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खादी और ग्रामोद्योग आयोग

**KHADI AND VILLAGE INDUSTRIES  
COMMISSION**

सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय, भारत सरकार

Ministry of Micro, Small & Medium Enterprise, Govt. of India

स्फूर्ति निदेशालय/Directorate of SFURTI

No.SFURTI/Revised SFURTI Guidelines/2020-21

Dated: 24.07.2020

To,  
All Empanelled Technical Agencies under SFURTI KVIC

**Sub: Forwarding Indicative Key Chapters & Sections for Detailed Project Report (DPR) Templates under SFURTI Scheme-reg.**

Ref: This office letter no. SFURTI/Revised Guidelines/2020-21 dated 17-04-2020

Sir,

This has reference to this office letter dated 17-04-2020 referred above communicating the Revised Guidelines of SFURTI scheme, issued by the Ministry vide letter No. 1/1/2020/Minutes-KVI-1 dated 6<sup>th</sup> March 2020, for the information and further needful action.

In reference to the above mentioned revisions in the guidelines of the SFURTI Scheme, a template for Detailed Project Report (DPR) is formulated indicating Key Chapters & Sections including other required parameters as per the revamped SFURTI Guidelines, and the same is enclosed herewith for ready reference.

May kindly take note of the above and submit the DPRs strictly as per the template referred above, incorporating all the relevant details complete in all the aspects as per the template, so as to ensure successful implementation of the SFURTI Scheme.

This is issued with the approval of Competent Authority.

End. As above

Yours faithfully

Dy. Director I/c (SFURTI)

- Copy to: 1) Zonal Dy. CEO for kind information and needful action.  
2) State/Divisional Director concerned for information and needful action.

Dy. Director I/c (SFURTI)



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**Indicative Key Chapters & Sections  
for Detailed Project Report (DPR)  
(Templates)  
under Scheme of Fund for Regeneration of  
Traditional Industries (SFURTI) Cluster**

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

**GOVERNMENT OF INDIA**

## **Table of Contents for the Detailed Project Report (DPR)** **(Template)**

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

<ol style="list-style-type: none"> <li>1. Cluster Profile</li> <li>2. Cluster Value Chain Mapping</li> <li>3. Market Assessment and Demand Analysis</li> <li>4. Need Gap Analysis</li> <li>5. Profile of the Implementing Agency</li> <li>6. Project Concept and Strategy Framework</li> </ol>	<b>PART I</b>
<ol style="list-style-type: none"> <li>7. Project Interventions (Core SFURTI)</li> <li>8. Soft Interventions</li> <li>9. Hard Interventions</li> <li>10. Project Cost and Means of Finance (Core SFURTI)</li> <li>11. Plan for Convergence of Initiatives</li> <li>12. Enhanced Project Cost and Means of Finance</li> <li>13. Project Timeline</li> <li>14. Detailed Business Plan</li> <li>15. Proposed Implementation Framework</li> <li>16. Sustainability Plan</li> <li>17. Expected Impact</li> </ol>	<b>PART II</b>

**PART I:****Chapter 1: Cluster Profile**

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

**Indicative List of Sections:**

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

## **Chapter 2: Cluster Value Chain Mapping**

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

### **Indicative List of Sections:**

- 2.1 Product Profile
- 2.2 Production Process
- 2.3 Value Chain Analysis
- 2.4 Cluster Map – highlighting backward and forward linkages
- 2.5 Principal Stakeholders
- 2.6 SWOT Analysis

### **Chapter 3: Market Assessment and Demand Analysis**

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

## **Chapter 4: Need Gap Analysis**

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

## **Chapter 5: Profile of the Implementing Agency**

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

### **Indicative List of Sections:**

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



## **Chapter 6: Project Concept and Strategy Framework**

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

### **Indicative List of Sections:**

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

**PART II:****Chapter 7: Project Interventions (Core SFURTI)**

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

## **Chapter 8: Soft Interventions**

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

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

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

*The soft interventions could be:*

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

## Chapter 9: Hard Interventions

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

*The hard interventions could be in the form of\*:*

- *Proposed Intervention,*
- *Land Details,*
- *Common Facility Centre(s) (CFCs)\*\*;*
- *Proposed Capacities,*
- *Proposed Equipment/ Machines etc,*
- *Master Plan/ Detailed Engineering Drawings*
- *Project Cost,*
- *Operation and Maintenance Model,*
- *Raw material banks (RMBs);*
- *Warehousing facility;*
- *Up-gradation of production infrastructure;*
- *Value addition and processing center.*
- *Tools & technological up-gradation such as charkha up-gradation, tool-kit distribution, etc*
- *Business Plan,*
- *Implementation Schedule*
- *Any other information pertaining to the project]*

