

---

**Notification**Dated: 24<sup>th</sup> December, 2020

No.-25/04/2020-4IB-I- in pursuance to Haryana Micro, Small and Medium Enterprises (MSME) Policy, 2019 notified vide No. 25/03/2019-4IB\_I dated 26<sup>th</sup> February 2019, the Governor of Haryana is pleased to notify the **State Mini Revamped Scheme Fund for Regeneration of Traditional Industries Scheme** for promotion of Micro enterprise in traditional and rural sectors in the State as per details given below:

**1. Background**

Broadly, “traditional industry” means an activity which produces marketable products, using locally available raw material, skills and indigenous technology. Traditional Industry Cluster, refers to a geographical concentration of a sizable number of artisans or micro enterprises, suppliers of raw materials, traders, service providers, etc. producing, processing and servicing the same or similar types of products and facing common opportunities and threats.

The traditional industries are broadly categorized into Khadi (comprising of hand-spun and hand-woven cotton, woolen, muslin and silk varieties), Coir Based Industries and Village Industries (including non-timber forest produces-NTFPs, handmade paper, agro based goods, textiles based products and other miscellaneous microenterprises as detailed in Annexure I.

**Traditional Industry Landscape in Haryana**

The traditional industries of Haryana include handloom, handicrafts and other household industrial activities carried out in the rural areas. Haryana is famous for local handicrafts and agricultural equipment’s carved in style. Among the designer art and crafts, pottery is seen in full fledge. Several units in Haryana are involved in manufacturing of Khadi, Wooden Beads and Handmade papers as well.

The Handicraft Industry in Haryana is spread across Embroidery, Pottery and Clay Objects, Carpets, Rugs and Durries, Jewelry, Jutti, Leather Products, Wooden Beads, Terracotta, Cane, Bamboo, Grass, Leaf, Reed and Fiber, toys and doll manufacturing units. As per the data on Craft Cluster of India, the Pottery and Clay Objects cluster in Yamunanagar district deal in manufacturing of Pots, Vases, Statutes, Decorative items, Muda, etc.

---

comprising of 15 self-help groups employing around 500 workers. The district of Hisar is famous for Jutti Manufacturing Industry with the Hisar Zardozi Handicraft cluster under which 20 self-help groups and 300 workers work on jutti manufacturing

Haryana boasts of a robust handloom tradition, especially in Panipat which is famous for its rugs and upholstery fabric. Traditionally, durries (rugs) and khes (thick coverlets) were weaved for household use. However, today these rugs, especially the panjadurrie are marketed all over the world. Thick fabrics are a specialty of Haryana, as climatic conditions do not allow the use of fine threads in normal looms. The Handloom Industry in Haryana caters to the manufacturing of Dhoti, saree, dress material, long cloth, blanket, duster, towel, bed sheet, Duree and Khess. One of the major clusters in Handloom Industry is the Panipat Home Furnishing Cluster which consists of 3200 firms and employed 75,000 persons.

With a view to make these traditional industries more productive and competitive and facilitating their sustainable development, the Govt. of India announced setting up of a fund for regeneration of traditional industries, a Central Sector Scheme titled the “Scheme of Fund for Regeneration of Traditional Industries (SFURTI)” was launched. The Scheme was implemented by the Ministry of Micro, Small and Medium Enterprises (MSME) and its organizations (Khadi and Village Industries Commission-KVIC and Coir Board), in collaboration with State Governments, their organizations and non-governmental organizations.

The Enterprise Promotion Policy - 2015 of Government of Haryana laid emphasis on development of MSME ecosystem with special focus on promotion of traditional and rural industries through special incentives such as State Handicrafts Awards and Marketing Promotion Assistance Scheme for the artisans and weavers.

The Haryana Micro, Small and Medium Enterprises (MSME) Policy, 2019 envisages State Mini Revamped Scheme Fund for Regeneration of Traditional Industries (SMSFURTI) for upliftment of traditional clusters in rural areas.

