

Mission Solar Charkha (MSC) - Guidelines

1. Background

1.1 A pilot project on Solar Charkha was implemented at Khanwa village, Nawada District of Bihar in 2016. Based on the success of the pilot project, Government of India has accorded approval to set up 50 such clusters with a budget of Rs. 550 Crore for 2018-19 and 2019-20. The scheme is envisaged to generate direct employment nearly to one lakh persons in the approved Fifty (50) clusters.

1.2 Ministry of MSME has classified Solar Charkha Unit as a Village Industry. A standard Solar Charkha with 10 spindles has been rated and approved by experts, and the technical specifications finalised by the Ministry, after testing the various models of Solar Charkhas.

1.3 The scheme envisages setting up of 'Solar Charkha Clusters', which would mean a focal village and other surrounding villages in a radius of 8 to 10 kilometres. Further, such a cluster will have 200 to 2042 beneficiaries (Spinners, weavers, stitchers and other skilled artisans). Each spinner will be given two charkhas of 10 spindles each. On an average, it is considered that such a cluster will have about 1000 charkhas. A cluster with full capacity will provide direct employment to 2042 artisans.

2. Scheme Objectives

The objectives of the Scheme are as follows:

- i. To ensure inclusive growth by generation of employment, especially for women and youth, and sustainable development through solar charkha clusters in rural areas.
- ii. To boost rural economy and help in arresting migration from rural to urban areas.
- iii. To leverage low-cost, innovative technologies and processes for sustenance.

3. Project Interventions: The Scheme would cover the following interventions:

One cluster of Solar Charkha would involve a maximum subsidy of Rs. 9.599 crore. An indicative Scheme is given below:

A. The Scheme would cover three types of interventions, namely -

i. Capital subsidy for individual and for Special Purpose Vehicle (SPV):

- a) 2000 Solar Charkhas at the maximum price of Rs.45,000/- per charkha and a subsidy of Rs.15,750/- per charkha works out to a cumulative subsidy of Rs.3.15 crore for 1000 spinners;
- b) One unit of two Solar Charkhas would produce 2.0 kg of yarn on an average per day, resulting in a production of 2.0 tons per 2000 charkhas. Thus, 500 Solar Looms would be required to convert the yarn into fabric at the maximum price of Rs.1,10,000/- per loom and subsidy @35% at Rs.38,500/- per loom and the cumulative subsidy works out to Rs.1.93 crore for 500 weavers;
- c) Capital cost of construction of workshed with a minimum space of 20,000 sq.ft with 100% subsidy at the maximum rate upto Rs.1.20 crore per cluster for the SPV;
- d) Capital cost of Solar Grid of 50 KW capacity with 100% subsidy at the maximum rate upto Rs.0.40 crore per cluster for the SPV;
- e) One-time Capital Cost Subsidy for the SPV @35% works out to maximum of Rs.0.75 crore per Cluster for the purchase of twisting machines, dyeing machines and stitching machines (500 in number) for making the unit self-sustainable and for value addition.

- ii. Interest subvention for Working Capital:** It is proposed to have a ceiling of 8% of interest subvention on working capital irrespective of the interest rates being charged by the Banks/Financial Institutions for a period of six months. Recurring Working Capital cost for a period of six months at the rate of interest subvention of 8% works out to Rs.1.584 crore for one cluster including cost of roving, wages of spinners and weavers.

iii. Capacity building:

The scheme envisages courses for the spinners/weavers and others involved in the garmenting unit at a total cost of Rs 0.595 cr per cluster for a period of two years.

B. Institutional Arrangement

Given the challenges and wide geographical coverage of the Scheme, an efficient scheme management structure and delivery mechanism has been proposed. There will be a Governing Council, chaired by the Minister MSME, which will be responsible for providing overall policy, coordination and management guidance to the Scheme. A Scheme Steering Committee (SSC) will be constituted under the chairmanship of Secretary (MSME).

