

Human Resource Development (HRD) – Guidelines

1. Overview

Leather sector occupies a very important place in the Indian economy on account of its substantial export earnings, potential for creation of employment opportunities and favorable conditions for its sustained growth. There is a large potential to increase the domestic production and exports, necessitating both the need for infusion of manpower as well as up gradation of existing employees.

It is estimated that close to 2.5 million people are presently employed both directly and indirectly in the Leather sector. About 1 million are estimated to be employed in the organized sector and the rest 1.5 million are in the un-organized product sector. Among the product sectors, footwear units tend to employ large number of people as compared to other segments. It is estimated that about 0.5 million persons are required in the Leather industry in the next five years.

Chairman, NMCC observed that sustaining the growth in manufacturing at the present level of 12% - 14% is not feasible without the availability of manpower with the right skill set. Around 10 million persons pass out of schools every year and they require training at various levels. He underlined the fact that at a very high level, the Hon'ble Prime Minister has been reiterating the importance of skill development. Shying away from addressing this problem will cause a great damage to the country, its economy and its potential for growth. History tells us that if there is skilled work force, there is development.

While the need for appropriately trained and skilled manpower is felt across all levels, the shortage is felt more acutely at the lower level of semi-skilled work force. Owing to large export orders flooding the Indian Leather product units, there is acute shortage of semi-skilled workforce.

HRD mission would target potential work force in the rural areas and would lay stress on **skill development** and technical development. By providing **Output linked financial assistance**, these people in rural areas would be trained and placed into employment in the sector.

Large entrepreneurs seldom resort to orientation and on-the-job training. As far as Institutional training for the middle level technicians is concerned, the capacity of the Institutes imparting technical education and training is grossly inadequate as compared to the demand for technicians in Leather industry. Therefore, Human Resource Development strategy needs to cover off-site training facilities as well as on-site training. On-site training should be linked with incentives to the entrepreneurs so that, there is greater degree of compliance.

Indian Leather and footwear industry are mostly in the unorganized sector, which makes the role of Government in training efforts imperative. As the workers and artisans working in the unorganized sector use traditional techniques and manufacturing methods, their products are not as per the international standards, sizes and norms. Further, their productivity is also low due to lack of up gradation of tools & equipments. The expected outcome of the intervention of HRD mission will be to enhance skills of the operators, to produce technically better products for the consumers and help establish Indian Brands.

It is proposed to train workers and artisans of unorganized sector to enable them to adopt modern tools and techniques, international standards and sizing and hence make them competitive in the domestic as well as in the international market. It will help to integrate unorganized sector with the organized sector in the footwear and Leather industry.

Initiatives for introducing training aimed at integrating the unorganized sector with large export houses by establishing linkages which would promote outsourcing of their requirements are also proposed.

In order to achieve global standard in production and design, foreign training aiming at exposure to best global practices would be undertaken.

2. Mission Objectives

- Imparting market based skills on shop floor operations to youth through a demand driven Skill-Development Program and make them employable in the leather industry and placing the successful trainees in leather units.
- Upgrade the skills of the existing workforce which would lead to improvement in production as well as quality.
- Up grading the skills of the workers in the unorganized sector, towards production of technically better products for their effective integration with the organized sector in the Leather industry.
- Spread and sustain a technology culture in the Indian leather sector.
- Exposure to global best practices to select workers/ craftsmen for creating Ripple effect.

3. Strategy

The scheme would leverage on the existing infrastructure, strengths of the various stakeholders such as NGOs, Private Sector and The Government, and stakes of potential employers. In this effort participation of all relevant stakeholders will be encouraged, under various forms of Public Private Partnerships.

4. Scope

The Scheme would cover the full range of training programs to cover the kinds of training courses as described below:

- **Primary.** It would cover the training of the persons not already employed in the sector at entry level in shop-floor operations. The emphasis would be on **placement link training** where atleast 75% of those trained would be placed in the industry and a certificate to that effect obtained
- **Secondary.** It would cover skill up gradation training of those already involved in shop-floor operations in both organized and unorganized sector of the leather industry and would also include on-site training. It would target rural/urban youth irrespective of their educational background.

- **Foreign /Domestic training of Trainers-** In order to create and sustain a technology culture in Indian Leather sector and to enable industry to gain technology competence to enable them to compete in the global market a component of foreign training is included. It would include upgrading the skills of trainers/experts of technical institution/NGOs involved in the project. The idea is to expose those involved in training of workers to the best global practices and thereby disseminate the new technology to the industry in India.

