institution development of the SPV must be planned for including leadership development of SPV Executive Council, awareness and capacity building of members • Design and product development should be included

10	Clear Plan for Artisan Ownership of Enterprise	This has a direct bearing on the sustainability of the Project. Only if the artisans own the enterprise in letter and spirit will the project sustain.	<ul style="list-style-type: none"> • All direct beneficiaries being claimed must be shareholders of the SPV by the end of year 1. • Artisans should have at least 2/3rd members in the Executive Committee • Institutional development process must be in place • Handover process must be spelt out clearly
11	Inclusion of Marginalised Communities	All projects of Gol must strive to include and empower marginalised communities	<ul style="list-style-type: none"> • Preferably a minimum of 50% of artisans must be from the marginalised sections, including: <ul style="list-style-type: none"> ○ Women ○ Scheduled Castes ○ Scheduled Tribes ○ Other Backward Classes ○ Transgenders ○ Others
12	Convergence	Resource mobilisation from other sources will be vital for success and sustainability of the project	Preferably, at least 10% of SFURTI assistance, from other government and non-government sources, together with letters of commitments; higher the better; especially for soft interventions
13	Model Cluster	All projects must have relevant and cutting-edge social, technological features	<ul style="list-style-type: none"> • Productivity enhancement and waste minimisation through Lean Principles • Utilisation of Renewable Energy wherever feasible • Digitization of Cluster • Aesthetically developed building and



			infrastructure (Components for beautification of building)
14	Capacities and Roles of IA/TA	Experience and capabilities of the both IA and TA have a direct bearing on the performance of the project	The capacities of both agencies relevant for this project must be articulated clearly in terms of <ul style="list-style-type: none"> • Prior experience in the geography and the sector and • Profile of team members identified for this project
15	Documentation	Important to process the projects	<ul style="list-style-type: none"> • Must be complete in all respects as specified in the Guidance Note • Concept scorecard and related documents must be included
16	Sources of Information	To ensure transparency and relevance of the information presented in the proposal.	All sources of information, whether primary or secondary, must be mentioned as footnotes at all relevant instances.



ANNEXURE 9

Indicative Terms of Reference for Handover of Cluster/Collective by IA to SPV

The following terms of reference may be incorporated as a part of a Sustainability Roadmap detailing the handover and exit strategy for the IA and continuation of the cluster under the SPV beyond the project duration. This shall include but not limit to;

- i. Identification of artisans/producers for SPV leadership and their requisite training.
- ii. Designing a sustainable business model for the next 3 years including strategies for increasing the operational efficiency, customer intimacy and maintaining the product marketability. This Business model should reflect the increase in the income of the cluster/collective and the artisans.
- iii. A monitoring framework/MIS/APP to evaluate the output and outcome while regularly updating the Ministry.
- iv. Ensuring that the ownership of the CFC, Land, Raw Materials, etc vests with the SPV.
- v. Fixing of the user charges for availing various services offered by the cluster/collective
- vi. Ensuring all MoU, agreements with institutional buyers, clients and other associations continue to stay with the SPV even after the exit of IA,
- vii. Ensuring Continued Design development and product diversification as an ongoing process
- viii. Ensuring that all Intellectual Property Rights pertaining to products, designs and processes are vested into the SPV, before exit including brand identities and Trademarks
- ix. Ensuring all statutory audits until the date of exit, are mandatorily accomplished and reported to the NA
- x. Submission of a detailed final report covering all physical and financial components to the NA.



Annexure-10

(To be Furnished along with the DPR)

CE Certificate Format for Technical Civil Work
(Letter Head of the CE)

CE certificate (With membership/registration No. of CE) in the following format:

Name of Cluster:

Location with address:

Date of site Visit by Chartered Engineer:

Sr.No	Name of the Component of CFC/Work shed/ annexes	Appraised Estimated Area (Sqm)	Rate/Unit	Appraised Estimated Cost (In Lakhs)	Status at inception or date of Visit may include: Ready for commencement of construction/Water logged/encroachments/ pending statutory clearances etc.	Remarks (if any)
	TOTAL					

It is certified that the material/ components to be used in the Technical Civil Work as given in DPR are of requisite standards and specifications.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal




Annexure-10.1

(To be Furnished along with Completion/Handover Report of the Project)

**CE Certificate Format for Technical Civil Work
(Letter Head of the CE)**

CE certificate (With membership/registration No. of CE) in the following format:

Name of Cluster:

Location with address:

Date of site Visit by Chartered Engineer:

(Details should be submitted in below format)

Sr.No	Name of the Component of CFC/Work shed/ annexes (as per DPR)	Appraised Estimated Area (Sqm) (as per DPR)	Rate/Unit (as per DPR)	Appraised Estimated Cost (In Lakhs) (as per DPR)	Actual Area consumed (Sqm) (on completion)	Rate/Unit (on completion)	Actual cost (In Lakhs) (on completion)	Status at Completion	Remarks
	TOTAL								

It is certified that the material/ components used in the Technical Civil Work are matching all standards and specifications as per the Approved DPR for the project.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



Annexure-11(To be Furnished along with the DPR)**CE Certificate Format for Plant & Machinery
(Letter Head of the CE)**

CE Certificate (With membership/registration No. of CE) in the following format

Name of Project:

Location with address:

Date of Appraisal by Chartered Engineer:

SLNO	Name of component	Model No. and Specification	Appraised Estimated Quantity	Rate (Rs.)	Cost break Up		Total Appraised Cost (Rs. Lakhs)	Manufacturer (including OEM & Model No.) and Brand	Remarks
					Appraised Basic Cost as per DPR	Estimated Taxes, Freight, installation, insurance			
	Component 1 2								
	<u>TOTAL</u>								

It is certified that the Component / machinery proposed to be used as given in the DPR, are of requisite standards and specifications.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



Annexure-11.1

(To be Furnished along with Completion/Handover Report of the Project)

CE Certificate Format for Plant & Machinery
(Letter Head of the CE)

CE Certificate (With membership/registration No. of CE) in the following format

Name of Project:
Location with address:
Date of Appraisal by Chartered Engineer:

SLN O	Name of compone nt	Appraise d Estimate d Quantity as per DPR	Total Appraise d Cost (Rs. Lakhs) as per DPR	Actual Quantit y	Rat e (Rs.)	Cost break Up		Total actu al Cost	Name of Supplier/ Manufactur er and Brand	Status (Either fully functiona l or Partially functiona l)	Remark s
						Actua l Basic Cost as per DPR	Actual Taxes, Freight, installatio n, insurance				
	Component - 1 - 2										
	TOTAL										

It is certified that the Component / machinery Procured and commissioned, are of standards and specifications as per the approved DPR.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



Annexure- B

- I. The NAs may ensure the following before submission of the proposal to the Ministry.
 - a) NA to physically verify and authenticate the presence of artisans, mentioned in the proposal, in the presence Director MSME (DI) or authorized representative. **(Refer Para. 4.2.4, clause iv. of guidelines)**
 - b) NA to ensure that the feasibility of the cluster is validated by the representatives of MSME (DI). **(Refer Para. 4.2.4, clause vi. of guidelines)**
 - c) NA must physically verify the land identified by the IA, ascertain the ownership/registered sale or lease deed of the land in the name of IA/SPV, check its feasibility for CFC construction and in case of lease agreement to ensure that the availability of the land is for at-least 15 years. **(Refer Para. 4.2.6, clause vi, sub-clause e. of guidelines)**
 - d) That the SPV is registered and is of a 'For Profit nature' (as prescribed in the guidelines) with 100% artisans proposed as members of the SPV and 2/3rd representation of the artisans in the governing body of the cluster (from the list of the artisans provided in the proposal). **(Refer Para. 4.2.6 clause vi, sub-clause f. & Para 4.6.1 clause b. of guidelines)**
 - e) In the revised guidelines, provisions have also been made for Working Capital of upto 20% of Hard Intervention. NA may take note of the same and if necessary, modify the proposals, accordingly, provided adequate justifications is brought out in the DPR. **(Refer Para. 3.2, Note i. of guidelines)**
 - f) NA to ensure that the provision for installation of IP enabled CCTV cameras in the cluster, is mandatorily included as a part of the HI. **(Refer Para. 3.2, clause i. of guidelines)**
 - g) NA may suggest under Soft Intervention digitization of training modules, machine handling and maintenance, etc., if necessary. **(Refer Para. 3.1, Note of guidelines)**
 - h) The NAs may ensure that the Business Plan and the growth in artisanal income, as projected in the DPR, are validated by Chartered Accountant/Chartered Financial Analyst (CA/CFA). **(Refer Para. 3.2, Note i. of guidelines)**
 - i) NA will ensure ratification of the proposed cost of CFC construction and procurement of plant and machinery by a chartered Engineer in

accordance with the format (Annexure-10; 10.1; 11 and 11.1) provided in the revised guidelines. **(Refer Para. 4.2.6, clause xi. & xii. of guidelines)**

