

Modified Comprehensive Powerloom Cluster Development Scheme (CPCDS) **(Development of Powerloom Mega Cluster)**

- 1.1 The guidelines for Comprehensive Powerloom Cluster Development Scheme (CPCDS) were brought out in November, 2008 pursuant to the Budget 2008-09 Announcement for developing Erode (Tamil Nadu) and Bhiwandi (Maharashtra) as Powerloom Mega Clusters to create world-class infrastructure to integrate the production chain, to fulfil the business needs of the local Small and Medium Enterprises (SMEs) and to boost production and export etc. Based on the approved guidelines, Detailed Project Reports for Erode and Bhiwandi were approved by the Government on 5.3.2009 and 28.8.2009 respectively for developing the said 2 clusters as Powerloom Mega Clusters during 11th Plan.
- 1.2 An independent evaluation of the Scheme on completion of 11th Plan by a professional consultant has revealed that projects at Erode and Bhiwandi were not progressing as envisaged in the guidelines and the constraints faced in implementing the project under CPCDS were identified. Government of India in its Budget 2009-10 and 2012-13 further announced development of Bhilwara (Rajasthan) and Ichalkaranji (Maharashtra) as Powerloom Mega Clusters respectively. Based on decision taken by the Government, the CPCDS scheme is hereby modified so that projects under the modified scheme can be implemented effectively and speedily during 12th Plan period to attain objectives set up under the schemes.
- 1.3 Accordingly, this note lays down guidelines for 12th Plan for development of Ichalkaranji and Bhiwandi and any future projects as Powerloom Mega Clusters. They will come into effect from the Financial Year 2013-14. The projects that are already sanctioned under the previous guidelines but could not take off (e.g. Bhiwandi, Bhilwara and against cancelled project at Erode) and for which renewed effort to implement the projects are to be made would be implemented based on modified guidelines proposed here-in-under. Also, modified guidelines would be applicable for any future Powerloom Project is announced during remaining period of 12th Plan.

2. Background

2.1 More than 62% of the textiles production in India is done on Powerlooms, most of them being in SSI units. Out of 23 lakh registered powerlooms producing 54,000 Million Sq. Mt. of cloth and accounting for 57.45 lakh number of direct/indirect employment, only 1.05 lakh looms are shuttleless. Off-take of powerloom sector under TUFS has been negligible (less than 2%). The existing looms are obsolete and high on energy consumption, most of the units are small (4-8 looms). The dependence of units on the master weaver or trader is high, for provision of orders with raw-material, design and an advance on labour given by them. In this Master Weaver Pattern of trade, the majority of units are not better than job workers themselves, weaving cloth to order on a pick-rate basis and employing labour on daily wage basis to run their units. In order to have cohesive development of the cluster, Government wants entrepreneurs from within the cluster to step forward and be partners with Government in development of the cluster with wide participation for increased cluster profit.

3. Objectives

- 3.1 Development of clusters that have a concentration of about 5000 decentralized Powerlooms or more by assistance for infrastructure, common facilities, other need based innovations, technology upgradation and skill development.
- 3.2 The scheme basically aims at improving the existing brownfield clusters for which a gap filling exercise for each cluster would identify the need based infrastructure that is to be funded.
- 3.3 It is expected that the project would ordinarily be implemented within a period of 4 years from the date of formal approval conveyed by the Ministry of Textiles.

4. Deliverables

- 4.1 Economic advantage - Substantial Increase in Production and Export, Increase in the business of small entrepreneurs, Savings in cost by manufacturers in the cluster due to better infrastructure and Government induced benefits, Revenue generation to local bodies, State & Central Governments and Growth of industry in an organized form.
- 4.2 Social advantage – Better living standards for the existing weavers/ artisans and higher per capita income.

4.3 Environmental advantage – Availability of Effluent Treatment Plant & Solid Waste Management system etc. in the cluster.