## **2. Objectives of the Scheme**

The objectives of the Scheme are as follows:

- 
- i. To organize the traditional industries and artisans into clusters to make them competitive and provide support for their long-term sustainability and economies of scale.
  - ii. To provide sustained employment for traditional industry artisans and rural entrepreneurs in the state.
  - iii. To enhance marketability of products of such clusters by providing support for new products, design intervention and improved packaging and marketing infrastructure.
  - iv. To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits.
  - v. To make provision for common facilities and improved tools and equipment for artisans to promote optimum utilization of infrastructure facilities.
  - vi. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner;
  - vii. To build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.
  - viii. To look for setting up of multi-product cluster with integrated value chain and a strong market driven approach for viability and long-term sustainability of the cluster.
  - ix. To ensure convergence from the design stage with each activity of the cluster formation and operations thereof.
  - x. To identify and understand target customers of clusters, understand their needs and aspirations and develop and present product lines to meet the requirement. Substantial focus should be on the buyer segment that places a premium on natural, eco-friendly, ethically sourced and the uniqueness of the Khadi and VI products.
  - xi. To develop specific product lines out of the currently offered diversified basket of heterogeneous products based on the understanding of the target consumer segment. A brand unification exercise also needs to be done to maximize the value.
  - xii. To make a paradigm shift from a supply driven selling model to a market driven model with the right branding, focus product mix and correct positioning and

---

right pricing to make the offering holistic and optimal for each of the focus categories.

To tap the E-Commerce as a major marketing channel given the outreach and the growing market penetration of E-Commerce, there is a need to devise a quick strategy to make its presence felt in the E-Retail space.

- xiii. To make substantial investment in the area of product design and quality improvement. There is a need to standardize the quality of inputs and processes so that the products meet the quality benchmarks. Research need to be done to develop new textures and finishes to cater to the prevailing market trends.

### **3. Commencement & Applicability**

The scheme shall commence with effect from the date of notification of Haryana Micro, Small and Medium Enterprises (MSME) Policy, 2019 i.e. 26/02/2019 and shall remain in operation for a period of 5 years up-to 25/02/2024 or till the validity of Haryana Micro, Small and Medium Enterprises (MSME) Policy, 2019. The assistance shall be available to projects formulated during this period.

### **4. Eligibility**

The scheme has been divided into three categories with following eligibility to form a cluster:

- i. **Heritage Cluster** - Minimum 500 artisans
- ii. **Major Cluster** - Minimum 250 artisans
- iii. **Mini Cluster** - Up to 100 artisans

Note: An indicative list of traditional and artisanal industries is attached as Annexure - I for reference

The artisanal units must have a valid Artisan Card / Weaver Registration filed, Haryana Udhyam Memorandum (HUM) and Udyam Registration Certificate (URC) for being eligible under the scheme.

### **5. Project Interventions**

The scheme would cover three types of interventions namely soft interventions, hard interventions and thematic interventions.

---

### 5.1 Soft Interventions

Soft Interventions under the project would consist of activities such as:

- i. General awareness, counseling, motivation and trust building;
- ii. Skill development and capacity building/ for the entire value chain different skills need to be imparted;
- iii. Institution development;
- iv. Exposure visits;
- v. Market promotion initiatives;
- vi. Design and product development;
- vii. Participation in seminars, workshops, exhibitions and training programs on technology up-gradation, etc.

The soft interventions mandatory under the scheme and will depend upon the maturity level of cluster stakeholders. The expense incurred on Soft Interventions will be provided to the tune of 95% by State Government and 5% by SPV.

In addition to the above mentioned hard components and soft components, the scheme will also support cross-cutting thematic interventions at the sector level including several clusters in the same sector with emphasis on both domestic and international markets. These will primarily include:

- i. Brand building and promotion campaign
- ii. New media marketing
- iii. e-Commerce initiatives
- iv. Innovation
- v. Research & Development initiatives
- vi. Developing institutional linkages with the existing & proposed clusters

**Note:** These interventions are illustrative in nature and the project may cover any of the other felt needs of the cluster that will enable the cluster enterprises in improving their competitiveness (as per approval of DPR).