- j) NA will ensure that the breakup of the project cost is as per the revised fee structure for TAs i.e. 5% of Hard Intervention or Rs.15 Lakhs, whichever is less (6% of HI clusters in NER/J&K/Hilly Areas, upto Rs. 18 lakhs, whichever is less). This fee shall be payable to the TA as follows: 40% on approval of the project, 30% on functionalisation of the cluster and 30% on Handover of the cluster by the IA to the SPV. **(Refer Para. 6.3 & Para 4.4 of guidelines)**
- k) NA shall ensure that the TA has separate dedicated nodal officer for the project, who is not associated with more than five SFURTI Projects. **(Refer Para. 4.3.1, clause xxxi of guidelines)**
- l) NA shall ensure that at least 90 days' time has been given for providing its input on the project before submission of the proposal to the Ministry. **(Refer Para. 11, clause i. of guidelines)**
- m) All these changes (as applicable) may be made and the proposal may be routed through the PSC before submission to the Ministry. **(Refer Para. 4.2.4, clause viii. of guidelines)**
- n) The Minutes of the PSC much be attached along with the DPR. **(Refer Para. 4.2.5, sub-para C, Note2. of guidelines)**
- o) The PSC constituted under each NA, shall comprise of three (3) independent cluster experts, Director MSME (DI) or its authorized representatives, representatives of the Bank and Marketing & Financial expert. To avoid any conflict of interest NAs must ensure that any representatives of TA or IA who has submitted any proposal for SFURTI to the Nodal Agency should not be part of the PSC. **(Refer Para. 4.2.5, sub-para C- of guidelines)**
- p) Any changes, revisions suggested by the Ministry on assessment of the DPR must be addressed and a revised DPR may be presented before the PSC for approval before forwarding it to the Ministry for further action. **(Refer Para. 4.2.4, clause viii. of guidelines)**

Verification certificates/documents to be enclosed with the DPR (as Part I-Mandatory Documents) while submitting proposals to the Ministry are also attached.

- II. NA may note , the administrative fees for NA has been increased from 3% to 4% and the subsequent release shall be linked to milestones i.e. 50% of the project cost shall be release on approval of the project, 25% on functionalization and the remaining 25% on handover of the cluster by the IA to the SPV. **(Refer Para.7 of guidelines)**
- III. The NA/TA/IA shall take note of the following changes which will be implemented after the approval of the project.
- a) The NA will open a dedicated bank account opened jointly with representatives of NA, IA, SPV and/or MSME-DI or any other signatory indicated by the M/o MSME, from time to time, as joint signatories. **(Refer Para 5.5 Clause v. of guidelines)**
 - b) NA will make IA aware that all the contributions in the SPV account, including that of the IA shall be considered SPV contributions for all purposes. **(Refer Para 4.6.1, clause e, sub-clause i. of guidelines)**
 - c) To ensure that the land, owned and leased by the IA must be transferred in the name of the SPV before any fund release is made to the IA. **(Refer Para 4.6.1, clause e, sub-clause iii. of guidelines)**
 - d) To ensure that all the machinery procured under the Scheme is procured in the name of the SPV. **(Refer Para 4.6.1, clause e, sub-clause ii. of guidelines)**
 - e) A maximum of the 10% of the surplus may be given to the IA. At least 90% of the surplus earned by the SPV is to be share among the artisans along with reinvestment in the cluster. **(Refer Para 4.6.1, clause e, sub-clause v. & vi. of guidelines)**
 - f) NA shall also ensure that the IA adheres to the implementation timelines and the cluster is handed over to the SPV after one year of functionalisation (within 3 years from the date of approval). **(Refer Para 4.6.1, clause e, sub-clause ix. of guidelines)**
 - g) NA must ensure that a working committee to look after the CFC is constituted by the IA, consisting of Chief Functionary of IA, 3 artisans nominated by the SPV (including at least one woman where women artisans are available), representatives of NA, Director MSME (DI) or representatives, representatives of TA, GM, DIC or representative and maintain the records of all the meetings of the committee. **(Refer Para 4.3.1, clause vii. And Refer para 10. of guidelines)**