5. Funding Parameters:

- 5.1 Keeping in view the plan outlay (Rs.110 cr.) provided for 12th Plan, the CPCDS assistance of government of India for each approved Powerloom Mega Cluster project would be limited to Rs. 50 cr. inclusive of administrative expenditure, M&E and professional fee during the 12th Five Year Plan. Also overflow, if any, to go to the next plan.
- 5.2 The scheme is not meant for greenfield projects. The scheme basically aims at improving the existing brownfield clusters for meeting the objective. A gap filling exercise for each cluster would identify the need based infrastructure that is to be funded.
- 5.3 Convergence with other existing schemes should be attempted so that only that common infrastructure/facilities are funded which are not possible in other scheme.
- 5.4 Additional funds for development of the cluster will be mobilized by dovetailing the funds available under various Schemes of state and central governments.
- 5.5 The land for the projects has to be arranged by the SPVs. However, the land cost would not be built into the total project cost. Also the Government grant would not be allowed to be utilized for purchase/procurement of land.
- 5.6 Upto 1% (one percent) of the Government's grant shall be made for administrative expenditure, evaluation, studies, research & seminars, information dissemination, publicity, and for establishing an IT enabled monitoring mechanism.
- 5.7 Government funds will be provided as grant ordinarily, but may be considered as part of equity in CFCs or where it assists in financial closure.
- 5.8 Interventions will be provided directly to existing weaving units or to an SPV with private equity participation depending on needs of the cluster. Government grant/equity would be provided with the expectation of matching investment by the industry in the ratio of 60:40 :: Government : Private. That is Rs.60 crore by government grant would be required to mobilise a matching investment of Rs.40 crore in the project, however, based on need/financial closure, the ratio may be

varied with approval of the PAMC for individual components by exercise of flexibility within this overall ratio of investment.

6. Project Components:

6.1 The following components of the project will be eligible for funding under the scheme, within the overall limit of the grant in the cluster:

i) **Common Facility Centres (CFCs) for pre and post loom weaving processing:**

Common Facility Centres (CFCs) would comprise of state of the art technology which would service users, including enterprises, who would normally not be able to access those facilities individually. Apart from the pre and post loom weaving process such as warping, sizing, dyeing, CFCs may also include Product Design & Development Support Centres, Testing Laboratories, Quality Benchmark Centre [following TQM Technique], Common Marketing Centre/Mart and Exhibition Centres, Common Warehouses, Workers hostels/dormitories, Common Captive Power Plant, Common Effluent Treatment Plants, etc.

CFCs will be run on user charge basis (to be clearly outlined in DPRs) and the facilities set up will be available to all weavers in and around the cluster.

CFCs are to be implemented through SPV only. Fund would be released directly to SPVs.

ii) **Mini-Industrial Parks with Worksheds supported by Core Infrastructure:**

The objective is to set up self-sufficient industrial estates that will provide work space for the units within the cluster there by enabling them to expand their capacities, apart from meeting the compliances. Each such park, not necessarily on a contiguous piece of land, will provide need based, customized and 'ready to use' work sheds, factory buildings, along with need based CFCs and support infrastructure including required roads within and outside the parks (where no road connective available), compound walls, street lights, water supply and power generation.

However, aggregate investment, including land and plant and machinery, by the entrepreneurs in the park shall be at least 60% of the cost of common infrastructure proposed for the park.

In all such Mini-Industrial Park, TUFS compatible machinery (looms etc.) would be the minimum bench mark. Mechanism to maintain the Parks would be brought out clearly in DPRs.

Implementation mode would be through SPV only. However, grant for worksheds may be released to SPV or to individuals/ units, depending on the funding pattern adopted by the SPV and approved by PAMC.

iii) Innovative Ideas and other need-based interventions

Up to 10% of the budget allocated for the scheme may be utilized towards innovative ideas and other need based interventions designed to suit the specific requirement of the cluster. If such interventions cannot be anticipated and incorporated while preparing DPR, up to 10% of the budget allocated for the scheme can be kept aside towards innovative ideas and other need based interventions which may emerge during the course of implementation of the project. Fund would be released based on approval by PAMC.