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

**\*\*** Land details such as size in sqft, survey nos, postal address, Registration no of own/purchased/ leased for minimum 15 years with Revenue Authorities, conversion to Non Agriculture land, non-encumbrance certificate showing the property in the name of IA/SPV. Land should be sufficient and suitable for construction of Industry with the feasibility of connecting road , electricity, water connection etc..

- a. Master plan / Detailed engineering Drawings of land and proposed construction etc.. from respective Authorities.
- b. Cost of construction

## **Chapter 10: Project Cost and Means of Finance (Core SFURTI)**

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

- *Funding from the SFURTI Grant*
- *Contribution from the IA in the forms:*
  - *Own Contribution in cash*

*The project will be implemented over a period of 12-18months (12 months for Regular Clusters & 18 months for Major clusters) and the year-wise phasing of the project cost will be provided.*

### 10.1 Project Cost

#	Project Intervention	Cost	Remarks	Scheme Funding
A	Cluster Interventions			
A1	Soft Interventions		10% of the amount of Hard Intervention (HI) or Rs 25.00 lakhs, whichever is less	100%
i)				
ii)				
A2	Hard Interventions		10% /5% of Hard Intervention as own contribution in cash	90%/ 95% (NER)
i)				
ii)				
B	Cost of TA		8% of the amount of Hard Intervention (HI) or Rs 30.00 lakhs , whichever is less	100%
C	Cost of IA/SPV including CDE		8% of the amount of Hard Intervention (HI) or Rs 20.00 lakhs , whichever is less	100%
	<b>TOTAL (A+B+C)</b>			

### 10.2 Means of Finance

### 10.3 Project Phasing

## **Chapter 11: Plan for Convergence of Initiatives**

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

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

*The Scheme envisages leveraging resources from the following sources:*

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

## **Chapter 12: Enhanced Project Cost and Means of Finance**

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

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

## **Chapter 13: Project Timeline (4-6 Quarters)**

*[This Chapter will provide the project implementation schedule with details of the activities to be undertaken and the expected time-frame for each activity. The schedule will typically provide month/ quarter-wise scheduling of the specific activities. The progress of the project will be monitored against this implementation schedule provided by the IA to ensure timely completion of the project activities.]*

### *Illustrative Project Implementation Schedule*

<b>Project Activity</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>	<b>Q6</b>
Activity 1						
Activity 2						
Activity 3						
Activity 4						
Activity 5						



## **Chapter 14: Detailed Business Plan**

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

### **Indicative List of Sections**

#### **14.1. Key Operational and Financial Assumptions**

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

#### **viii. Financial Projections : Profitability Estimates**

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

- ix. Break-even Analysis
- x. IRR Calculation

## **Chapter 15: Proposed Implementation Framework**

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

### **Indicative List of Sections:**

- 15.1 Role of the Implementing Agency (IA)
- 15.2 Details of Strategic Partners and other project stakeholders
- 15.3 Structure of the SPV
- 15.4 Composition of the SPV with details of roles and responsibilities of each partner / shareholder

## **Chapter 16: Sustainability Plan**

*[This Chapter will talk about future plan and need of sustainability beyond project period , Exit policy from IA to SPV,*

*, market survey as and when required, inclusion of latest machineries even after the approval of DPR ,Technical up gradation , adoption of LEAN Manufacturing Practices, convergence/ technological tie up with domain specific National Level Institutions such as CSIR –Institutions , ICAR, IITs, Technology Centers, Tool Rooms of MSME Ministry etc... . Publicity/ marketing through Website etc...*

*SPV, Cluster Level Working Committee , Cluster Advisory Committee and any other committee as per the requirement to ensure the sustainability of the Cluster profitability / activity]*

## **Chapter 17: Expected Impact**

*[This Chapter will talk about the key impacts that are expected to be achieved as a result of this project. The key development parameters for the Cluster and the stakeholders (artisans, entrepreneurs, etc) will be mapped at the beginning of the project. This section will outline the expected improvement in these key development parameters that are expected at the end of the project period.*