- h) NA must ensure that a representative of MSME (DI) be included in the Tender Committee for floating and evaluation of the tender for construction of CFC, procurement of plant and machinery, etc. **(Refer Para 4.3.1, clause vii. of guidelines)**
- i) NA may avail the services of a Chartered Engineer to further validate that the quality and the cost of procurement of plant & machinery and the CFC is in accordance with the approved cluster proposal. **(Refer Para 4.2.6, clause xi & xii of guidelines)**
- j) NA should ensure that the IA displays the information pertaining to the project (as indicated in Information and Communication matrix given in the guidelines) in the CFC. **(Refer Para 14 of guidelines)**
- k) In cases, of change of land/site for CFC post disbursal of funds, the NA will have to submit necessary undertakings that the dimension, location & nature of the proposed new piece of land has been verified by them and found similar in all aspects as proposed earlier, for the approval of Project Monitoring Committee in the Ministry. **(Refer 4.2.6, clause xxiii of guidelines)**
- l) NA will be responsible for monitoring the performance/sustainability of the SPV for a period of 10 years from approval of the clusters. **(Refer 4.2.6, clause xiv of guidelines)**
- m) The NA shall ensure that the above points, as are taken note of and incorporated as part of the agreement signed between the IA and the SPV and IA and NA, as applicable. **(Refer 4.2.6, clause vi. sub-clause d of guidelines)**

IV. The above points are only indicative. NAs may refer to the SFURTI guidelines (issued on 09.09.2022) for detailed reference.

Structure of Detailed Project Report (Refer to Annexure 7 of Guidelines)

- Part A- Executive Summary
- Part B – Diagnostic
 - I. Cluster Profile
 - II. Cluster Value Chain Mapping (As Is)
 - III. Market Assessment and Market Demand Analysis
 - IV. Profile of Implementation Agency
 - V. Profile of Technical Agency
 - VI. Profile of Nodal Agency
- Part C– Analysis and Planning
 - I. Need Gap Analysis
 - II. Proposed Value Addition
 - III. Project Concept and Strategy Framework
- Part D – Detailed Intervention Plan
 - I. Project Interventions
 - a) Hard Interventions
 - b) Soft Interventions
 - II. Project Cost and Means of Finance
 - III. Plan for Convergence of Initiatives
 - IV. Project Timeline
 - V. Proposed Implementation Framework
- Part E – Business Plan and Expected Impact
 - I. Detailed Business Plan
 - II. Business Sustainability Plan
 - III. Expected Impact
- Part F- Cluster Governance Mechanism
 - i. Information and Communication Matrix- (As per the scheme guidelines) to be displayed at the CFC
- Part G- Monitoring and Evaluation Framework
 - i. M&E Framework for Output/Outcome Indicators.

- Part H – Sustainability Plan
 - i. Handover and Exit Plan from IA to SPV
- Part I- Mandatory Documents

MANDATORY DOCUMENT 1

UNDERTAKING OF NODAL AGENCY AND MSME-DFO ON
PHYSICAL VERIFICATION OF ARTISANS

To

The ARI Division

Ministry of MSME

New Delhi

Subject: Undertaking – regarding presence of artisans in the proposed cluster, based on physical visits

This is to certify that the undersigned has verified the presence of artisans through physical visit (conducted on _____, _____) for the Proposal titled....., to be considered for appraisal under SFURTI. The List of verified artisans has been enclosed in the DPR.

Signatories

NA

MSME-DFO

MANDATORY DOCUMENT 2

**NOTE FROM MSME-DFO ON FEASIBILITY OF THE CLUSTER
PROPOSAL**

To

The ARI Division

Ministry of MSME

New Delhi

Subject: Note of MSME-DFO regarding Feasibility of Project proposal

This is to certify that the undersigned has examined the feasibility of the proposal titled....., based on the Business Plan (given in the DPR and validated by Chartered Financial Analyst/Chartered Accountant) and finds it in order. A report, recommending the proposal, has been submitted to the Nodal agency.