To be dovetailed with TUFS and ISDS of Ministry of Textiles

iv) Technology Upgradation:

Proposals for technology upgradation should be prepared in a manner that proposals can qualify for dovetailing of fund from the TUFS and fund would be released as approved thereunder. Such grant from TUFS will be treated as dove tailing and not to be included in the CPCDS grant. Otherwise, grant for Technology Upgradation would be considered within overall CPCDS grant with approval by PAMC. For Technology Upgradation, TUFS compatible machinery (looms etc.) would be the minimum bench mark.

v) **Skill Development:**

Proposals for skill development should be prepared in a manner that proposals can qualify for dovetailing of fund from the ISDS and fund would be released as approved thereunder. Such grant from ISDS will be treated as dovetailing and not to be included in the CPCDS grant. Otherwise, grant for Skill Development would be considered within overall CPCDS grant with approval by PAMC.

7. Implementation Process

- 7.1 The following shall be the cycle of project identification, approval, execution and monitoring process :-
- i) Identification of the Mega Powerloom Cluster by the Ministry which would be funded under the Scheme.
 - ii) Appointment of Cluster Management and Technical Agency (CMTA) by the Ministry through a competitive selection process.
 - iii) Preparation of Detailed Conceptual Report (DCR) by CMTA in consultation with powerloom stakeholders, which would consist of a diagnostic study of the needs of the cluster, identification of interventions, tentative requirement of land, if any, approximate cost of interventions, approximate total cost, and formulation of implementation strategy. CMTA should emphasize on gap filling exercise for each cluster to identify the need based infrastructure that is to be funded.
 - iv) Discussion with the Cluster Co-ordination Group (CCG) and on its endorsement, approval of the Detailed Conceptual Report (DCR) by Ministry.
 - v) Selection of SPV for the identified interventions as per the DCR. The process will be undertaken by CMTA through a widely published process.
 - vi) Preparation and submission of Detailed Project Reports (DPRs) for the identified interventions, by the CMTA in consultation with SPVs. Such DPRs shall cover technical, financial, institutional and implementation aspects, in line with the Detailed Conceptual Report (DCR) prepared by the CMTA.
 - vii) Endorsement of the DPRs by CCG and recommendations to EFC/ PAMC.

- viii) Approval of the projects by PAMC.
- ix) Creation of separate account by SPV for the funds for the project. First release on evidence of readiness for execution of the projects by the SPV as per the approved DPRs.
- x) Monitoring of the execution process of SPV by the CMTA.
- xi) Release of funds to the SPV by the Ministry as per the guidelines and on certification by the CMTA.
- xii) Quarterly progress reports to the Ministry by SPV/CMTA.
- xiii) Submission of utilization certificates and closure of the projects.

- xiv) Mid-term and end of the term monitoring and impact assessment studies by the Ministry through qualified independent institutions.

7.2 The constitution/role/ services of CMTA, SPV, State Governments, CCG and PAMC are given at Annexure I to V.

8. Release of Funds:

- 8.1 The following shall be the process/conditions for release of grant by the Ministry:
 - I. The release of funds would be specific to different interventions of the cluster. All releases to be made to an escrow account for the project opened by the SPVs.

 - II. The grant by the Ministry will be released in the following manner to the SPVs :
 - (1) First instalment of 30% of the total Government of India (GOI) share shall be released in two parts:-

 - (a) First part of First instalment representing 10% of total Gol share will be paid to the SPVs subject to fulfilment of following criteria:
 - (i) Establishment of SPV.
 - (ii) Inclusion of one representative of Government of India and one representative of the CMTA on the Board of Directors.

- (iii) Where land is required for the project, land has to be in the possession of SPV. That is land should have either been purchased by the SPV and consequently registered in the name of the SPV or the SPV should have entered into a registered long term lease.
- (iv) Execution of share holders' agreement showing agreement for issuance of shares by SPV to members in proportion of area allocable to them in equity contribution.
- (v) Establishment of escrow account in a nationalized bank.
- (vi) DPRs duly validated by CMTA, and approved by EFC/PAMC.
- (vii) Availability of all statutory clearance necessary for commencement of the project as certified by the CMTA, including environment, water and electricity.

(b) Second part of First instalment representing 20% of the total GOI share will be paid to the SPV subject to fulfilment of following criteria:

- (i) On submission of Utilisation Certificate for 70 % of the first part of first Instalment released and on producing evidence of deposit of 1/3rd of investor's share in the escrow account. Utilization Certificate in GFR 19(A) and Audited Statement of Accounts by the Chartered Accountant are required to be furnished.
- (ii) Details of equity contribution by SPV.
- (iii) Sanction Letter for loan component showing satisfactory financial closure, in case SPV is taking term loans.
- (iv) Award of contracts worth equivalent at least 50% of the total project cost excluding the land cost.