5. Pattern of Assistance

- **Primary (Skill Development) - Rs. 50 crores**

This segment would essentially focus on **Placement linked financial assistance** for training youth and placing them into gainful employment in the leather sector. The Ministry will fund 75% of the expenditures incurred, subject to a maximum of Rs.10, 000 for every person trained and placed in the industry. This support is intended to include capital and recurring cost of training; and expenses towards boarding and lodging of candidates. The balance 25% is to be borne by the Implementing Agency (IA) by accessing other non government sources preferably from industry. The Implementing Agency will enter into agreement with the industry in meeting the balance cost of training and would get commitment to absorb atleast 75% of the trainees in their factories.

- **Secondary (skill up gradation) – Rs. 6 crores**

On-site Training for existing employees in the industry at the shop floor: - The targeted beneficiaries are existing employees of the industry to enhance productivity and exposing workers to better manufacturing processes etc. These trainees will be trained on the machines available in the industry; and no new job is created through this training. For such training 50% of the project cost is to be met by counterpart in case of SSI and 25% in case of Non-SSI. Ministry assistance under HRD scheme would be restricted to Rs. 2500/- per person.

- **Training in unorganized sector.** This training is aimed at enhancing the skills of the unorganized sector operators towards production of technically better products for the consumers. The intervention is expected to help integrate unorganized sector with the organized sector in the Leather industry. Given its positive socioeconomic benefits, the

Ministry will fund up to 50% of the cost, subject to a maximum of Rs.2500 per person trained.

The effort would be to link them with the large producers/exporters to help them to outsource their work to these trained workers in an un-organized sector. Separate funds under the HRD Mission would be provided to help formulate such linkages.

- **Foreign/Domestic Training of Trainers – Rs 4 crores not exceeding Rs. 2 lakh per person.**

It is proposed that counterpart beneficiary would need to meet at least 50% of the travel and training costs and the living expenditure of trainees abroad. HRD Mission would make provision for 50% of the travel and training cost only. Contribution for HRD Mission funds for this component would be limited to Rs. 4 crores and Rs. 2 lakh per person. Group of persons trained under this scheme of international training would have to act as trainer for training the workers under HRD Mission .

National Monitoring Committee and the Department after a survey would prepare a panel of foreign and domestic technical institute for undergoing training under this component.

6. Envisaged Activities under HRD Mission

- Diagnostic surveys of needs of learner targets and mapping of capacities
- Linkages with industrial associations
- Design and Preparation of course materials and curricula
- Outreach systems for learning materials
- Group training of personnel from industrial houses
- Outsourcing of overseas experts for group training in Indian enterprises on cost co-sharing basis
- Assessment and certification systems for trained personnel
- Trainer training programs for institutionalized arrangements
- Mentoring and tutoring arrangements for primary work force
- Design training and productivity bench marks
- Management training (on site and groups)
- Monitoring and evaluation of outputs

- Third party audit and impact assessment.
- Preference to weaker section

7. Areas of Investments of HRD Mission Funds

- Experts fees for group training
- Preparation of learning materials and tools
- Hardware investments in existing training institutions with learner strength > 20 per batch
- Learner Mobilization workshops/seminars
- Demonstration workshops by way of support to consumable materials and salaries for field staff in clusters
- Duty Travel
- Mobile training cum production centers for application in rural areas
- On the job training for workers in factories: sharing of the costs of training institutions by way of tuition fees and course materials
- Institutional fee for preparation of learning and outreach materials for self instruction
- IT tools for learning systems
- Carrying out Impact Assessment of the training conducted under HRD Mission
- The expenditure on account of capital cost would be allowed only in case of placement link training and would be restricted to maximum of 25% of the project cost.
- Scheme fund would not be used for civil construction .
- Implementation and monitoring charges @ 2.5 %

8. Implementation Mechanism

(i). Identification of Implementing Agency. Given the enormity of the skill needs and the variety of existing strengths that can be leveraged, the scheme will be flexible to permit a variety of models that are best suited to the scope of the training program to be undertaken by different potential implementing agencies (IA). Any agency in the private or public sector, with the requisite capacity, performance track record, and adequate systems for accountability and transparency will be eligible to receive assistance from the government, for a well structured project to train and place targeted youth in regular wage employment or train and assist youth in setting up sustainable self employment. Illustratively, these

agencies could be private corporate entities, non-government organizations, voluntary organizations, state government agencies, trusts or other entities promoted by the corporate entities, training institutions, etc. With a view to leverage existing strengths and capacities in the system, the IA, in turn, may enter into partnerships with suitable service providers or agencies, for delivery of the program; however the IA alone will be responsible for effective project implementation and administration.