Signatory

MSME-DFO

MANDATORY DOCUMENT 3

UNDERTAKING OF NODAL AGENCY ON
AVAILABILITY OF LAND AND FORMATION OF SPV

To
The ARI Division
Ministry of MSME
New Delhi

Subject: : Undertaking –regarding Availability of Land and Formation of SPV

This is to certify that the undersigned has verified through field visits that the land of requisite nature is available for the project titled....., where CFC can be constructed. It has been further ascertained that the ownership/registered sale/lease deed (long term of 15 years or more) is unencumbered and in the name of the IA/SPV mentioned in the DPR under consideration.

It is also certified that an SPV named.....has been incorporated for the project

Signatory

Nodal Agency

MANDATORY DOCUMENT 4

CA/CFA CERTIFICATE (WITH MEMBERSHIP/REGISTRATION NUMBER)

This is to certify that the undersigned has verified the Business Plan and Financial Model (given in the excel format) for the project titled....., and found it to be commercially and financially viable.

Signatory

Chartered Accountant/ Chartered Financial Analyst

Excel Illustration

Project Summary

1. Total Project Cost Means of Finance	0.00				
2. Civil works	0.00				
3. Plant & Machinery	0.00				
4. Raw Material Bank - Working Capital	Yr1	Yr2	Yr3	Yr4	Yr5
	0.00	0.00	0.00	0.00	0.00
5. Manpower Cost (ANNUAL WAGES AND SALARIES)					
6. Utility and Other Overheads (Admin expenses etc.)					
7. Cost of Production (Year 1)					
8. Revenue Projection (Sales & Turnover)	Yr1	Yr2	Yr3	Yr4	Yr5
	0.00	0.00	0.00	0.00	0.00
9. Profitability Estimates (over 5 years)	Yr1	Yr2	Yr3	Yr4	Yr5
10. Projected Cash Flow	Yr1	Yr2	Yr3	Yr4	Yr5
Inflow					
Outflow					
Net flow (Deficit/surplus)					
11. IRR Analysis					
13. Projected Balance sheet	Yr1	Yr2	Yr3	Yr4	Yr5
Total Liabilities					
Total Assets					

Project Cost and Means of Finance

PROJECT COST & MEANS OF FINANCE				
Type of Intervention	Total Amount (in INR Cr)	GOI Grant (in INR Cr)	IA/SPV Contribution (in INR Cr)	Percentage of Total Cost
Soft Interventions	0.00			SI
Hard Interventions				
Raw Material Bank	0.00	0.00		
Machinery	0.00	0.00		
CFC Building	0.00	0.00		
Total Hard Interventions	0.00	0.00	0.00	
Implementation Agency (IA) Fees	0.00	0.00		
Technical Agency Fees	0.00	0.00		
Grand Total (SI+HI+IA Fees+TA Fees)	0.00	0.00	0.00	100.00

Civil Works

CIVIL WORKS				
Project Component Description	Area (sq. ft.)	Construction Rate per unit area (Rs. per sq. ft.)	Lakhs Rs.	
Cost of Construction of Building	1	1	0.00	
Prefabricated Shed Building (where applicable)	1	1	0.00	
Total Amount of Civil Works & Alterations (in Lakhs Rs.)			0.00	

Plant and Machinery

Plant & Machinery					
Machine/Equipment	Quantity	Price per unit (Rs./unit)	Amount (Rs.)	GST	Total Amount (Rs.)
Machine 1					
Machine 2					
Machine 3					
Machine 4					
Machine 5					
Machine 6					
Machine 7					
Machine 8					
Machine 9					
Machine 10					
Machine 11					
Total Cost of Machinery (in Rs.)			0.00	0.00	0.00
Total Cost of Machinery (in Rs. Lakhs)			0.00	0.00	0.00

RMB – Working Capital

WORKING CAPITAL REQUIREMENT (All Figures in Lakhs Rs.)

Particulars	Holding Level (months)	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Raw Materials	0	0.00	0.00	0.00	0.00	0.00	0.00
Consumable Stores and spares	0	0.00	0.00	0.00	0.00	0.00	0.00
Sundry Debtors	0	0.00	0.00	0.00	0.00	0.00	0.00
Other current liabilities		0.00	0.00	0.00	0.00	0.00	0.00
Working Capital Requirement		0.00	0.00	0.00	0.00	0.00	0.00
Sundry Creditors	0	0.00	0.00	0.00	0.00	0.00	0.00
Total Expected Credits		0.00	0.00	0.00	0.00	0.00	0.00
Working Capital Gap		0.00	0.00	0.00	0.00	0.00	0.00