*These parameters will include the difference between pre-Intervention and Post intervention (after 2 years from commissioning of cluster activity if it is green Cluster)*

- *Cluster turnover,*
- *employment,*
- *artisans incomes,*
- *profit/ margin for local entrepreneurs/ exporters,*
- *quality levels,*
- *productivity levels, market access etc]*

**Mandatory requirements for recommending DPR to SSC:**

1. **NGO Registration Certificate & Bye laws.**
2. **Resolution from the Implementing Agency (NGO) to implement the SFURTI Scheme**
3. **Suitable, sufficient registered Land for construction of CFC Building either by own or on Lease for minimum 15 years (without any encumbrance) from Revenue authorities with the feasibility to have electric, water, road connectivity etc.. from local government / authorities.**
4. **SPV registration Certificate, bylaws and with 33% of artisans in the Governing Body/ Managing Committee of SPV. All artisans shall be members of SPV.**
5. **Undertaking from IA in their letter head stating that they have not availed any financial assistance for the same cluster/ artisans /purposed from any Central/ State Government Agencies , if any such issues surfaced in the later stages of implementation , it will be the responsibility of the IA and liable for suitable action .**
6. **Undertaking from IA stating that they will deposit IA share in the dedicated Bank Account of SFURTI cluster within 15 days from the receipt of Sanction**
7. **Agreements between, IA & KVIC.**
8. **An positive Physical/Technical feasible Report from the respective State / Divisional Offices of KVIC.**
9. **PSC recommendation**
10. **Recommendation of State Director & Zonal Dy. CEO on the Proposal (Template -II)**
11. **Application Form from IA (Template IA &IB)**
12. **List of Artisans in the prescriber format**
13. **DPR / Revised DPR after amending the suggestions of PSC if any .**

ANNEXURE- I

**KHADI AND VILLAGE INDUSTRIES COMMISSION***(Ministry of MSME, Govt. of India)***MUMBAI-56**

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**GENERAL INSTRUCTIONS TOWARDS IMPLEMENTATION OF  
SFURTI IN KHADI AND VILLAGE INDUSTRIES SECTOR FOR  
COMPLIANCE BY TECHNICAL AGENCY (TA) IN CORDINATION  
WITH IMPLEMENTING AGENCIES & NODAL AGENCIES  
(FIELD OFFICES OF KVIC)****I. Pre- Sanction:****II. Post sanction:**

1. The Common Facility Centres (CFC) shall be established in each cluster as approved by the NA and all assets created out of the Govt. grants received shall be in the name of NA. The grant amount would be utilized only for the purpose for which it is released and the funds shall not be diverted for any other industry, purpose, assignment or use under any circumstances. TA shall suggest LEAN compliance in CFC from the day one of planning.
2. The IA/SPV shall commence the work of setting up of CFC within one month from the date of receipt of grant contribution from NA and shall complete the CFC within 6 months period after the commencement of the work.
3. The SPV should open and maintain a corpus fund for the maintenance of the CFC. The user charges will go to the corpus.
4. In the case of civil constructions, the plan and estimate and valuation of the construction shall be approved by competent authorities like local PWD/Chartered

Engineer/Local bodies like Panchayat/Municipality. Besides, a letter of consent should also be obtained from the Electricity Board (EB) for providing adequate power supply to the proposed unit. It shall be the responsibility of the Technical Agency to ensure that all the aspects connected with statutory clearances are complied in the cluster.

5. Payments in the case of civil constructions will be released only after inspection at different stages of construction by a team headed by State Office , KVIC official and consisting of the representatives of the TA and NA and based on their recommendations in writing. The payments should be regulated as follows:

- ❖ Construction up to foundation level – not exceeding 20% of the contracted cost.
- ❖ Construction up to roof level – not exceeding 40% of the total contracted cost.
- ❖ 35% will be released on completion of the remaining works and
- ❖ 5% will be released on completion of construction of the building and on production of valuation certificate and proof of joint insurance assigning Board's share and SPV share in the building.
- ❖ Reports in this regard from time to time together with a copy of the recommendations of the Inspection team will be given by the IA to the NA through the NAFO.