### 5.2 Hard Interventions

Hard interventions will include creation of following facilities:

- 
- i. Multiple facilities for multiple products and packaging wherever needed;
  - ii. Common facility centers (CFCs);
  - iii. Raw material banks (RMBs);
  - iv. Up-gradation of production infrastructure;
  - v. Tools and technological up-gradation such as charkha up-gradation, tool-kit distribution, etc.
  - vi. Warehousing facility;
  - vii. Training center;
  - viii. Value addition and processing center/multi-products

## 6. Quantum of Assistance

Grant in aid of 90% of project cost for setting-up of CFCs housing design center, raw material bank, training center, exhibition hall, processing center, packaging facility, etc. for up-liftment of artisan based enterprises. The maximum project cost for consideration of 90% aid as per State Mini Revamped Scheme Fund for Regeneration of Traditional Industries (SFURTI) Scheme is

- i. Heritage Cluster - INR 3 Cr.
- ii. Major Cluster - INR 1.5 Cr.
- iii. Mini Cluster - INR 0.75 Cr.

The funding pattern under the scheme will be as under:

- ✓ Maximum budget for soft interventions is earmarked to the tune of 10% max. of the project cost for all three categories of clusters. The expense incurred on Soft Interventions will be provided to the tune of 95% by State Government and 5% by SPV.
- ✓ For hard interventions, the State Grant will be restricted to 90% of the cost of project as per eligible project cost. The cost of project includes cost of land and building (subject to maximum of 25% of Project cost), machinery & equipment, miscellaneous fixed assets. The SPV shall arrange the working capital if any, from its own resources.
- ✓ The entire cost of land shall be borne by the SPV. In case of existing land and building is provided by stakeholder, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of the State Government. The cost of land and building shall be taken towards the contribution of the SPV in the

---

project. CFC can also be set up on leased premises, however, irrevocable lease shall be not less than a period of 10 years.

- ✓ It is necessary to form a Special Purpose Vehicle (SPV) prior to setting up of and running the proposed CFC. The SPV shall consist of artisan's members who fall under the definition of "Micro Enterprises". The member units should have filed Haryana Udyam Memorandum (HUM) and Udyam Registration Certificate (URC), artisan card or weaver's registration with the concerned DIC/MDO. The SPV should have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilize the facility should be provided. In addition to the contributing members of the SPV, the organizers should obtain written commitments from "users" of the proposed facilities so that its benefits can be further enlarged. The bye-laws of SPV should have provisions for one State Govt. officer as member of the SPV.
- ✓ There should be a minimum number of artisans as per eligibility criteria serving as members of the Special Purpose Vehicle (SPV). There is no ceiling on the maximum number of members.
- ✓ The share of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of CFC. State Government contribution will be considered as gap funding. All the participating units should be independent in terms of their financial stakes and management. No single unit will hold more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV.
- ✓ Contribution by the SPV or the beneficiaries' share should be made upfront.
- ✓ The CFC may be utilized by the SPV members and as also others in the cluster.
- ✓ The CFC should be operationalized within two years from the date of final approval, unless extended with the approval of Steering Committee.
- ✓ Escalation in the cost of project above the sanctioned amount, due to any reason, will be borne by the SPV.
- ✓ User charges for services of CFC shall be close to prevailing market prices, as decided by the Governing Council of the SPV. The SPV members may be given reasonable preference in user charges and capacity utilization.
- ✓ The CFC with cost higher than the eligible project cost can also be considered. However, the State grant will be calculated with ceiling as per eligible project cost.
- ✓ An Agreement between State Government and the SPV shall be signed for CFC projects. The format of the agreement is given at Annexure - II.

## **7. How to apply**

### **7.1 Preliminary Application**

The beneficiaries / SPV of artisanal cluster shall submit the preliminary application to the Director General, Micro, Small and Medium Enterprises (MSME), Haryana for consideration and approval with a copy to the concerned Joint Director/Deputy Director, DIC/MDO. An indicative format for preparation of Preliminary application is attached as Annexure - III.