In order to ensure the implementation of the scheme in Mission mode, a dedicated Mission Directorate shall be created with CEO, KVIC, as Mission Director, who would be reporting to the Scheme Steering Committee (SSC). The Mission would constitute a fully functional PMU, which shall have three experts in Project Management, Finance & Forecasting and Marketing. Mission Authority will be fully responsible for planning, implementation and execution of Mission objectives, and for keeping strict vigil on timelines and for recommending course correction to SSC and Governing Council from time to time.

C. Implementation Methodology

- i. In order to effectively manage the scheme of such scale and coverage, it is proposed to set up a dedicated Mission Solar Charkha (MSC) website, enabled with Project Management System (PMS), to manage projects on-line from inviting proposals to screening of applications and concurrent monitoring of progress till completion.
- ii. The proposed PMS will have in-built systems for online application, MIS tracking, monitoring of physical & financial progress, sharing of reports and other tools for project management such as geo-tagging of new units set up under the scheme.
- iii. Approval for a cluster will be accorded by the SSC, based on the proposal of Promoter Agency and evaluation of the Detailed Project Report (DPR).
- iv. It is envisaged to earmark 3% of the total budget allocation under the name of 'MSC Administrative Fund' for Administrative and scheme management

expenses. An additional 1% of the total budget will be allocated for undertaking monitoring and evaluation of the scheme implementation, and 1% for publicity and outreach expenses, to be operated by the Mission Authority.

D. Project Coverage and Duration

The target is to cover more than 50 clusters across the country. The scheme will be implemented in all States of India. The time frame for the implementation of the project will be 2 years.

4. The main parameters of the scheme are as follows:

- (i) Solar Charkha Mission Directorate will draw up a **State-wise list of potential clusters**.
- (ii) An **individual or a promoter agency** would be selected/ preferred for setting up of Solar Charkha Clusters. **Existing Khadi Institutions** can also take up the work of setting up of such clusters.
- (iii) Promoter will fulfil the **following criteria** at the time of application:
 - a. Baseline survey would be conducted by the promoter, and, at least, 200 members would be identified with Aadhaar numbers of which at least 50% shall be women.
 - b. Land of minimum 20,000 sq.ft and upto 2 acres will be provided by the promoter either owned or on long-term lease of minimum 15 years. The land will be arranged by the promoter and all expenditure pertaining to the land will be made by the promoter.
- (iv) The promoter agency will deposit at least 15% of the requirement of the working capital or at least three months' projected amount of working capital **in a separate dedicated account only after final selection of the promoter by the SSC and before the first release fund** is made.
- (v) The promoter agency will form a **Special Purpose Vehicle (SPV)**, before the release of the first instalment of funds, possibly a Section-8 Company or a Producer company under the Companies Act, 2013 for putting up the integrated model of solar charkhas, solar looms, sewing machines etc. with one village being a focal village.

(vi) **Role of the Promoter Agency/SPV**

- a. Preparation of strategy and implementation plan;
- b. Seeking and obtaining approval from competent authority of the State Government/UT for the cluster and environmental clearances, if necessary, before submission of DPR to the Mission Authority for scrutiny;
- c. Preparation of Detailed Project Report (DPR) for approval of the SSC, mapping of technological and skill levels, number of artisans with their existing activities and their present earnings, strategies for delivering the cluster-level interventions, outcomes, resultant enhancement of wages of the artisans etc., backward-forward linkages, sourcing of raw materials, marketing of finished products etc.
- d. Promoter Agency will also ensure that the artisans are provided social security benefits as per extant laws & regulations.

(vii) Though SPV can operate on a minimum of 400 charkhas, the scheme provides for an average of 1,000 charkhas.

5. Institutional Arrangement

Given the challenges and wide geographical coverage of the Scheme, efficient scheme management structure and delivery mechanisms have been proposed.