**6. For the construction of CFC and its associated building blocks, the IA should follow the Central Procurement Norms of Govt. of India, i.e. Manual for procurement of Goods 2017, released by the Ministry of Finance, Department of Expenditure, Govt. of India. and its amendments made from time to time, if any.**

7. While purchase of machinery & equipments and procurement of goods & services required for setting up of the cluster, the IA/SPV has to follow the Government of India procedures and formalities, the CVC guidelines,

GFR, Manual for procurement of Goods released by Govt. of India etc. Agreements and integrity pacts have to be signed by the suppliers/service providers wherever required. Purchase through GeM portal to be the priority Representatives from near be Tool Room/ Technological Centres of MSME may be involved in the Purchase committee.

8. While resorting procurement of machinery and equipments, the performance and quality standards have to be given paramount importance. The two cover tender system should be followed in all cases of purchase of machinery, equipments, services etc. In the technical bid, the past performance of the machinery supplied by the tenderer has to be evaluated and if required, the purchase committee including technical experts from the appropriate field should visit the units where the machinery supplied by the tenderer has been installed, for an on-the-spot evaluation. The financial bids of only the tenderers who qualify the technical bid should only be opened and the lowest acceptable rates will be recommended for placement of orders. The machinery suppliers identified shall enter an agreement with IA/SPV to ensure the defined specifications, production, trouble free operation, training the workers, SPV members etc. along with one year performance guarantee for plant and machinery are complied with by them, in all respects.
9. A **Tender Opening Committee** shall be constituted with the State Director, KVIC concerned as Chairman, for the procurement of machineries, goods and services wherein CDE and representatives of IA &TA will act as members. An official from KVIC not below the rank of Assistant Director -II may also be included in the committee as member. The committee shall evaluate the purchase procedures and also ascertain that the procurement of goods are in compliance with rules of Govt. of India. If the total number of bids obtained are not sufficient enough to make the evaluation process, extension of time limit for submission of bids may be resorted to. Under inescapable circumstances, identification of



supplier may be made on the basis of available bids after repeated efforts. Before doing so, the ascertainment of reasonableness of amount quoted with reference to the technical specifications, the justifications for doing so etc. shall be ensured and recorded by the tender opening committee.

10. In case of machinery purchases, payment may be as follows:

- Payment of advance along with firm order should be discouraged. However in inevitable cases advances up to 40% can be released against Bank Guarantee in its acceptable form for equal amount, which may be decided by the I.A. in consultation with the Technical Agency.
- Up to 60% of the cost of the machinery may be released once the full set of machinery ordered is landed in the CFCs.
- Out of the balance 40%, 35% cost of the machinery may be released on installation and successful trial run; and
- The balance 5% may be released after successful running of the unit and production of insurance policy. A certificate in this regard has also to be given by the I.A. to the NA.
- Care must be taken to ensure that the supplier/vendor/manufacturer etc. as the case may be is capable of providing after sales services/maintenance (AMC) spares and the same has been duly confirmed by them in writing.

11. On production of documents in proof of purchase and installation of machineries in the cluster, the IA shall arrange the release of the amount for the expenditure

incurred thereof, directly to the suppliers on getting recommendations from TA & NAFO.

12. The maintenance of the CFC shall be the responsibility of the IA/SPV and NA shall not provide any funds for that purpose. The IA/SPV shall develop and sustain the cluster after the project implementation period is over.

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

- Chief functionary of the IA – Convener
- Representative of a Nationalized bank operating in the area preferably from the Bank through the IA/SPV operates its fund
- 3 artisans nominated by the IA (including at least one woman) on annual rotation basis, renomination may not be allowed in five years
- Representative of the NAFO
- GM, DIC or his representative/nominee

The Working Committee should meet at least once in a month to review the progress of the CFC and decide about the user charges once it setup. The Committee may decide *interalia* the user charges to be levied for availing the facilities of the Common Facility Centre.

14. The State Office, KVIC should convene quarterly meeting with all Implementing Agencies/CDE and TAs under their Jurisdiction and report progress/shortfalls of each cluster to NAHQ.