(2) Second Instalment of 30% of the total GOI share will be released:

- (i) On utilization of remaining 30% of grant amount of first part of first instalment and on utilization of at-least 70 % of the grant amount of second part of first Instalment by the SPV and on utilization of investor's share deposited at the time of release of 2nd part of first instalment ; and

- (ii) On production of evidence of deposit of another $\frac{1}{3}$ rd of the investor's share in escrow account.
- (iii) Utilization Certificates in GFR 19(A) and Audited Statement of Accounts by the Chartered Accountant as above shall be submitted by the SPV at the time of making claim for the 2nd Instalment.

(3) Third Instalment of 30% of the total GOI share after:

- (i) On utilization of remaining 30% of grant amount of second part of first instalment and on utilization of at-least 70 % of the grant amount of second Instalment by the SPV and on utilization of investor's share deposited at the time of release of second instalment ; and
- (ii) Evidence of deposit of the remaining one third of the investor's share in the escrow account.
- (iii) Award of contracts worth equivalent to remaining 50% of the total project cost excluding the land cost.
- (iv) Utilization Certificates in GFR 19(A) and Audited Statement of Accounts by the Chartered Accountant as above shall be submitted by the SPV at the time of making claim for the 3rd Instalment.
- (v) As against 90% release of Government of India funds, the SPV should have contributed their 100%.

(4) Fourth Instalment of 10% of the total Gol share will be released after operationalization of the project and on utilization of remaining 30% of grant amount of second instalment and full utilization of the third instalment of grant and on utilization of 100% of the investor's share. Utilization Certificates in GFR 19(A) and Audited Statement of Accounts by the Chartered Accountant as above shall be submitted by the SPV at the time of making claim for the 4th Instalment.

{Note: SPV's share means own contribution/investment by SPVs and terms loan/bank loan etc. (other than MOT's grant under CPCDS).}

9. Performance guarantee

9.1 Any revision in the period of implementation must have the approval of the PAMC, preferably in advance. In case of delay in implementation of the project beyond the agreed time schedule as approved by the PAMC, the Ministry of Textiles shall have the right to impose penalties as follows:

- (i) Delay of upto 3 months in the completion of the project would reduce the grant amount by 1%.
- (ii) Further delay in the implementation of the project would reduce the grant amount by an additional 1% for every 3 months of delay.
- (iii) In event of the grant amount being reduced as above, the SPV should meet the consequent gap through its own sources.
- (iv) If the SPV fails to honour commitments made in the approved DPR or it is found that the Grant has been utilized by the SPV for non eligible components of the project, MOT shall impose penalties on the SPV as per rules and as may be decided by the PAMC .
- (v) In the event the project is cancelled by the PAMC, then the SPV shall refund the Grant amount with interest at Bank rate from the date of receipt.
- (vi) In the event of SPV not complying with direction of the Ministry of Textiles for return of the grant, appropriate action will be taken to recover the grant etc. as arrears of land revenue, with penal interest.
- (vii) However, clause for penal interest would not be applicable in case of delay in executing the project due to unavoidable or beyond control situation. All issues of imposing penal interest will be considered and decided by PAMC based on merit of each case and after giving opportunity to SPVs to present their case/explanation for delay. The decision of the PAMC in all above cases would be final and binding on the SPV under the scheme.