Cost of Project and Means of Finance

Cost of the Project	Rs. lakhs	Govt Assistance	Own Contribution
Hard Interventions			
Technical Agency Cost			
Implementing Agency Cost			
Soft Intervention Cost			
TOTAL	0.00	0.00	0.00

Means of Finance	Rs. lakhs
Government Assistance	0.00
Equity	0.00
TOTAL	0.00

Total Fixed Capital	
Particulars	Cost (In Rs. Lakhs)
Building & Other civil works	
Plant & Machinery + Furniture & Fixtures	
Other fixed cost (Preoperative Costs)	
Working Capital Gap for Raw Material Bank	0.00
Total Hard Intervention Cost	0.00

Other Proposed Costs:	
Particulars	Cost (in lakhs Rs.)
Working Capital (As per revenue proposed)	0.00
Technical Agency Cost	0.00
Implementing Agency Cost	0.00
Soft Intervention Cost	0.00
Total Cost	0.00

Assistance Eligibility Under SFURTI Scheme	
Particulars	Cost (in lakhs Rs.)
Max Govt Assistance eligible under SFURTI, if Artisan base <= 500 (Regular Cluster)	0.00
Own Contribution (Atleast 10%(5% for NER, J&K and Hilly Region) of Hard Interventions)	0.00
Technical Agency Eligible Cost (5% of the amount of Hard Intervention (HI) or Rs. 15 lakh, whichever is less *.)	-
Implementing Agency Eligible Cost (8% of the amount of Hard Intervention (HI) or Rs. 20 lakh, whichever is less.)	-
Total Soft Intervention Eligible Cost (10% of the amount of Hard Intervention (HI) or Rs. 25 lakh, whichever is less.)	0.00
* Technical Agency Eligible Cost for NER, J&K and Hilly Areas (6% of the amount of Hard Intervention (HI) or Rs. 18 lakh, whichever is less *.)	

Power and Utilities

Electricity, Diesel, Water etc. Consumption Calculation				
Description	Rate	Unit Value consumed per day	No. of days	Annual Utility Cost
Power Consumption specifications and rate				
Alternate energy consumption Specifications and Rate				
Diesel Requirement etc. Rate				
Total Utility Costs				0.00

Incandescent Lighting: Watts * X hours per day = watt-hours per day; X days per year = watt-hours per year, ÷ 1,000 = kWh per year, X energy cost per kWh = total annual energy cost.

1 kVA = 0.8 kW (Conversion Factor)

Electricity Rate per Unit				
Diesel Rate per litre				
Diesel Requirement (litres/day)				

Salary					
Staff		No. of Employees	Monthly Salary (Rs.)	Total Monthly Expenditure on Salary (Rs.)	Total Annual Expenditure on Salary (Rs.)
Head CFC					
Instructors					
Operator					
Store keeper					
Unskilled Worker					
Accounts					
Security Guard					
Lab technician					
Total Manpower Cost (in Rs.)				0	0
Total Manpower Cost (in Lakhs Rs.)				0	0

Preoperative Costs

Pre - Operative Costs: Furniture, Office Fixtures, Vehicles etc. (Fixed Capital)					
Furniture Description	No. of Units Reqd.	Cost Per Unit (Rs.)	Cost (Rs.)	GST	Total Amount (Rs.)
Item 1					
Item 2					
Item 3					
Item 4					
Item 5					
Item 6					
Item 7					
Item 8					
Item 9					
Item 10					
Item 11					
Item 12					
Total Pre-operative Cost (in Rs.)			0.00	0.00	0.00
Total Pre-operative Cost (in Lakhs Rs.)			0.00	0.00	0.00

Depreciation on Fixed Assets

Depreciation on Fixed Assets (All values in Lakhs Rs.)