### **7.2 Diagnostic Study Report (DSR)**

Post-approval of preliminary report from Director General, Micro, Small and Medium Enterprises (MSME), Haryana, the second activity in process will be to conduct diagnostic study. The objective of conducting diagnostic study in a cluster is to map all the business processes of the cluster units viz. manufacturing processes, technology, marketing, quality control, testing, purchase, outsourcing, etc. to find out its strengths, weaknesses, threats and opportunities (SWOT), problems and impediments, suggestions and a well-drawn action plan for enhancing competitiveness of the units of the cluster and to position the cluster on a self-sustaining trajectory of growth. Diagnostic Study Report (DSR) is very important document and the study should be conducted with special attention.

The Study should focus on enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation, etc. There has to be direct linkages between the problems highlighted in the report and the measures suggested for improvement.

### **7.3 Detailed Project Report (DPR)**

The DPR is required to be prepared and submitted to Director General, Micro, Small and Medium Enterprises (MSME), Haryana for carrying out hard interventions, post approval of DSR and implementation of Soft Interventions (if required). The DPR should be technically feasible and financially viable project report for setting up of a common facility center for cluster. The DPR should include financial analysis like internal rate of



---

return, break-even point, debt-service coverage ratio, sensitivity analysis, etc., using basic templates such as projected profit & loss account, projected balance sheet etc.

The DPR should be appraised by Nationalized or any Scheduled Commercial Bank. The cost of DPR appraisal will be borne by SPV and will not be included in the project cost.

## **8. Application and Approval Process**

The application and approval process under the Mini SFURTI Scheme of Govt. of Haryana is detailed below:

- Submission of preliminary application as per format along with list of SPV members, their Artisan / Weavers Registration, Haryana Udhyaam Memorandum (HUM) and Udyam Registration Certificate (URC) to respective DICs/MDOs.
- Physical verification of units by DIC/MDO officials
- Recommendation of Cluster along with verification report to be sent to Director General, Micro, Small and Medium Enterprises (MSME), Haryana by DIC/MDO.
- Acceptance of Recommendation by Director General, Micro, Small and Medium Enterprises (MSME), Haryana and approval for preparation of DSR
- Validation of DSR by concerned Additional Director
- Approval of DSR by Director General, Micro, Small and Medium Enterprises (MSME), Haryana and approval for preparation of DPR
- DPR validation by Director General, Micro, Small and Medium Enterprises (MSME), Haryana
- Bank appraisal of DPR by SPV
- DPR to be put for final approval to State Level Steering Committee Meeting
- Issue of Final approval letter to SPV
- Signing of Bi-partite agreement
- E-procurement for Civil works and Machinery
- Release of Grant-in-aid

## **9. Institutional Arrangement**

The scheme management structure and delivery mechanism is detailed herewith:

### 9.1 State Level Steering Committee

The project shall be sanctioned and implemented under the guidance of State Level Steering Committee. The members of the Committee shall be as under:

S. No.	Committee Members	Designation
i.	Administrative Secretary, Industries & Commerce	Chairman
ii.	Director General, Micro, Small and Medium Enterprises (MSME), Haryana	Member Secretary
iii.	Director, MSME DI / KVIC / KVIB	Member
iv.	Representative of Lead Bank (PNB)	Member
v.	Representative of Finance Department	Member
vi.	Additional Director, Micro, Small and Medium Enterprises (MSME), Haryana	Member
vii.	JD, DIC/MDO of concerned district	Member

**NOTE:** The Chairman of the State Level Steering Committee can co-opt any other member at his discretion and the proposal shall be sanctioned by the committee within 30 days from the date of completion of the documentation.

- The meeting shall be convened once in two months. Meeting can however, be called at any other time at the discretion of the Chairman of the State Level Steering Committee.
- The DPR shall also be got validated by the members of the SPV and the representative of concerned Joint Director/ Deputy Director, DIC/MDO.
- The project implementation shall be done by a committee constituted by the SPV under the supervision of the concerned Joint Director/ Deputy Director, DIC/MDO.