5.1 Governing Council

There will be Governing Council, chaired by the Minister MSME, which will be responsible for providing overall policy, coordination, management and guidance support to the Scheme. Governing council will be constituted as mentioned in Annexure-I. The Governing Council on the recommendation of Scheme Steering Committee (SSC), can change the Mission Authority or Mode of implementation, if it is found that the Solar Charkha Project is not being implemented satisfactorily.

5.2 Scheme Steering Committee (SSC)

A Scheme Steering Committee (SSC) will be constituted under the chairmanship of Secretary (MSME), as detailed in [Annexure-II](#). The SSC may co-opt representatives of industry

associations, R&D institutions and other private sector expert organizations as members/special invitees, depending on functional needs. The SSC will consider the proposals of clusters, after having been scrutinized and forwarded to SSC by the Mission Directorate, and shall extend approval to the same. The SSC may make intra-sectoral adjustments of activities and corresponding funds without affecting the basic objectives and thrust of the Scheme.

A. **Submission of Proposal**

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

The Chief Executive Officer,
Khadi Village & Industries Commission (KVIC),
Gramodaya 3, Irla Road, Vile Parle (West),
Mumbai - 400056
Telephone (022-2671 1577) Telefax: (022-2671 8289)
E-mail: ceo.kvic@gov.in

B. **Appraisal and Approval:**

The proposals for developing the cluster will be appraised based on the track record, merit and strategies of the entity in promoting cluster development. The appraisal and final approval will be done by the **Scheme Steering Committee**. The performance will be monitored both on quantitative and qualitative aspects by the SSC. In case of significant shortfall in the progress, the Promoter Agency will be changed and support may be continued to the new agency with the approval of SSC.

5.2.1: **Additional Responsibilities of the Promoter agency/SPV:**

The role and responsibility of Promoter Agencies include the following:

- i. Sensitization and awareness generation in the clusters about the scheme;
- ii. Identification of focus products and product mix for the Cluster for domestic and export markets
- iii. Preparation of details, namely - business model for self-sustenance, skill up-gradation of artisans, acquiring of new skills, setting up of physical and financial outcome targets

for the project, proposed percentage enhancement of productivity and earnings of the artisans, brand building, product segmentation, promotion and advertising through regular publicity modes and participation in fairs and exhibitions, exploring possible export avenues with clear targets etc.;

- iv. SPV may engage the services 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;
 - v. Promoter Agency will draw up a marketing strategy and detailed plan with regard to the following:
 - a. Product development
 - b. Packaging
 - c. Product pricing
 - d. Product positioning and promotion
 - e. Dealer/Distributor Network under offline marketing mode
 - f. Tapping e-commerce for online marketing
 - g. Determining supply chain and logistics
 - h. Ensuring quality of product and standardization
 - i. Tapping the export potential through appropriate interventions
 - vi. Monitoring and evaluation of the cluster projects being implemented; and
 - vii. At the end of each financial year, Promoter Agency/SPV shall prepare proper documentation covering the entire activities, preparation of case studies and photo documentation articulating the outcomes in terms of productivity and sales.
- 5.2.2 Formation of SPV is mandatory. The purpose of SPV will be to develop and sustain the cluster activities. An SPV will be formed for each cluster which may be any of the following:
- i. A Producer Company under section 465(1) of the Companies Act, 2013 (18 of 2013);
 - ii. A Section 8 Company under the Companies Act, 2013 (18 of 2013);

5.2.3 **Criteria for selection of Promoter Agency/SPV:**

- A. ***Existing Khadi and Village Industry Institution (KVI)*** could apply for setting up such a cluster. However, the following parameters must be fulfilled:
 - a) KVI having a positive balance sheet and assets in favour of the institution;
 - b) KVI having an artisan base of not less than 200;

- c) KVI having a sales turnover of not less than Rs. One Crore in each of the preceding three financial years;
- d) Should have an increase in number of new artisans in the last three years.