FINANCIAL YEARS	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Buildings						
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Net Building	0.00	0.00	0.00	0.00	0.00	0.00
Machinery						
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Net Machinery	0.00	0.00	0.00	0.00	0.00	0.00

INCOME

[illegible]

[illegible][illegible]

[illegible]

Projected Balance Sheet - Company (All figures in Lakhs Rs.)[illegible]

Internal Rate of Return

Internal Rate of Return (IRR)											
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	
Out flow	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Inflow		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net flow	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Terminal free cash flow for equity											
Total Free Cash flows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Present value of free cash flow for equity	Rs. 0.00										
IRR	%										

Terminal Growth Rate

Cost of Equity

2%

10%

Avg of Net Flow * (1 + Terminal Growth Rate) / (Cost of equity - Terminal Growth Rate)

Raw Material Cost & Processing Cost

[illegible]

Projected Funds Flow Statement - Company (All Figures in Lakhs Rs.)[illegible]

[illegible]

Sales and Revenue

Revenue Assumption (100% capacity Utrilisation)

Products	Annual Output (in No. of units)	Selling price (Rs.) / per unit	Total Annual Sale (Rs.)	Total Annual Sale (in Lakhs Rs.)
Product 1 -	0	0	0	0.00
Product 2 -	0	0	0	0.00
Product 3 -	0	0	0	0.00
Product 4 -	0	0	0	0.00
Total	0		0	0.00

Production and Raw Material

Production										
Product with Description (e.g. Loom products with Length/Agri products with weight etc.)	Length/Weight of 1 unit of product (in mtr./kg)	No. of Artisans (e.g. Weavers)	Unit (e.g. m/kg/no. of units)	Output Per hour production per artisan (unit of length/weight/no. - here mtr.)	Daily Output in Single shifts of 8hrs (unit of length/weight/no. - here mtr.)	Monthly Output - 25 working days in a month (unit of length/weight/no. - here mtr.)	Annual Output (unit of length/weight/no. - here mtr.)	Daily Output (in No. of units)	Monthly Output (in No. of units)	Annual Output (in No. of units)
Product 1			mtr.							
Product 2			mtr.							
Product 3			mtr.							
Product 4			mtr.							

Raw Material Requirement

Raw Material Requirement										
Total Raw Material Required for Proposed Products (e.g. Yarn, Farm Produce etc.)	Daily Output in No. of units	Monthly Output in No. of units	Annual Output in No. of units	Weight of per unit of proposed product (in kg)	Total Weight of Daily Output of the product (in kg)	Total Weight of Raw Material used Monthly for production of product including 5% wastage - Should be less than the Installed Capacity	Total Weight of Monthly Output of the product (in kg)	Total Weight of Raw Material used Monthly for production of product including 5% wastage	Total Weight of Annual Output of the product (in kg)	Total Weight of Raw Material used Annually for production of product including 5% wastage
Raw Material for Product 1	0	0	0		-	-	-	-	-	-
Raw Material for Product 2	0	0	0		-	-	-	-	-	-
Raw Material for Product 3	0	0	0		-	-	-	-	-	-
Raw Material for Product 4	0	0	0		-	-	-	-	-	-

MANDATORY DOCUMENT 5

Minutes of the PSC Meeting recommending the proposal to be attached.

MANDATORY DOCUMENT 6
(Ref: Annexure 10 of Guidelines)

(To be Furnished along with the DPR)

CE Certificate Format for Technical Civil Work
(Letter Head of the CE)

CE certificate (With membership/registration No. of CE) in the following format:

Name of Cluster:

Location with address:

Date of site Visit by Chartered Engineer:

Sr.No	Name of the Component of CFC/Work shed/ annexes	Appraised Estimated Area (Sqm)	Rate/Unit	Appraised Estimated Cost (In Lakhs)	Status at inception or date of Visit may include: Ready for commencement of construction/Water logged/encroachments/pending statutory clearances etc.	Remarks (if any)
	TOTAL					

It is certified that the material/ components to be used in the Technical Civil Work as given in DPR are of requisite standards and specifications.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal

MANDATORY DOCUMENT 7
(Ref: Annexure 11 of Guidelines)

(To be Furnished along with the DPR)

CE Certificate Format for Plant & Machinery
(Letter Head of the CE)

CE Certificate (With membership/registration No. of CE) in the following format

Name of Project:

Location with address:

Date of Appraisal by Chartered Engineer:

SLN O	Name of component	Model No. and Specification	Apprais ed Estimate d Quantity	Rat e (Rs.)	Cost break Up		Total Apprais ed Cost (Rs. Lakhs)	Manufactu rer (including OEM & Model No.) and Brand	Remar ks
					Apprais ed Basic Cost as per DPR	Estimated Taxes, Freight, installatio n, insurance			
	Component - 1 2								
	<u>TOTAL</u>								

It is certified that the Component / machinery proposed to be used as given in the DPR, are of requisite standards and specifications.

Signature and Seal of C.E.