### 9.2 Charges for preparation of DSR and DPR

Experienced consultants shall be hired for preparation of Diagnostic Study Report (DSR) and Detailed Project Report (DPR). Department will provide the charges for preparation of same as per following rates:

- A) For preparation of DSR: INR 2,75,000/-
- B) For preparation of DPR: INR 5,50,000/-

The grant for DSR and DPR will be paid directly to the consultant post approval of DSR / DPR, respectively, by the department.

---

**10. Monitoring & Evaluation**

- ✓ The State Level Steering Committee (SLSC) will be the apex body for coordinating and overseeing the progress of the projects.
- ✓ SLSC will also facilitate the SPV members for obtaining State Government approvals from the other department.
- ✓ The project implementation period shall be 2 years from the date of approval by SLSC. This period can be extended by the SLSC, keeping in view the justification of the delay.
- ✓ The SPV will run the Common Facility Centre (CFC) for a period of 10 years from the date of going into operation. In case of its closure and violation of the terms & conditions of the sanction letter by the SPV, the possession of the CFC shall be taken over by the State Government.
- ✓ The SPV shall, at its own cost, insure and keep insured all the plant, machinery, fixtures and equipment of the CFC for a minimum period of 10 years. In case of loss of damage to such plant, machinery, fixtures and equipment, etc., the insurance claim shall be payable to the State Government.
- ✓ All plant, machinery, fixtures and equipment procured for the purpose of the CFC with the support of the State Government grant shall be the exclusive property of the Government.
- ✓ Books of Accounts of the expenses incurred for the purchase of fixed assets for the purpose of setting up of CFC shall be maintained by the SPV. The accounts books shall be open for inspection by the statutory auditors/auditors of the State Government.
- ✓ SPV will submit a copy of audited balance sheet at the close of each financial year in the office of concerned JD/DD, DIC/MDO before September.

**11. Disbursement of Grant-in-aid**

For disbursement of grant-in-aid for hard interventions, the SPV shall have to raise its contribution upfront. The grant-in-aid shall be disbursed in two tranches:

**11.1** 1<sup>st</sup> Tranche of grant-in-aid shall be released after compliance of the following formalities:

- ✓ Land should be registered in the name of the Special Purpose Vehicle (SPV)

- 
- ✓ The SPV has opened the bank account dedicated for the purpose of deposit of contribution of the SPV and State Government grant.
  - ✓ After execution of the agreement by SPV with the State Government, as per Annexure-II.
  - ✓ 50% (1st Tranche) amount of grant-in-aid shall be released only after submission of following documents with recommendation of respective JD/DD DIC/MDO.
    - Certificate from Chartered Engineer (Civil) for technical civil works indicating item wise progress on approved components, cost, quantity, manufacturers/suppliers and comment on quality and status of implementation duly countersigned by the SPV (Annexure-IV).
    - Certificate from Chartered Engineer (Mechanical) for plant and machinery indicating item wise progress on approved components, cost, quantity, manufacturers/suppliers and comment on quality and status of implementation duly countersigned by the SPV (Annexure-V).
    - Change of Land Use (CLU) (If applicable)
    - “Consent to Establish” for the project from Central / State PCB.
    - Inspection report of the JD/DD, DIC/MDO based on site visit recommending release of the installment.
    - Any other condition which may be specified from time-to-time.

**11.2** 2<sup>nd</sup> and final tranche of grant-in-aid shall be released after compliance of the following formalities:

- ✓ Submission of Utilization Certificate (UC) of the 1st tranche of grant-in-aid duly verified by concerned Joint Director/ Deputy Director of DIC/MDO.
- ✓ Certificate from Chartered Engineer (Civil) for technical civil works indicating item wise progress on approved components, cost, quantity, manufacturers/suppliers and comment on quality and status of implementation duly countersigned by the SPV.
- ✓ Certificate from Chartered Engineer (Mechanical) for plant and machinery indicating item wise progress on approved components, cost, quantity, manufacturers/suppliers and comment on quality and status of implementation duly countersigned by the SPV.
- ✓ Physical Inspection Report of the status of CFC by the concerned Joint Director/ Deputy Director of DIC/MDO.
- ✓ Recommendation of JD/DD, DIC/MDO after site visit certifying the fulfilment of conditions as per guidelines of the scheme.
- ✓ Any other condition which may be specified from time-to-time.