B. *Other Institutions such as SPV, Society, Trust, Section 8 Company or LLP under Companies Act, 2013 registered under respective statutes* could also apply for setting up a new Solar Charkha Cluster, with the following criteria:

- a) Vision and Mission
- b) Board and Governing Structure with sufficient experience
- c) Proper Management Information System (MIS)
- d) Financial Resources – equity and debt
- e) Financial Performance for last three years – profitability and IRR

C. *First Timers who want to join the village industry movement through solar charkha clusters* could apply for a new cluster, with the following criteria:

- a) Highest Commitment to the cause of social and rural upliftment
- b) Funding commitment from Scheduled Commercial Banks/ NBFC/ Venture Capital Fund/Private Equity funds
- c) Proper Management Information System (MIS)
- d) Any other criteria to be approved by Governing Council

6. Implementation methodology:

There will be a **National Mission Director**, not below the rank of Joint Secretary to Government of India, who will be the overall in-charge of all activities related to the Mission. CEO, KVIC, shall be the Mission Director (*detailed as per Annexure 2.1*). The Mission Directorate will take support from subject matter experts and such staff as considered necessary. The key responsibilities of the Mission Directorate are given below.

- i. Develop strategic blueprint and detailed implementation roadmap of the Solar Charkha Mission, including the detailed design of the mission.
- ii. Coordinate across Centre, States and external stakeholders in order to ensure that external agencies are efficiently used for preparation of DPRs, sharing of best practices etc.

- iii. Oversee capacity building and assisting /handholding of SPVs.
- iv. CEO, KVIC, shall be the Mission Director and will report to the SSC.
- v. Considering the need to expedite the implementation of the Project, the JS (ARI), MSME, shall interact with the Mission Director for weekly progress.
- vi. The overall progress of the Mission will be reviewed each month by the SSC.
- vii. The progress of the Mission will be reviewed by the Governing Council at least once every quarter.

6.1 Web-Based Project Management System (PMS)

In order to effectively manage the scheme of such scale and coverage, it is proposed to set up a dedicated Mission Solar Charkha (MSC) website, enabled with Project Management System (PMS), to manage projects on-line from inviting proposals to screening of applications and concurrent monitoring of progress till completion. The proposed PMS will have in-built systems for online application, MIS tracking, monitoring of physical & financial progress, sharing of reports and other tools for project management. The system will enable all the associated institutions and stakeholders to monitor the progress of projects and work over-runs, inadequate coverage, and other risks and quality issues. The web platform would also provide the option to the potential Promoter Agency to apply and upload their credentials so as to enable the SSC to take a suitable call.

7. Identification of tentative list of clusters

- i). Mission Directorate will first draw up an indicative State-wise list of potential clusters.
- 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 good market demand, and the Cluster can be developed to scale up activities and produce high value products for the market.
- iii). The Clusters and the activities must have a critical mass for ensuring economies of scale. Projects under MSC should be integrated, value chain-based and the project should be structured with interventions to address the gaps along the entire value chain.

- iv). 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.
- v). 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.
- vi). 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.
- vii). The project must be so structured such as to promote optimum utilization of infrastructure facilities through a range of activities.
- viii). The project should allow and encourage active participation and involvement of all members of the Cluster. NER projects should focus on the challenges in the region and come out with solutions for the identified challenges.

8. Approval from SSC

The SSC shall be responsible for approval of the projects and monitoring of their implementation. The approval would be one-stage process.

9. Approval Process

Approval for a project/cluster will be accorded by the SSC based on the proposal of the Promoter Agency and after evaluation of the Detailed Project Report (DPR) by the Mission Directorate.

The DPR should broadly cover the major features of the proposed project including baseline information, tentative interventions, proposed implementation framework and subject to fulfilment of the following conditions:

- i. Preparation of DPR as per the standard template with specific details of interventions with cost estimates and timelines;
- ii. Identification and formation of project-specific SPV;
- iii. Execution of shareholders' agreement and other related agreements between the Promoter Agency and the members;
- iv. Arrangement of requisite land for construction of common facilities by the Promoter Agency in terms of registered sale or lease deed in the Promoter Agency's name.

