

National Backward Classes Finance and Development Corporation

Technology upgradation of Clusters under NBCFDC scheme

1. INTRODUCTION

NBCFDC is committed for upliftment of economic status of the target group. To achieve this, it is felt that there is a need of intervening by assisting the members of clusters by way of upgradation of technical and entrepreneur's skills of Backward Classes for proper and efficient management of production unit.

So far, the Corporation has been engaged in providing financial assistance at concessional rate of interest to its target group through State Channelising Agencies (SCAs)/Banks in the country. Further, Corporation has also been engaged in providing skill development training to the target group through Sector Skill Councils (SSCs) and Govt. Training Institutes as per common norms decided by Ministry of Skill Development & Entrepreneurship, Govt. of India. The Corporation has been providing marketing platform for the artisans of target group by providing opportunities to participate in country's leading fair like India International Trade Fair (IITF), Surajkund International Craft Mela, DilliHaat etc.

Recently, the Corporation has been engaged in developing clusters of handicraft and handlooms all over the country as project implementation agency of DC (Handicrafts) and DC (Handlooms) which allow for various interventions.

In addition to above, it is envisaged that some interventions if directly provided by NBCFDC will speed up the development and competencies of members of these clusters as also other similar clusters identified by NBCFDC/Channel Partners for upliftment of their economic status. These include :-

1. Upgradation of technology
2. Capacity Augmentation
3. Entrepreneurship Development and other specialized training (under this, standard & customized training will be provided to beneficiaries by reputed Centre/State Govt. Training Institutes)

2. OBJECTIVES : The objectives of scheme includes :-

- 2.1 At facilitating or providing technological up gradation to the members of target groups of the clusters identified and or developed by NBCFDC.
- 2.2 To enable target groups to improve quality and productivity of the products being produced/services being rendered by them.
- 2.3 To enable target group to face the competition in domestic and international markets.

3. SCOPE

- 3.1 The scheme is available for modernization/expansion of existing unit and for setting up new units with benchmark level of technology in textile, carpet, pottery, jute, bamboo, cane and other such cottage industries and small enterprises. Further artisans may develop innovative tools to improve quality and productivity with the help of technical institutions and experts.
- 3.2 The assistance provided will not overlap with any of the interventions provided by other Government of India schemes to the identified clusters.

4. ELIGIBILITY CRITERIA FOR IMPLEMENTING AGENCY

The scheme will be implemented through Govt. Agencies shortlisted/selected by the Corporation for cluster development or State Channelizing Agencies and other partners working under the aegis of Government of India/State Government for socio-economic upliftment of the target group.

5. ELIGIBILITY CRITERIA FOR TARGET GROUP

Intervention may be provided to or persons of OBC who satisfy the following requirements as also mandated for availing benefits of financing & skilling schemes of the Corporation

- 5.1 He/She should be the member of the clusters developed by NBCFDC/Channel Partners.
- 5.2 He/She should belong to backward classes as notified by Center and State Govt. from time to time.
- 5.3 His/Her annual family income should be below Rs. 98,000/ p.a. in rural areas and below Rs.1,20,000/- p.a.in urban areas.
- 5.4 SHGs comprising of atleast 75% persons of the target group and the rest to other weaker sections of society.

6. QUANTUM OF ASSISTANCE

NBCFDC will provide financial assistance for the cluster development as under :-

- a) upto Rs.30,000/- per beneficiary for procurement of machinery/equipment with accessories for technology up gradation and/or capacity augmentation subject to availability of funds, evidence for sustainability of project etc.
- b) upto Rs.30,000/- per beneficiary for entrepreneurship development and other specialized training.
- c) upto Rs.6 Lakh per SHG (with minimum 10 members) for development of common infrastructure/establishing of marketing linkages etc.

7. PATTERN OF FINANCE

- a) 90% by NBCFDC, 10% by beneficiary in case of 6 (a)
- b) 100% by NBCFDC in case of 6 (b)
- c) 80% by NBCFDC & 20% by SHG in case of 6 (c)

The administrative charges, if any, will be payable to the implementing agency as a part of the overall assistance of cluster development and to meet the monitoring cost as per limits mentioned at Sl.No. 6(a &c) and will be limited to a maximum of 5% of the project development cost.

In case of 6(b) as the projects will be executed by the implementing agency only, no separate administrative costs are admissible.

8. GENDER PRIORITIES

The Agency shall endeavour to cover 40% female beneficiaries in physical and as well as financial terms.

9. PROCEDURE FOR AVAILING ASSISTANCE

All financial assistance will be provided only to the implementing agency. The eligible agency can avail assistance under this scheme on submission of :

- 9.1 A project proposal bringing out clearly the following :-
- a) Demographics of the identified cluster or proposed beneficiary settlement.
 - b) Their present occupation and constraints faced
 - c) Proposed intervention and how it is likely to overcome the constraints.
 - d) The outcome of the project including measurable (expected increase in sales/average daily earning of the artisans).
 - e) Action plan for sustainability of the project.