---

**11.3** Pending utilization of State Government grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.

**12. Penal Action**

In case, it is found at any stage that the applicant has claimed the assistance on the basis of wrong facts and the applicant shall besides refunding assistance with compound rate of interest @ 12% per annum and facing legal action, will be debarred from grant of any incentive/assistance from the State Government.

**13. Interpretation of Rules**

The Administrative Secretary, Department of Industries & Commerce, Haryana shall be competent to make interpretation and removal of difficulties in provisions of this scheme.

Dated:-

A.K. Singh, IAS  
Principal Secretary to Government Haryana  
Industries & Commerce Department

---

**Annexure - I: Categorization of Traditional Industries****1. Khadi Industries**

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

**2. Village Industries**

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

An indicative list of major VIs is provided as below:

- i. Mineral Based Industry
  - a. Cottage Pottery Industries
  - b. Lime Industries
- ii. Forest Based Industry
  - a. Medicinal Plants Industries
  - b. Bee-keeping
  - c. Minor Forest based Industries
- iii. Agro Based & Food Processing Industry
  - a. Pulses & Cereals Processing Industries
  - b. Gur &Khandsari Industries
  - c. Palmgur Industries
  - d. Fruit & Vegetable Processing Industries
  - e. Village Oil Industries
- iv. Polymer & Chemical Based Industry
  - a. Cottage Leather Industries
  - b. Non-edible oils & Soap Industries

- c. Cottage Match Industries
- d. Plastics Industries
  
- v. Rural Engineering & Bio-Technology Industry
  - a. Non-Conventional Energy
  - b. Carpentry & Black smithy
  - c. Electronics
- vi. Hand Made Paper & Fiber Industry
  - a. Handmade Paper Industries
  - b. Fiber Industries
- vii. Service and Textiles Industry
  - a. Apparel and garmenting
  - b. Embroidery and surface ornamentations
  - c. Fabric and yarn dyeing
  - d. Services

Khadi & Village Industries (KVI) today represent an exquisite, heritage product, which is “ethnic” as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society.

---

**Annexure - II: Format for Agreement between Special Purpose Vehicle (SPV) and State Government for funding under State Mini Revamped Scheme Fund for Regeneration of Traditional Industries (SFURTI) Scheme**

This agreement is made at ..... on this the .....th day of ..... 2018 between (1) the Governor of Haryana, acting through and represented by Director General, Micro, Small and Medium Enterprise (MSME) (hereinafter after referred to as the, State Government”), (2) .....Special Purpose Vehicle (SPV), having its registered office at ..... represented by its Director/Chief Executive Officer (hereinafter referred to as the SPV) duly authorized by their Board of Directors/society.

**WHEREAS** the State Government has introduced a scheme named as “State Mini Revamped Scheme Fund for Regeneration of Traditional Industries (SFURTI) Scheme” with the objective of capacity building of micro and small enterprises (including small scale service and business entities) and their collectives in the country;

**AND WHEREAS** the SPV has been created and constituted as a private limited company, inter alia, to create, establish, run and maintain a Common Facility Centre at ..... (the CFC) for the use and benefit of its members and of other units engaged or coming up in the same industry, trade or vocation in the ..... of ..... (the cluster).

**AND WHEREAS** the SPV has submitted a project for approval of the State Government under the State SFURTI Scheme;

**AND WHEREAS** the State Government has approved the project submitted by the SPV subject to the conditions mentioned in the sanction letter No. .... dated ..... which shall be deemed to be a part of this Agreement and the State Government has also agreed to contribute towards the cost of establishment of the CFC;



**AND WHEREAS** for binding the Parties to their respective obligations and to ensure long term use of the CFC by the enterprises in the Cluster, the Parties are desirous to enter into an agreement;