- v. Approval by the Secretary, Department of Industries and Commerce of the State Govt./Union Territories, who is the competent authority to issue the consent for setting up of the cluster, before the DPR is put up for final approval by the SSC at the apex level.

10. Release of Funds to Promoter Agency

Once the DPR is approved by the SSC, the Ministry will place the funds at the disposal of the Mission Directorate. Thereafter, the process for release of funds for training and for CFC/TPC construction would be initiated. The Mission Directorate will also ensure the following preparatory actions at the level of the Promoter Agency:

- i. Action initiated for formation of SPV at the cluster level;
- ii. Proposal for release of funds will be submitted by Promoter Agencies, cluster-wise, to the Mission Directorate. The release of funds to Promoter Agencies will be based on approved Plan of Action (PoA) and progress of expenditure.
- iii. The Mission Directorate will release the funds to the Promoter Agencies on receipt of UC and Progress Report.
- iv. The Promoter Agency shall maintain separate account for these funds and will be subject to audit.
- v. Release of Funds to Promoter Agency (PA) as per the following schedule will be adopted for release of scheme funds:
 - (a) 1st instalment of 20% of the cost of workshed as advance on PA arranging land, and subsidy from the Government towards the cost of 200 charkhas or 10% of the total number of charkhas proposed for the cluster, whichever is lower, plus subsidy from the Government towards the cost of 50 looms or 10% of the total number of looms proposed for the cluster, whichever is lower;
 - (b) 2nd instalment of another 30% on utilization of 2/3rd of the 1st instalment for completing the workshed, and subsidy from the Government towards the cost of 1200 charkhas or 60% of the total number of charkhas proposed for the cluster, whichever is lower, plus subsidy from the Government towards the cost of 300 looms or 60% of the total number of looms proposed for the

cluster, whichever is lower; along with subsidy from the Government towards the cost of 50% of the cost of other equipment such as twisting, stitching and dyeing machines; further, clearance will be given to the bank to release approved working capital (Interest subvention).

(c) 3rd installment may take care of any balance releases as per the scheme.

11. Administrative and scheme management expenses:

The MSC Administrative Fund will be utilized for all administrative costs, for monitoring & evaluation costs, for MSC-related communication and stationery expenses, for travel/exposure visits of the Ministry/Mission Directorate officials for monitoring, for purchase of office automation equipment like photocopiers, maintenance etc., out-sourcing of data management services and development of scheme management software.

12. PROJECT COVERAGE & DURATION

12.1 Project Coverage

The target is to cover 50 such solar clusters across the country, whereby approx. 1,00,000 artisans/beneficiaries are to be covered under the various scheme components. The scheme shall be implemented in all States of India. The geographical distribution of the clusters throughout the country, with at least 10% located in the North Eastern Region (NER), J&K and hilly states, will also be kept in view. Special focus will be given to 117 aspirational districts for soliciting project proposals under the scheme.

12.2. Project Duration

The timeframe for the implementation of project will be 2 years. The DPR would provide year-wise phasing of the interventions and requirements of funds.

13. CONVERGENCE

13.1 Substantial investments are being made for strengthening of rural clusters and the livelihood base of the poor. In order to optimise the efforts and maximise impact & sustainability, it is imperative to ensure convergence and bring in synergies between different private initiatives and government schemes in terms of planning and implementation. The Scheme envisages leveraging resources from the following sources:

- i. *Private sector participation*: The scheme shall encourage participation of private sector with proven track record.
- ii. *Corporate Social Responsibility*: The corporates of public and private sector can participate in the MSC program by way of providing additional financial support, professional operational support, management and marketing support to the projects funded under the Scheme as part of their CSR.
- 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 be invested in the SPVs, subject to the condition that their shareholding shall not exceed 50% of the total equity and with the prior approval of the Ministry, based on the recommendation of the Mission Directorate.
- iv. *Other schemes of State and Central Government*: Promoter agency will be encouraged to dovetail funds from other various state and central government schemes such as MPLADS, MoRD schemes, over and above the funds sanctioned for MSC scheme, provided that there is no duplication of a specific project component being funded from one source.