10. Professional Fee to be paid to CMTA:

10.1 Release of Professional fee to the CMTA for service rendered to the Ministry of Textiles under the scheme will be as follows:-

- (a) The fee to the CMTA shall be paid as approved by the PAMC and shall be exclusive of service tax and other levies as applicable from time to time. The fee will however be inclusive of all travel, accommodation and other incidental expenses incurred by the CMTA.
- (b) The project cost for the purpose of professional fee payable to the CMTA would be the cost as approved by the PAMC. The CMTA would be paid the fees on the original project cost as approved by the PAMC irrespective of any revision in the project cost by the PAMC.
- (c) The fee paid to the CMTA will be paid as per the following Schedule of Payment-

| Fee Amount | Payment Milestone |
|-------------------------|---|
| 20% of Profession fee | On approval of Detailed Project Report and release of 1 st part of 1 st instalment of Government's grant (SPV-wise) |
| 40% of professional fee | On release of 2 nd instalment of Government's grant (SPV-wise) |
| 20% of professional fee | On release of 3 rd instalment of Government's grant (SPV-wise) |
| 20% of professional fee | On completion of the Project (SPV-wise). |

- (d) In case a CMTA does not perform as per the time schedule or as per approved projects, the PAMC may impose penalties as decided by the PAMC on a case to case basis.
- (e) In the event of cancellation of a project, on account of withdrawal by SPV or failure to implement the project as per the approved DPR, the entire/proportionate (as the case may be) professional fees released shall be refunded by the CMTA, with interest equivalent to PLR.

- (f) In the event of CMTA not complying with direction of the Ministry of Textiles for return of the professional fee etc., appropriate action will be taken to recover the same as arrears of land revenue, with penal interest.
- (g) Clause for recovery and penal interest would not be applicable in case of delay in executing the project due to unavoidable or beyond control situation. All issues of imposing penal interest will be considered and decided by PAMC based on merit of each case and after giving opportunity to CMTAs to present their case/explanation for delay. The decision of the PAMC in all above cases would be final and binding on the CMTAs under the scheme.

11. Misc.

- 11.1 CMTA and SPVs shall enter into appropriate Agreements with the Ministry of Textiles for implementation/execution of the project.
- 11.2 CMTAs/SPVs are required to comply with all requirement under Central or State laws for obtaining land for the projects, permission to set up the projects, permission from appropriate authorities for use of water, electricity etc., as well obtaining all statutory clearances e.g. environmental clearance etc. and required to furnish the details (alongwith copies) before any grant is released by the Ministry. Exhaustive list of such requirement would be brought out by the CMTAs/SPVs in their respective DPRs to be placed before PAMC for approval of the projects.
- 11.3 Projects would be implemented on PPP basis. The assets created under the project cannot be dismantled or disposed off or transferred to other entity without approval of the Government of India. Moreover, there would be a lock in period of 10 years to maintain the status quo after completion of the project. The Implementing Agency/SPVs would be responsible for upkeep and maintenance of the assets etc. from its own resource and also be imposing reasonable user charges. Upkeep and proper maintenance and related issues would also be monitored time to time by the Office of the Textile Commissioner, Mumbai/CCG/PAMC as the case may be.

- 11.4 SPVs shall be open to inspection by the Ministry of Textiles/Internal audit party of the Chief Controller of Accounts, Ministry of Commerce & Textile, New Delhi whenever the grantee called upon to do so. The SPVS accounts would subject to be audited by the Internal Auditor of the grantee and finally by the Comptroller and Auditor General of India.
- 11.5 In so far as interpretation of any of the provisions of these guidelines, the decision of the Project Approval and Monitoring Committee shall be final. The PAMC is also empowered to put in place detailed operating procedure and supplementary rules and guidelines for implementation of the scheme.

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ANNEXURE –I (Guidelines)

CONSTITUTION/ROLE/SERVICES OF CLUSTER MANAGEMENT TECHNICAL AGENCY (CMTA)

- i) The nature of the proposed project warrants proactive technical and managerial assistance on "concept" to "commissioning" basis, and therefore the services of a professional agency (selected through competitive bidding system) will be utilized by the Ministry of Textiles as CMTA for each of the CPCDS projects.
- ii) Such agency shall have proven capability in terms of technical, managerial, financial infrastructure and capacity building expertise that are required to design and execute cluster oriented interventions, and knowledge of the Textile Sector.
- iii) CMTA, apart from assisting the Ministry of Textiles in designing and monitoring of the project, will proactively work with the cluster stakeholders and the SPV. The illustrative list of responsibilities of such CMTA are given below:
 - Preparation of Detailed Conceptual Report(DCR) covering diagnostic study of the cluster, identification of interventions and preparation of implementation strategy in dialogue and with due consultation of cluster and sector stakeholders.
 - Sensitizing and mobilizing the stakeholders to be part of the proposed interventions and identifying from amongst the stakeholders persons or units for establishment of SPV(s).
 - Establishment and structuring of the SPV through a widely published process.