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:-**

1. The SPV shall set up the CFC at.....on a piece of land to be provided by it free of all encumbrances and charges.
2. The SPV shall contribute to the cost of establishment of the CFC from its resources to the extent and in the form as laid down in the Sanction Letter.
3. The State Government shall, on satisfactory proof of the contribution by the SPV, make their respective contributions towards the cost of establishment of the CFC, at such time, in such manner and to such extent as laid down in the Sanction Letter.
4. The establishment of the CFC, including civil works, if any, shall be completed by the SPV within 18 months of the receipt of the Sanction Letter, or such extended time as the State Government may, on its satisfaction as to the reasons of delay, grant.
5. The SPV shall be exclusively responsible for the day-to-day running of the CFC. The aim of running the CFC shall be to provide common services to the enterprises in the Cluster at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be kept or borne by the SPV only.
6. The disbursement of funds by the State Government will be made only after the upfront contribution is made by the SPV.
7. The amount of grant-in-aid shall be withdrawn and utilized by SPV for the purpose for which it has been sanctioned by the State Government. The grant amount shall not be used for working capital.
8. Further, the SPV/implementing agency will ensure that necessary infrastructure like provisioning of land including provision of water and power supply for CFC is completed before they approach State Government for release of its share.
9. Pending utilization of State Government grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.
10. State Government will reserve the right to carry out physical verification of the

---

assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.

11. The SPV shall furnish utilization certificates for amounts released as grant-in-aid duly verified by the statutory auditors/ JD/DD, DIC/MDO of the concerned district.
12. The State Government will act as a facilitator to supervise and evaluate the progress of the project separately.
13. All plant, machinery, fixtures or equipment procured for the purpose of the CFC out of or with the support of the State Government grant shall be the exclusive property of the State Government, though in the custody and use of the SPV.
14. The SPV shall, at its own cost, insure and keep insured all the plant, machinery, fixtures and equipment of the CFC for a minimum period of 10 years. In case of loss of or damage to such plant, machinery, fixtures and equipment, etc., the insurance monies shall be payable to the State Government.
15. The SPV shall observe all the conditions and stipulations of the Sanction Letter.
16. The management of the SPV and the operation of the CFC shall be in accordance with the State Government Guidelines dated ....., which shall be deemed to be a part of this Agreement.
17. The SPV shall keep all monies not immediately required in interest bearing deposits with any Scheduled Bank in India.
18. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the SPV or any of its assets all plant, machinery, fixtures and equipment procured for the purpose of the CFC out of or with the support of the State Government grant shall be outside such proceedings and the State Government may assume the control and management of the SPV and appoint any of its officer to run the CFC.
19. The SPV represents and warrants:
  - a. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.
  - b. That this agreement is binding upon it in all its provisions.
  - c. That it shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the CFC.
  - d. That it shall keep all the plant, machinery, fixtures and equipment in good working order and shall undertake all preventive and remedial maintenance and upkeep and maintain insurance.

- 
- e. That the plant, machinery, fixtures and equipment procured out of or with support of the State Government, is the property of State Government and the SPV shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said plant, machinery, fixtures and equipment or any part of it in favour of any person, for any reason or transaction.
  - f. That the SPV shall follow the directions of the State Government, as may be issued from time to time for better management of the SPV or the better running of the CFC.
  - g. That the SPV acknowledges that the State SFURTI Scheme provides for only one-time grant towards capital cost of establishing the CFC and no subsidy/ grant/ assistance is envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.
  - h. In the event, if it is found that the SPV has not utilized the amount of grant, or any part of it, for the setting up of the CFC or has subsequently sold or otherwise disposed of any of the assets of the CFC acquired out of the grant, the State Government, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the SPV and / or persons connected with its management jointly and severally.
20. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the State Government under the provisions of the Arbitration and Conciliation Act, 1996.
21. In case of violation of the stipulated conditions or non-observance of the Sanction Letter or the State Government Guidelines by the SPV which is not cured within 15 days of issue of notice by the Industries Department, may, for such time as it may think proper, assume the management of the SPV, to assure proper functioning of the CFC. The decision of State Government in this regard will be final. In such event the SPV shall have no claims for any investment made in the CFC or its management.
22. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.
23. No amendment to this agreement shall be valid unless expressed in writing and duly signed by both the Parties.
24. This agreement does not constitute any partnership of the State Government with SPV and the State Government shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim

---

made by any person in respect of the working of the CFC.