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

13.3 Promoter Agencies must, therefore, ensure that convergence is built into implementation framework right from the stage of project design.

14. SUSTAINABILITY

14.1. *Access to credit*: The SPV shall arrange the credit requirements, including working capital, for activities within the cluster. They may also extend credit to individual groups in the form of supplying raw materials on credit etc., if required.

14.2. *Business Plan for the cluster*: The SPV will prepare a Business Plan for the cluster as a going concern, taking into account relevant facts and after conducting appropriate market survey, as may be considered necessary by SPV, within the first two years of implementation of MSC in the cluster.

15. ROLE OF STATE GOVERNMENT

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

- i. Recommendation of the Secretary, Department of Industries/ MSME of the State Govt./Union Territory, before the DPR is submitted to Mission Directorate for scrutiny and for final approval to the SSC. Through this process, the legal entity, constitution and existence of the Promoter Agency (PA) are being confirmed and authenticated by the Government machinery to avoid any kind of duplication and misuse of precious public funds.
- ii. Facilitating/providing all the requisite clearances, wherever needed, for setting up the cluster, and providing necessary assistance for power, water and other utilities to the cluster, on priority basis;
- iii. Providing necessary external infrastructure to the projects such as power, water supply, roads, effluent disposal etc., wherever needed, on priority basis;
- iv. 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;
- v. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects; and
- vi. The State Governments/UTs may conduct surveys and map and identify potential sites and products for clusterisation under MSC, and accordingly seek the intervention of M/o MSME to set up Solar Charkha Clusters in those sites.

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

16.1 SPV shall ensure that all the services of the facilities created under the Scheme are extended to the cluster in general.

16.2 SPV shall be responsible for O&M of all the assets created under the Scheme beyond the project duration.

16.3 In case of dissolution of the SPV within 10 years from the date of sanction of assistance by the Government under the Scheme, the assets created with such assistance shall be vested with the Government. The Memorandum of Association & Articles of Association of the SPV shall incorporate this condition.

17. MONITORING & EVALUATION

17.1 The Ministry of Micro, Small and Medium Enterprises (MSME), through the Mission Directorate, will periodically review the progress of the projects under the scheme. The Mission Directorate shall be responsible for obtaining Quarterly Progress Reports and Annual Progress Report showing physical and financial progress from the clusters/promoter agency/SPV, and forward it to the Ministry on regular basis. The Mission Directorate may put in place a dedicated MIS for this purpose. The Mission Directorate will also track the progress of each cluster during the project period through video-conferencing and other ICT tools.

17.2. **Periodic review by Promoter Agency:** Apart from supervising the day-to-day operations of the cluster, the Promoter agency will devise a suitable monitoring framework duly approved by the Mission Directorate.

17.3. **Evaluation of the Scheme:** It is envisaged to conduct third party mid-term evaluation of the project/clusters to determine the deficiencies and to take-up mid-course corrective measures. Impact assessment studies will also be undertaken at end of the project duration, both at the cluster-level and the program-level, so as to validate the outcomes achieved.

18. REMOVAL OF AMBIGUITY

Notwithstanding anything contained above, the Ministry 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, the Ministry may issue appropriate directions, which shall be binding on the Promoter Agency/SPV.