15. The Technical Agency (TA) in their quarterly reports to the Nodal Agency, in the prescribed format (will be sent separately) with a copy to State Office , KVIC, will specifically mention the shortfalls, if any, in achievement of defined target /objectives in the cluster.
16. The State Office, KVIC shall mark a copy of all letters addressed to IA, TA & CDE to NA and vice-versa by the IA, TA and CDE for information by the IA.
17. The Technical Agency shall make visit to the clusters for giving technical support for proper and speedy implementation of the scheme once in a fortnight and should submit report to Nodal Agency in the prescribed format (will be sent separately).
18. The TA cost as negotiated and approved by the NA and earmarked for each cluster will be released in 4 installments as laid down in clause 5 of the agreement signed by NA and TA after getting the utilization certificate, certified statement of account and report on the progress of activities. The TA shall be bound to discharge all its responsibilities and comply with the guidelines, as well as terms and conditions in the agreement signed by them.
19. Income tax, other taxes and statutory deductions, if any from time to time shall be deducted at source while releasing payment. The tax deducted will be immediately remitted in the TAN of the payer and certificate of deduction of tax to be issued in due course. The applicability of GST, if any, will be taken care of by the IA and the SPV, in consultation with the TA.
20. The NAs assisted by TAs will devise a suitable monitoring framework duly approved by the SSC. In addition to the quarterly progress reports indicating

cluster-wise physical and financial progress, the NAs will also track the progress through video-conferencing and other ICT tools.

21. The SFURTI interventions like Common Facility Centre, Capacity Building measures, Market Promotional Assistance and Product Development & Design Interventions from time to time may be taken up by IA with the concurrence/approval of working committee and recommendation of TA with validation by NAFO. The State Office, KVIC shall send the validated proposals to NA for approval and the amount allocated by NA for those purposes will be released to IA.
  
22. The Implementing Agency (IA) shall recruit and engage a full-time Cluster Development Executive (CDE), who is well versed with computer/accounting, in order to ensure efficient implementation of the project. Selection of CDE must be made from 3 options viz. (i) a local capable & strongly acceptable CDE from among the beneficiary group, (ii) grooming of an existing person from the group to become a good CDE and (iii) an externally recruited CDE. Additional qualification, experience and expertise to be considered while selection of the CDE in line with the requirements of the project deliverables. The engagement of CDE will be made in consultation with TA.
  
23. For fair selection of CDE, the eligible candidates should be interviewed after proper screening and appointment orders/letters shall be issued to them specifying the tenure (at least one year) of service. In case of any selected CDE leave the cluster without prior intimation to State Office, KVIC /IA/TA, their last month remuneration shall be kept hold on by the IA and another CDE should be recruited immediately.

24. The IA cost shall be released every quarter by the Nodal Agency based on the requirements from time to time after getting the Utilization Certificate-GFR 19-A of the previous releases, Statement of Accounts of utilization of fund and quarterly/monthly reports with proper recommendation of State Office, KVIC.
25. The Implementing Agency (IA) cost provided in the Scheme shall be utilized for the following purposes.
- a) Conduct of meetings with Working Committee members etc. fortnightly at IA's office (the amount for one person for the meeting shall not exceed Rs.200/-).
  - b) Conduct of monthly review meetings by the State Office, KVIC with the IA, CDE, TA and stakeholders of SPV.
  - c) TA/DA of the functionaries of IA/SPV for the travel connected with the cluster development according to their eligibility. The TA/DA rules and regulations of the Central Govt. will be applied for reckoning the eligibility/entitlement.
  - d) TA/DA of Cluster Development Executive for attending training, seminars, meetings outside the cluster shall be paid TA/DA as per the eligibility of Group 'B' officials in Govt. of India.
  - e) Procurement of minimum required office furnitures and equipments.
  - f) Procurement and installation of one computer/laptop with printer and internet facility after following due purchase procedures at a cost not exceeding Rs.50,000/-and the internet lease charges. The computer and the furniture shall be the property of the SPV and taken to their stock records. The annual maintenance of the system and the cost thereof will be the responsibility of the IA and SPV.
  - g) Monthly remuneration to CDE/Dy. CDE/Office Assistant.
  - h) Special Occasions like Swatchhta Abhiyan, CFC inauguration etc. after getting approval from the NA.

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

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

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

28. The IA can appoint an Office Assistant who is capable of handling Accounting Software, e-mail etc., and to maintain all other office records for a monthly salary of Rs.7000/- with an yearly increment of Rs.750/- for each completed year of engagement. The said salary should be met from IA cost.

29. If found necessary, the IA can appoint a full time officer in the IA/SPV office to supervise the activities,

with a monthly remuneration of Rs.15,000 - Rs.20,000/-, which shall be met from IA cost.