- On approval of DCR by the Ministry after consultation with CCG, CMTA will prepare the DPR in consultation with SPV.
- Assisting the SPV in identifying suitable land, where required.
- Assisting the SPV(s) in obtaining requisite statutory approvals /clearances.
- Assisting the Ministry in releasing funds for the project to the implementing agencies.
- Assisting the SPVs in identifying appropriate grant schemes in the State or Central Government from funds can be dovetailed to the project.
- Assisting SPVs in obtaining Financial Closure.
- Assisting the SPV(s) in identification and engagement of service providers/contractors for various services required for preparation of DPR and implementation of components under such DPR.
- Providing interfacing support and linkages between the SPV(s) and various other stakeholders, particularly the Government organizations, buyers and financial institutions.
- Providing periodical progress reports to the Ministry of Textiles with respect to achievements of the stated outcomes.
- Maintaining the progress and growth of the SPV and the project for the Ministry for a period of 3 years after completion and submission of diagnostic reports that would provide a feedback to the Ministry on the impact of the scheme as well as possible correction to the guidelines.

- iv) In case a CMTA does not perform as per the satisfaction of the PAMC on specific project, the PAMC may impose penalties as decided by the PAMC on a case to case basis.
- v) In the event of cancellation of a project, on account of withdrawal by SPV or failure to implement the project as per the approved DPR, the entire/proportionate (as the case may be) professional fees released shall be refunded by the CMTA, with penal interest equivalent to PLR.
- vi) In the event of CMTA not complying with direction of the Ministry of Textiles for return of the professional fee etc., appropriate action will be taken to recover the same as arrears of land revenue, with penal interest.
- vii) Clause for recovery and penal interest would not be applicable in case of delay in executing the project due to unavoidable or beyond control situation. All issues of imposing penal interest will be considered and decided by PAMC based on merit of each case and after giving opportunity to CMTAs to present their case/explanation for delay. The decision of the PAMC in all above cases would be final and binding on the CMTAs under the scheme.

ANNEXURE –II (Guidelines)

CONSTITUTION/ROLE/RESPONSIBILITES OF SPECIAL PURPOSE VEHICLES (SPVS)

- i) The Scheme would be executed through one or more Special Purpose Vehicles (SPVs) that comprises the cluster stakeholders. Such a SPV would need to be a legal entity, which can either be constituted for the purpose of the project (Special Purpose Vehicle - SPV), in the form of a Company/Producer Company or Society under the relevant laws or an already existing registered entity. Any different structure for the SPV requires the approval of PAMC. The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central /State Governments.
- ii) The CMTA would select SPVs through a selection process/criterion to be got approved by the Ministry.
- iii) The majority of the equity of such SPV shall be with the weavers of the cluster and/ or their associations/cooperatives /federations/MSME units. The remaining stake may be held by strategic investors. The stake of any individual enterprise in its subsidiaries shall not be more than 26%.
- iv) The roles and responsibilities of such SPV(s) shall be as follows:
 - Identification and designing of interventions in consultation with the cluster stakeholders.
 - Assist CMTA for preparation and submission of DPR each of the relevant components.
 - Procurement of land, wherever needed.

- Obtaining the equity shares as per SPV Agreement and allocating shares accordingly.
- Securing financial closure to ensure availability of investable funds for the project.
- Opening and maintaining separate accounts for the investments for the project, for government grant and share holders equity and investment.
- Appointment of service providers and contractors through competitive and transparent selection process.
- If benefits other schemes are dovetailed with the project, taking necessary action to obtain the funds and dovetail the benefits.
- Execution of the components as per the approved DPR.
- Ownership and maintenance of facilities created.
- Providing periodical progress reports, utilization certificates and compliance to all related provisions and requirements of the Scheme and relevant statutory provisions.
- Receiving Government grant and matching investment share as per guidelines, submitting all relevant document alongwith their claim to Ministry through CMTA with their certification and recommendation for release.
- Operationalization of the project as per DPR .
- Submitting compulsory periodical progress/status report to Ministry for a minimum period of 5 years after completion of the project. SPVs would be

bound to furnish information as desired for as and when required during pre-post completion period.

