**SFURTI Scheme in brief:**

The Scheme covers ‘soft’, ‘hard’ and ‘thematic’ interventions. Soft interventions under the project would consist of activities such as

i. General awareness, counselling, motivation and trust building;

ii. Skill development and capacity building;

iii. Institution development;

iv. Exposure visits;

v. Market promotion initiatives;

vi. Design and product development;

vii. Participation in seminars, workshops and training programmes on technology upgradation, etc.

Hard interventions will include creation of following facilities:

i. Common facility centres (CFCs);

ii. Raw material banks (RMBs);

iii. Upgradation of production infrastructure;

iv. Tools and technological upgradation such as charkha up-gradation, tool-kit distribution, etc.

v. Warehousing facility;

vi. Training center;

vii. Value addition and processing center.

The ‘Thematic’ interventions 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

There is a **Scheme Steering Committee (SSC)** at the Ministry level to consider and approve the cluster proposals and the Implementing Agencies. The **Nodal Agency** for village industries is Khadi & Village Industries Commission (KVIC).
There will be a **Technical Agency (TA)** to provide handholding and implementation support to the clusters. TA will be responsible for preparation of Cluster Action Plans and training the Cluster Development Executives (CDEs) and other officials.

**Implementing Agencies (IAs)** can be non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), etc. with suitable expertise to undertake cluster development. After ‘in-principle approval’, the IA has to form a Special Purpose Vehicle which may be any of the following:

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

The role and responsibility of the IAs includes the following:

- Recruit a full-time CDE in order to ensure efficient implementation of the project;
- Identify and arrange suitable land for the project whose book value may be shown as their contribution towards the project;
- Implement various interventions as outlined in the approved DPR;
- Responsible for furnishing Utilization Certificates (UCs) and regular Progress Reports to Nodal Agency in the prescribed formats.

**Approval and funding pattern:** There would be a two-stage process for approval of the projects: In-principle approval and final approval: In- Principle approval & final approval: 4.1. The financial assistance provided for any specific project shall be subject to a maximum of Rs 8 (eight) crore. The funding pattern under the Scheme will be as under:

<table>
<thead>
<tr>
<th>#</th>
<th>Project Intervention</th>
<th>Scheme Funding</th>
<th>Financial Limit</th>
<th>IA Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Cluster Interventions</td>
<td>-</td>
<td>Maximum Rs.8</td>
<td>-</td>
</tr>
<tr>
<td>#</td>
<td>Project Intervention</td>
<td>Scheme Funding</td>
<td>Financial Limit</td>
<td>IA Share</td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>A1</td>
<td>Soft Interventions including skill trainings, capacity building, design development</td>
<td>100%</td>
<td>Subject to maximum 33% of A (Total cost of Cluster Interventions both hard and soft interventions) or Rs 25 lakh, whichever is less</td>
<td>Nil</td>
</tr>
<tr>
<td>A2</td>
<td>Hard Interventions including CFCs, RMBs, training centres, etc. *</td>
<td>90%</td>
<td>10% of Project Cost including Land Cost(^) and own contribution as equity</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Cost of TA</td>
<td>100%</td>
<td>8% of A1+A2 (Total cost of Cluster Interventions both hard and soft interventions)</td>
<td>Nil</td>
</tr>
<tr>
<td>C</td>
<td>Cost of IA/SPV including CDE</td>
<td>100%</td>
<td>Maximum Rs.20 lakhs per project</td>
<td>Nil</td>
</tr>
</tbody>
</table>

* for NER States

\(^\)Registered value of land as reflected in the sale deed shall be considered. In case land is taken on lease, the minimum tenure should be for 15 years and the value of the lease rentals will be taken as contribution.
This may include remuneration of Cluster Development Executive (CDE) and other expenses incidental for the entire 3 year project implementation.

**Release of Funds:** 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 for hard interventions:

i. 1st instalment of 40% of the scheme funding as advance on IA arranging land;
ii. 2nd instalment of another 40% on utilization of 2/3 of 1st instalment; and
iii. Balance 20% as 3rd and final instalment, as reimbursement.

**Project Duration:** The timeframe for the implementation of project will be 3 years. The DPR would provide year-wise phasing of the interventions and requirements of funds.

**Convergence:** There is scope of convergence, leveraging resources from the following sources:

i. Private sector participation
ii. Corporate Social Responsibility
iii. Participation by Private Equity (PE)/ Impact Funds
iv. Other schemes of State and Central Government
v. Funds from Multi-lateral Development Banks (MDBs)

**Working Committee for CFC:** There will be a Working Committee constituted by the IA at the cluster level to look after CFC is a sustainable way. The Working Committee will meet at least once in a month to review the operational and maintenance aspects of the CFC and decide about the user charges. The SPV will open and maintain a corpus fund for maintenance of the CFC. The user charges will go to the corpus. The SPV on the basis of recommendation of Working Committee may incur expenditure towards maintenance/augmentation of the CFC.

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