30. If the CDE is a Government/Federation/PSU/Corporation sponsored official, there will be no provision for CDE salary. They are eligible to draw TA/DA for the tours connected with the cluster development as per their eligibility and the expenses for communication.
31. The responsibility for selection/termination of CDE/Dy. CDE/Office Assistant shall be vested with IA.
32. The CDE cost will be released by the NA to IA from the IA cost quarterly according to their performance report and tour diary. The CDE should also submit their report in the prescribed formats (will be sent separately) to the IA and TA with a copy to State Office, KVIC & NA. The CDE should reside inside the cluster.
33. In case of an external person outside the cluster is chosen as the CDE, a capable local person may be made the deputy to the CDE so that he is groomed to take up the responsibility once the regular CDE leaves the cluster after financial support is stopped.
34. No TA/DA will be admissible from the project funds to any person other than the functionaries engaged for the specified purposes under the Scheme for the cluster development.
35. All payments utilizing the project funds including CDE remuneration should be made through dedicated bank accounts in cashless (NEFT/RTGS/UPI) mode.
36. The IA shall implement various interventions as outlined in the approved DPR and shall undertake procurement of goods and services and appointment of contractors, as and when required, in a fair and

transparent manner after following the Govt. of India rules and regulations.

37. The IA will enter into an agreement with the Nodal Agency (NA) for timely completion on cluster intervention and proper and timely utilization of Government Grants.
38. The IA shall undertake Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model. The IA may levy service charges for utilization of Common Facility Centre's assets at the rates fixed in consultation with Khadi and Village Industries Commission. The services of the Common Facility Centre shall be made available also to all those agencies/ artisans/entrepreneurs whomsoever working in the coir sector.
39. The IA will be responsible for furnishing Utilization Certificates (UCs) to NA from time to time in respect of the funds released and regular Progress Reports to Nodal Agency in the prescribed formats. The Utilization Certificates (UC) and the annual statement of accounts certified by a C&AG empanelled Chartered Accountant and endorsed by Technical Agency & State Office, KVIC have to be forwarded to NA at the end of every financial year. The Utilization Certificates towards the fund utilized must be given in the prescribed form No. 19-A as per GFR along with Statement of Accounts.
40. The audit fee for empanelled Chartered Accountant towards preparation of UC and audited statement of accounts shall be met from the respective IA Cost.
41. The **IA** shall maintain dedicated bank account in their name with a nationalized bank in the locality of the cluster, **jointly operated by their authorized signatory, Nodal Officer/Officer-in-charge of Khadi and Village Industries Commission, Secretary of IA and CDE**, for utilization of the funds received from the NA for implementation of the soft and **Hard Interventions** like setting up of CFC, civil works, procurement and installation of machinery and shall allow the auditors deputed by the Khadi and Village Industries Commission and/ or the representatives of the Khadi and



Village Industries Commission/Ministry of MSME/A.G. to inspect and audit such accounts at any time. The Nodal Agency(NA) shall release to this account 90% of the project cost meant under Hard Interventions as grant amount in installments as per the guidelines approved by the Ministry on recommendation by NAFO only ***if the IA/SPV contributes 10% as its share for total hard intervention cost in lumpsum or otherwise***, into this joint account.

42. The dedicated accounts thus maintained by the IA to which GoI grants have to be released, should be interest earning and the interest so earned should be reported to NA.

43. In the event of project cost exceeding the estimate prepared, the IA/SPV has to remit the equity contribution of the extra amount to the dedicated bank account opened for the purpose. However, the escalations from the estimated cost shall be limited to the orders issued by the NA in this regard.

44. On obtaining final approval from the SSC, a sanction order will be issued by NA and 1<sup>st</sup> installment for the soft and hard intervention will be released by the NA to the dedicated bank account opened in the name of the IA/SPV. Whereas release of fund by NA to IAs for soft-intervention shall be need-based, the following schedule will be adopted for release of scheme funds to IA for hard interventions:

- 1st installment of 50% of the total Hard Interventions Cost as advance on IA arranging land;
- 2nd installment of another 50% on utilization of 2/3 of 1st installment;

45. For the release of 1st installment of 50% of total Hard Interventions Cost (wherein 10% will be the IA contribution), the following parameters should be followed by IA with the due endorsement of TA. Compliance of these parameters should be ascertained

by State Office, KVIC before effecting the payment to IA.