25. If in any case it is ascertained that the cluster activities are not being conducted as per the guidelines, the Government of Haryana will take over the CFC including all the assets envisaged under the scheme.

1) State Government, Represented by

2) Special Purpose Vehicle Represented by

Witnesses:

1. ....

2. ....

## Annexure - III: Format of Preliminary Application

Preliminary Application Form for seeking Grant-in-aid under State Mini SFURTI Scheme

S. No.	Particulars	Details
1.	Name of Cluster	
2.	Location (Exact details with necessary information like - Village, Block, IE/IA, District)	
3.	Category - Heritage/Major/Mini	
4.	Sector - Craft / Industry (Khadi or Village, please specify)	
5.	Likely Age of Cluster	
6.	Nature of the Cluster	
7.	Cluster Products	
8.	Number of Units / Artisans in Cluster	
9.	<p>Does the cluster have a minimum critical mass? Numbers of firm's structure of firms (large/medium/micro/small across the value chain)</p> <ul style="list-style-type: none"> <li>• Presence of the support firms &amp; service providers</li> <li>• Estimated turnover of broad groups in cluster</li> <li>• Level of employment (No. of Man &amp; women) and likely</li> </ul>	

	<p>income levels</p> <ul style="list-style-type: none"> <li>• Contribution of cluster to export</li> <li>• Growth trends in the recent past (Turnover, Employment, investments, exports etc.)</li> <li>• Special features of the cluster in terms of seasonal, mainstay activities/dependence, if any</li> </ul>	
10.	Number of Women owned units in cluster	
11.	Number of SC/ST owned units in cluster	
12.	<p>Current number of human resource (workers/artisans/labors/designers/etc.) employed in cluster</p> <p>Number of skilled resources</p> <p>Number of Unskilled Resources</p>	
13.	Presence of any SPV, Association or Society in Cluster: If Yes, provide details	
14.	Objective of the Project	
15.	Key Gaps Identified	
16.	Proposed Interventions identified for implementation	
	Soft Interventions	

	<b>Hard Interventions</b>	
<b>17.</b>	<b>Any Societal or Environmental Concern</b>	
<b>18.</b>	<b>Estimated Project Cost</b>	
<b>19.</b>	<b>Has any land identified or available with cluster stakeholders?</b> <b>If Yes, clarify the status.</b>	
<b>20.</b>	<b>Expected Outcomes of the Project</b>	

**Annexure - IV: CE Certificate (Civil) Format for Technical Civil Work**

(Letter Head of the CE)

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

Name of Project:

Location with address:

Date of site Visit by Chartered Engineer:

Project Progress: (If project has multiple locations, the location wise details should be submitted in below format for each location)

S. No.	Name of Component	Proposed/ appraised Area (sqm)	Proposed/ appraised Cost (Lakh Rs)	Actual Area(sqm)	Actual Cost (Lakh Rs)	Rate/ Unit(Rs/Sqm)	Remarks about the status of implementation	Comments

It is certified that the material/ components used in the Technical Civil Work are new.

Signature and Seal of C.E.

Counter signature of promoter/ authorized signatory of IA with Seal



**Annexure - V: CE Certificate (Mechanical) Format for Plant & Machinery**

(Letter Head of the CE)

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

Name of Project:

Location with address:

Date of site Visit by Chartered Engineer:

Project Progress: (If project has multiple locations, the location wise details should be submitted in below format for each location)

S. No.	Name of Component	Proposed/ appraised Quantity	Proposed/ appraised Cost (Lakh Rs)	Actual Quantity	Actual Cost (Lakh Rs)		Supplier/ Manufacturer	Status of implementation	Comments
					Basic Cost	Taxes, Freight, installation, insurance			

It is certified that all the plant and machinery for which grant has been approved are new.

Signature and Seal of C.E.

Counter signature of promoter/ authorized signatory of IA with Seal