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

ANNEXURE-1: Criteria of selection of Promoter Agency

Selection & Operation of SPV/Promoter

Questions Raised	Answers
Criteria for selection of Promoting Agency	<p>Selection criteria will be on following broad areas of assessment:</p> <ol style="list-style-type: none"> 1. Strategy, Vision, Mission and its alignment to MSME 2. Board and Governance – Experience, Senior Management, Role of Board Members and Senior Management 3. Management and Systems 4. Organizational Structure and Human Resource Management - 5. Financial Resources –equity and debt composition 6. Financial Performance for last three years – profitability and IRR
SPV model (Membership Model)	<p>Special Purpose Vehicle will be financing in the following areas</p> <ol style="list-style-type: none"> 1. Setup cost for the TPC and TC 2. Working Capital Interest Subsidy for the TC and TPC 3. Asset Finance for the beneficiaries 4. Working Capital Interest Subsidy for the Beneficiaries
Non Financial Incentives for the promoter	<ul style="list-style-type: none"> • Employment generation • Entrepreneurship • Community Development
All Payments Bank Linked	<p>Bank linkages will be for different financing needs of the project. Specialized financing to be linked for each aspect of financing. Different sources of financing will be through</p> <ol style="list-style-type: none"> 1. MUDRA Loan 2. Microfinance Institutions/NBFC 3. Scheduled Commercial Banks
Transfer of Assets and	<p>At the time of transfer of TPC and TC, the promoter the Assets and Liabilities will be</p>

<p>Liabilities (exit mechanism)</p>	<p>transferred on the following basis</p> <ol style="list-style-type: none"> 1. Lease title will be transferred to the new promoter at par 2. Assets will be transferred at written down value after discounting depreciation of assets 3. Losses if during the period will be borne by the SPV
<p>Release of Working Capital</p>	<p>All transactions will be done digitally on a reimbursement model. The reimbursement model will work as per the following:</p> <ol style="list-style-type: none"> 1. Exclusive working capital account to be maintained by the promoter 2. The promoter will put in his share of working capital in the current account 3. Based on the work done tranche by tranche release of working capital will be done
<p>Monitoring Mechanism</p>	<p>Monitoring will cover each aspect of setup and production as well as any exploitation of beneficiaries. There will be both internal and external monitoring. Internal monitoring will be done through the supervisor who would monitor day to day operations of the facility. External Monitoring will be through third party assessments covering aspects like:</p> <ol style="list-style-type: none"> 1. TC and TPC infrastructure and quality 2. TC and TPC assets 3. Training of beneficiaries 4. Project deliverables in terms of number of trainees trained as per the agreed timeline 5. Exploitation of beneficiaries

ANNEXURE-I: Composition of Governing Council

1	Hon'ble Minister MSME	Chairman
2	Secretary, Ministry of MSME	Member
3	Additional Secretary and Development Commissioner (MSME)	Member
4	Additional Secretary and Financial Adviser (AS & FA), Ministry of MSME (or a representative)	Member
5	Principal Adviser, PAMD, Niti Aayog	Member
6	Chief Executive Officer, KVIC	Member
7	Joint Secretary, Solar, Ministry of MNRE	Member
8	Joint Secretary, Cotton, Ministry of Textiles	Member
9	JS (NRLM), M/o Rural Development	Member
10	Representative of Indian Banks Association (IBA)	Member
11	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
12	Representatives of Principal Secretary (Industry) of at least 2 States	Member
13	Joint Secretary, Ministry of MSME	Member Convener

ANNEXURE-II: 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), Ministry of MSME (or a representative)	Member
4	Principal Adviser, PAMD, Niti Aayog	Member
5	Chief Executive Officer, KVIC	Member Convener
6	Joint Secretary, Solar, Ministry of MNRE	Member
7	Joint Secretary, Cotton, Ministry of Textiles	Member
8	JS (NRLM), M/o Rural Development	Member
9	Representative of Indian Banks Association (IBA)	Member
10	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
11	Representatives of Principal Secretary (Industry) of at least 2 States	Member
12	Joint Secretary, ARI, Ministry of MSME	Member

ANNEXURE 2.1: Composition of PMU

1	Chief Executive Officer-KVIC	Chairman
2	Officer In-charge Marketing	Member
3	Representative of Bank/ Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
4	3 Experts from Project Management, Finance & Forecasting and Marketing	Members