### ***Checklist-I***

- ✓ Obtaining of Registered lease deed for 15 years/Land registration certificate in the name of IA/SPV
- ✓ Obtaining of Bipartite Agreement between IA & NA
- ✓ Obtaining of NOC and necessary clearances from local bodies, PRI, Central Pollution Control Board etc.
- ✓ Obtaining of approved plan and estimates by Chartered Engineer
- ✓ Obtaining of Consent letter from Electricity Board for adequate power connection to run the proposed unit
- ✓ Collect the basic data from artisans like contact address, mobile no., Aadhar no. etc. Likewise, for the 2nd release of installment of another 50% of total Hard Interventions Cost, the following parameters should be adopted:

### ***Checklist-II***

- ✓ Obtaining of Utilization Certificate (UC) by IA in the prescribed form of GFR 19-A, Govt. of India (proforma attached) for utilization of 2/3rd of 1st installment release, provided the UC should be accompanied by audited statements of accounts indicating the expenditure incurred on various items
- ✓ Obtaining of Stage Completion Certificate showing progress of completion of building from a Chartered Engineer
- ✓ Ensuring the enrollment of beneficiaries in Social Service Schemes mentioned in clause no.4.3.2 (XIV) as per the scheme guidelines
- ✓ Spot inspection by the State Office, KVIC on the progress of the implementation of the scheme and recommend NA to release the 2nd installment. The NA may also directly depute a person to verify the progress of implementation, if found needed The 3rd and final installment of remaining 20% will be released subject to the following conditions as specified in Checklist -III.

### ***Checklist-III***

- ✓ Obtaining of final completion certificate from a Chartered Engineer, indicating the total cost of civil works done so far and entire completion of building construction
- ✓ Fulfillment of action plan/activities approved under Soft Interventions as well as Hard Interventions as specified in the DPR
- ✓ Completion of enrollment of artisans under Social Security Scheme ie, PMSBY
- ✓ Completion of enrolment of units working under the cluster into MSME Databank
- ✓ Obtaining of certificate issued by the Implementing Agency, declaring that the targets for PMSBY and MSME Databank have been accomplished
- ✓ Conduct of joint inspection by NAFO, IA, TA & SPV and rendering reports satisfying the physical progress achieved in the CFC (including civil

construction works, machinery installation/erection, electrification works etc.)

- ✓ Obtaining of complete UCs and audited statement of accounts from a C&AG empanelled Chartered Accountant for the 80% GoI grant released by the Board as 1st and 2nd installments of Hard Intervention Cost
- ✓ Constitution of Working Committee as prescribed in the scheme operational guidelines (Refer section 9.1 in scheme guidelines)
- ✓ Obtaining of joint insurance certificate from any National Insurance Company for the accidental insurance of artisans working in the CFC and also for the CFC building & its machineries erected therein, against the natural calamities, fire, explosion, theft etc.
- ✓ Fixation of user fee/charges for using the CFC and its machineries
- ✓ Obtaining of GST registration details of the SPV
- ✓ Registration of cluster as supplier of coir products with Khadi and Village Industries Commission, as part of e-commerce initiatives

46. The Implementing Agency (IA) cost shall be released from the State Office, KVIC into the dedicated account in five individual installments (ie, Rs.4.00 lakhs each). For release of any installment of IA Cost (except 1st installment), the following parameters should be complied of.

#### **Checklist IV**

- ✓ Obtaining of Utilization Certificate (UC) in GFR-19A format showing utilization of 2/3rd part of funds released in previous installment
- ✓ Obtaining statement of accounts showing bifurcation of expenditures incurred as mentioned in UC
- ✓ Obtaining CDE monthly reports.
- ✓ Furnishing latest list of artisans enrolled under PMSBY. The list should be updated regularly and submitted before release of each installment

- ✓ Furnishing of updated list of units registered into MSME Databank

47. In case of release of any installment of Soft Intervention Cost, the following parameters should be adopted.

### **Checklist V**

- ✓ Obtaining of Utilization Certificate (UC) in GFR-19A format showing utilization of 2/3rd part of funds released in previous installment
- ✓ Obtaining statement of accounts showing bifurcation of expenditures incurred as mentioned in UC
- ✓ Obtaining of detailed Soft Intervention action plan for utilization of funds to be released
- ✓ Furnishing detailed list of Soft Intervention activities done so far, by using the funds released in previous installment(s)

48. All the checklists specified above shall be examined thoroughly and endorsed by the TA and they will furnish a clearance certificate while recommend the same to State Office, KVIC .