- 9.2 A Certificate assuring of following the GFR-17 norms for procuring assets for technology upgradation and capacity augmentation of the members of clusters will require to be submitted.
- 9.3 Brief financial estimate of the project including the extent of administrative cost being claimed by agency.
- 9.4 In addition, Central/State Government Training Institutes who provide entrepreneurship development and other specialized training programme to the trainees as per norms/rates fixed by respective Central/State Government may also seek assistance. In case of customized courses, rates will be fixed relying on Common Norms of Ministry of Skill Development & Entrepreneurship.

10. MONITORING COMMITTEE

A Monitoring Committee comprising of the following officers will require to be constituted :-

- a) Project Officer of the Agency
- b) Officer of SCA of the concerned State
- c) Chartered Accountant or Head of the Finance of implementing agency.
- d) Officer from DIC
- e) Official/Consultant nominated by NBCFDC.

11. DISBURSEMENT OF FUNDS BY NBCFDC

Funds will be disbursed in 02 instalments.

- 11.1 70% of the funds will be released towards first instalment after getting following documents from the Agency-
- a) List of the individual beneficiaries and/or members of Clusters along with SHG details (where available), Bank A/c details, Activity details and present status of the machinery and present income.

b) Acceptance of terms & conditions of the sanction letter and constitution of Monitoring Committee.

11.2 Balance 30% will be released on –

a) Submission of Project Completion Report by Monitoring Committee.

b) Submission of GFR-12A towards utilization certificate of the entire fund, as amended from time to time within three months of the project completion date which may be extended by NBCFDC at its sole discretion.

12. FUNDS UTILIZATION

12.1 The implementing agency will not obtain grant for the same training programme from any other Ministry or Department of Government of India or State Governments.

12.2. Implementing agency will not divert grant-in-aid and entrust the execution of the programme for which the grant is sanctioned to any other organizations or institutions.

12.3 Implementing agency will furnish to NBCFDC Quarterly Progress Reports (Performance-cum Achievement Report) on the project.

12.4 The implementing agency will maintain subsidiary account of Government grant and furnish the Audited Statement of Accounts with Utilization Certificates in the prescribed Proforma GFR-12A duly signed by the Authorised Signatory of the Grantee Organization to NBCFDC.

12.5 The accounts of implementing agency shall be open to inspection by NBCFDC and its authorized representatives.

12.6 The assets created or acquired wholly or substantially out of Government grant should not be disposed off or encumbered or

used the purpose other than those for which the grant has been sanctioned without prior sanction of NBCFDC.

12.7 The implementation agency/SHG are required to maintain a Register of such assets and send an annual statement in the prescribed proforma in GFR to NBCFDC at the end of the financial year.

12.8 If NBCFDC is not satisfied with the progress of the project or considers that the conditions of sanction are being violated, the Implementing Agency will be liable to refund the funds released by NBCFDC along with interest @ 10 % per annum or as per GOI Rules with one month from the date of communication.

13. NON DISCLOSURE & CONFIDENTIALITY

13.1 Implementing agency shall not divulge to third parties without written consent of NBCFDC any information specific to the Financial Assistance/grants provided under the Agreement

13.2 Neither party shall assign or transfer any of its rights or obligations under this Agreement to any third party without the prior written consent of the other party.

13.3 In case of any breach of this confidentiality clause by Implementing Agency or its representatives, it shall be bound to transfer all the financial benefits to NBCFDC that it may have received as a result of disclosing / using the confidential information and also to indemnify any direct or indirect loss suffered by it by reason of such breach.

14. SETTLEMENT OF DISPUTES

a) Amicable settlement

The parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Agreement or the interpretation thereof.

b) Dispute resolution

i. The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

ii. Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement /scheme (including its interpretation) between the Parties, and so notified in writing by either party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably within thirty(30) days of notice. After the expiry of said period of notice of 'dispute' without any written amicable settlement, it shall be deemed that such a dispute is not resolvable by amicable settlement. However, at any time, both the parties can extend the said period of 30 days by mutual agreement in writing.

c) Arbitration

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract/scheme or the validity or the breach thereof shall be settled by arbitration by a sole arbitrator to be appointed by Managing Director (MD) of NBCFDC. The provisions of Arbitration and Conciliation Act 1996 shall apply to such arbitration

proceedings. The venue of arbitration shall be New Delhi.

15. FORCE MAJEURE

Neither Party hereto shall be responsible hereunder (save for the payment of monies then due) for any delay, default or non-performance of this Agreement to the extent that such delay, default or non-performance shall be occasioned by any event or circumstance beyond the reasonable control of the Party, including, but not limited to, acts of God, labour strikes, lockouts or other labour difficulties, civil commotion, criminal acts of third persons, acts or omissions of sovereign states, fire, unavoidable accidents, seriously adverse weather conditions or war (whether declared or undeclared).

In the event that the Services are subject to a continuous delay by reason of Force Majeure, which exceeds three months or 90 (ninety) days whichever is earlier then each Party shall have the right to terminate the Agreement.

16. CLOSE MONITORING & EVALUATION

Close monitoring by the Agency is required upto 5 years through designated Cluster Manager and/or Officer of SCA, officer of NBCFDC or independent Agency nominated by NBCFDC.

This scheme will enable the members of Clusters to improve quality and gear-up the quality and/or efficiency of its products and services to face competition in Domestic and International market.