ANNEXURE-3

PROFORMA OF APPLICATION FOR NEW PROMOTER AGENCY

1. Executive Summary

2. Endorsement from Host / Promoting Organisation (see Annex. 1)

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 MSC Co-ordinator: -

Address, Phone, Mobile, E-mail:

6. Promoter Agency -General:

I. Legal Status of the organization (enclose certificate of registration) & whether a National or International organisation

II. Establishment date & summary of registered Objectives

III. List of Governing Body / Board of Directors

IV. Areas of activity

V. Major Regular Donors (if any)

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. Partner Institution's preparedness to host clusters under MSC

- I. Experience and Expertise of the Promoter agency Coordinator from Institution identified for the setting up of cluster. (Attach a brief CV/bio-data, a person with domain expertise and having conceptual understanding and 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 government and cluster).

- II. List of projects undertaken, if any, in the previous three years as per the table given below.

Name of Cluster/ Project	Promoter Agency	Amount Sanctioned in Rs.	Amount released in Rs.	Duration	Outcome

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

- IV. Any other notable activities in innovation and entrepreneurship:

- Indicate details of product development /clusterisation
- Staff or partner organisations with entrepreneurship orientation
- Organization of relevant cluster development programmes (courses, workshops, seminars, competitions, lectures etc) in the cluster related activities.

8. FEASIBILITY OF Cluster:

Details on the institution's strength and preparedness in hosting Cluster:

- Strength of the Organisation for hosting Cluster
- Overall business environment of the location and ecosystem in the region
- Assessment of cluster needs
- Sources of tapping new artisans to the cluster
- Financial model of the Promoter agency for operational sustainability of the cluster after 2/3 years as the MoMSME support is available for first two years and subject to be extended by one more year with due approval.
- Ability to partner with other organisations in building cluster projects

9. Year-wise work plan for three years (a separate time linked activity chart to be provided along with the detailed work plan).

10. Target milestones (should be projected based on most likely attainable targets).

Outcome	Year 1	Year 2	Year 3	Total
a) No. of artisans to be enrolled as part of cluster b) Nature of Training-physical & financial with outlays & outcomes c) Construction of Shed-physical & financial d) Charkha & Loom procurement- physical & financial e) Other notable services to be provided				

11. Revenue Generation Projections for Sustainability of cluster

Sl.No.	Means of Revenue Generation	Ist Year	IIInd Year	IIIrd Year	Total
	Total				

Name & Signature of the
Head of the Promoter agency

Name & Signature of the
Cluster Co-ordinator

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 SCCS
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. We undertake that we will register the PROMOTER AGENCY as a Registered Society / Section 8 company as per the guidelines, within 3 months if selected as a NA under the scheme.
4. 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.
5. We will get into an MoU with the Technical Agency so chosen to carry out the entire work of the cluster as per the template of the draft guidelines for MoU between PROMOTER AGENCY and TA.
6. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, etc. as required.
7. Certified that Dr/Shri/Smt..... will be the Co-ordinator of the proposed cluster. The Coordinator will assume the responsibility of implementation of the project.
8. Our Organisation assures to undertake the complete financial and other management responsibilities of the cluster, and successful running of cluster beyond 2/3 years of MoMSME's financial support.
9. If any of the above statements found to be incorrect by MoMSME at any point of time, the organization takes the responsibility to refund the entire amount released by MoMSME.

Date.....
Place.....

Name, Signature & Seal of the
Head of Promoter agency

ANNEXURE-4

TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR PROMOTER AGENCY FOR CLUSTERS

1. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the Promoter agency is required to register at CGA website (<http://cpsms.nic.in>) to facilitate release of funds.
2. All Promoter agencies 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 Promoter agency 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 Promoter agency 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 utilised 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 Promoter agency 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 Promoter agency 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 Promoter agency 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 Promoter 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 Promoter Agency.