- In the event of cancellation of a project by PAMC due to failure on part of SPV to implement the project as per the approved DPR after government grant is released or on account of withdrawal by SPV after Government grant is released, the entire grant released shall be refunded by the SPV, interest equivalent to PLR or as to be decided by the PAMC/Ministry.
- In the event of SPV not complying with direction of the Ministry of Textiles for return of the grant etc., appropriate action will be taken to recover the grant etc. as arrears of land revenue with penal interest.
- Clause for penal interest would not be applicable in case of delay in executing the project due to unavoidable or beyond control situation. All issues of imposing penal interest will be considered and decided by PAMC based on merit of each case and after giving opportunity to SPVs to present their case/explanation for delay. The decision of the PAMC in all above cases would be final and binding on the SPV under the scheme.

ANNEXURE-III (Guidelines)

ROLE OF STATE GOVERNMENT

The State Government is expected to play very important facilitating role for successful execution of the project as envisaged below:

- i) Facilitating in formation of Cluster Co-ordination Group (CCG) under concerned District Collector and play the role as envisaged in the guidelines.
- ii) Creation of Single Window System for facilitating all clearances etc.
- iii) Facilitating in obtaining all the requisite clearances related to land, environment, etc.
- iv) Providing necessary external infrastructure like Power, Water, etc.
- v) Facilitating in identification and provision of suitable land.
- vi) Financial assistance as grant, in addition to the Central Government grant, and/or participation in equity through State Government Agencies
- vii) Providing incentives as per the industrial policy of the state or provide appropriate special incentives for effective implementation of the project.
- viii) Dovetailing of other related Schemes for overall effectiveness and efficiency of the interventions.

ANNEXURE –IV(Guidelines)

ROLE OF CLUSTER COORDINATION GROUP(CCG)

- i) In order to ensure an effective coordination amongst various stakeholders and the SPV(s) at cluster level, a Cluster Coordination Group (CCG) would be set up under the Chairmanship of the respective District Collector. This CCG would be responsible to examine the DCR/DPRs submitted by CMTA and will make its recommendations to Ministry. CCG will also responsible for local coordination and regular review of implementation of the Scheme at cluster level. The CCG would meet at least once in 6 months.
- ii) The members of the CCG would represent the following:
 - GM-DIC.
 - The Chairperson(s) of SPV(s)
 - The Chairpersons of the Industry Associations related to the cluster
 - Representatives of the State Government Departments such as Industries, Textiles, Power, Water Supply, etc.
 - Representatives of the related Central Government Organisation like Powerloom Export Development Council, Textile Research Associations, etc.
 - Representative of CMTA.
 - An Officer nominated by the Textile Commissioner, Government of India, Ministry of Textiles shall be the convener of CCG.

ANNEXURE –V (Guidelines)

CONSTITUTION, ROLE AND FUNCTIONS OF PROJECT APPROVAL AND MONITORING COMMITTEE (PAMC)

In order to approve and monitor the projects sanctioned under the Scheme, a high level committee in the name of Project Approval and Monitoring Committee (PAMC) would be constituted with the following composition:

- i) Secretary (Textiles) – Chairman
- ii) Additional Secretary & FA, Ministry of Textiles. – Member
- iii) Advisor (Industry), Planning Commission – Member
- iv) Joint Secretary (PF-II), D/o Expenditure – Member
- v) Representatives of other Ministries/Departments-Member
- vi) Textile Commissioner, Ministry of Textiles-Member
- vii) Representative of the concerned State Government-Member
- viii) Joint Secretary (Mega Cluster), M/o Textiles – Member
Secretary

The PAMC shall consider the proposal along with DPR (or project plan) received through CMTA on various component of the projects to be implemented through SPVs/Implementing Agencies proposed. The detailed project report (DPR) shall be considered and sanctioned by the PAMC. The implementation of the various projects should also be reviewed periodically by the PAMC. Any other role as envisaged under the guidelines.

(Data Source: US(Ishwar Sharan), Website updated on 14-10-2013)