49. The State Office, KVIC shall verify and validate all the documents forwarded by the IA which are required for releasing any installments of funds, after getting due recommendation from the TA and confirm the same well before forwarding to NA. The declaration from State Office, KVIC is mandatory for consideration of release of any installment of funds (i.e, SI/HI/IA Cost) from NA.

50. All Soft Interventions should be carried out by the IA with direction of supervision of TA and the payment for the same shall be effected by Implementing Agency (IA) as specified in the DPR.

51. The IA/SPV shall abide by the rules and regulations prescribed by the Ministry of MSME and shall bound to follow the operational guidelines of SFURTI and its amendments made from time to time.
52. The IA shall update the details and progress of cluster in website of Ministry / KVIC and facilitate the web based Project Management System (PMS) by Khadi and Village Industries Commission.
53. The IA shall keep updated regularly with photographs and progress in the portal developed by the Ministry for the SFURTI clusters (<http://www.sfurti.msme.gov.in>)
54. The IA should open an office with all infrastructure and function in the cluster area. Moreover, IA should nominate one person in that office as office assistant for carrying out daily activities of the office premises.
55. The Implementing Agency shall maintain separate registers for recording the details of the assets acquired out of the NA funds and the assets provided by the NA both movable and immovable and shall send periodic report of the same to the NA. The IA will physically verify the assets of each financial year and record the fact in the register. All the assets acquired out of the NA funds are the property of the NA and the IA shall not create any charge or encumbrance over the same and shall use the same only for the purpose for which it has been acquired.
56. In the event of any misutilization of funds (like diversion for any other purpose other for which it is granted, misappropriation etc.), the IA shall be bound to refund the entire amount released to it by the NA along with interest and penal interest at the rates as may be decided by the NA.
57. The IA will arrange for the credit requirements including working capital for activities within the cluster.

58. The IA must submit monthly report and quarterly report to the **State Office, KVIC** as per the prescribed format (will be sent separately) with a copy to TA and NA during the last week of every month/quarter. The **State Office, KVIC** must submit monthly report and quarterly report to the Directorate of SFURTI, KVIC Mumbai on or before 5th of every month/quarter.
59. **At the end of the programme, IA shall prepare a comprehensive list of assets (movable and immovable) purchased/created out of project finances and ensure that they are handed over to NA, if so directed by the NA. The assets may also be handed over during period of programme depending upon the nature of the assets. Relevant copy of purchase or other documents, if any, connected with the purchase/acquisition should also be handed over by IA to NA at the time of transfer, if so directed.**
60. For any clarifications/information with regard to the specifications, marksmanship, productivity/output parameters etc. of the machinery/equipments to be sourced for the cluster, **State Office, KVIC** shall be consulted.
61. The Technical Agency for the cluster shall provide to the **State Office, KVIC** and IA all the vital inputs/information on the procedures and formalities to be followed on tendering, receipt of goods etc. while procuring goods and services required for the cluster.
62. All documents pertaining to the Sale Deed/Lease Deed etc. in respect of the land in which the CFC is setup, in vernacular shall be translated to English and authenticated by the Legal Advocate of KVIC.
63. The agreements/contracts entered into by the NA/SPV with regard to the activities in the cluster shall be executed in Non judicial stamp worth of rates applicable to the respective states.
64. All the clusters set up under SFURTI have to be registered under **Udyog Aadhar** from respective District

Industries Centre (DIC) of the concerned state. For more information about the Gazette Notification published thereon and details about registration procedures, the portal [www.udyogaadhaar.gov.in](http://www.udyogaadhaar.gov.in) may be visited.

65. As part of e-commerce initiatives, the IA/SPV should ensure that have Direct listed /registered with Khadi and Village Industries Commission as suppliers and they may supply their whole or part manufactured cluster products to the franchises under the KVIC. All sorts of initiatives in this regard should be taken by the TA.
66. All clusters should be export oriented and proper advertisements should be given to create more awareness about the products.
67. All clusters should approach any National Insurance Company for availing comprehensive insurance coverage to the plant and machinery from the day of erection. Awareness programmes on insurance to be organized by the IA and TA by availing services from the experts of Insurance Companies.
68. The activities of the IA should focus not only with SPV, but also the stakeholders of the entire cluster area.
69. The accounts of the IA and SPV should be compiled and validated in Tally software package.

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