(ii). Identification of trades

Scheme would address the human resource needs of the leather industry; the trades to be included would be those employed in the entire value chain from flaying to finished products, such as **flaying, preservation, tanning, finishing, waste treatment, footwear (clicking, closing, lasting, etc.), footwear component, leather garments, leather goods** and any other shop floor trade in the leather sector.

(iii). Identification/selection of trainees

The task of identification/selection of trainees will be handled by the Implementing agency with the help of the local administration. Selection process in the programme should be demand driven. Only those who seriously wish to acquire skill and get placement in the leather industry should be considered for selection. The selection process should, therefore, adequately appraise the aptitude profile of the candidates. If required, aptitude test should be conducted for the selection process. While selecting the trainees, preference should be given to those below poverty line.

(iv). Minimum target of trainees

Since the assistance is intended for meeting the cost of training, which would include purchase of machinery, training should be conducted for at least 5 years so that the benefit of such capital expenses can be fully derived towards skill up gradation of large number persons. The IA should undertake to train and place a minimum number of persons, which is linked to its training capacity. For optimal capacity utilization, the

smallest training agency would have an annual capacity for training about 500 persons; hence for eligibility of assistance the IA must undertake to train a minimum of 2000 to 2500 persons over the life of the machinery purchased. The minimum number would increase proportionate to the training capacity.

While sanctioning the project the Department would enter into a MOU with the Implementing Agency and would ensure the guarantee against IA abandoning the project in between.

(v). Training Curriculum

The curriculum of the training would be standardized and would be as per standard acceptable to the industry. The Department would identify an independent institute to grant proficiency certificate to those trained under the scheme.

(vi). Implementation

The Department would appoint an outside agency, i.e., National Monitoring Unit (NMU) for providing technical support, monitoring, concurrent evaluation, etc. The NMU would be selected by the Department from amongst competent organizations, selection of which would be in a fair and competitive manner. Industry Associations/ technical institutions, NGOs, entrepreneurs who are interested in taking the scheme would submit a project (Proposal format is at **Annexure A**). The proposal would be examined and appraised on the basis of the guidelines of the scheme. Thereafter, the proposal would be submitted for the approval of the Steering Committee. The money would then be released to the concerned implementing agency by the Department. National Monitoring Unit would be responsible for periodic monitoring and assessment of the training conducted by IAs. NMU would get the impact assessment study done for the training conducted by the implementing agency every year before recommending further projects of the agency. DIPP would also appoint a reputed agency with technical expert in skill development to certify the training conducted by the concerned implementing agency.

9. Key parameters of output linked financial assistance for skill development

- **Placement Linked.** The program is placement linked. Pre-requisite of the program is the commitment of the industry to employ the trained persons.
- **Training Centers.** In selecting and equipping the training centers, the Implementing Agency must leverage and utilize existing infrastructure and facilities. No buildings should be constructed.
- **Machinery and Equipment.** The IA should configure the appropriate equipment needs and provide them in the Training Centers, after assessing the needs of the Industry and the trends observed therein. Since the projects involve substantial capital expenditure, it should be operational for at least 5-7 years so that the benefit of such capital expenses can be fully derived towards skill up gradation of a large number of persons.
- **Content.** IA must develop content with inputs from the industry to meet the global best practices. Since the profile of the targeted persons is unlikely to have experience or orientation to the Industry environment, the content must include both core hard skills and soft skills components. Given the targeted beneficiary, content should be translated into local languages to enable smooth absorption of the skills by the trainees. Use of technology and multimedia that improves delivery of training, will be encouraged.
- **Duration of Training.** The Course duration could be determined depending upon the nature of the trade and should be of at least one month's duration.
- **Proficiency Certificates.** On completion of the training, the IA shall issue competency certificates to the trainees on the basis of a competency test administered as per standards developed by any independent agency acceptable to the industry or employer. DIPP would decide such an agency at the time of approval of the project.
- **Placement.** The IA would take all steps necessary to partner with the Industry and obtain the commitment of industrial units for employment of at least 75% of the successfully trained candidates. To this intent, the IA must obtain letters of commitment from prospective employers and also involve them in the process of selection of trainees, proficiency assessment and content development.
- **Post employment tracking** - The IA should maintain a database for person trained and placed in employment under the scheme. IA should submit a report on the employment status of those trained and place under the scheme to the Department atleast for two years after initial employment in the industry.

- **Stakeholder Responsibility**

- **Industry** – The objectives of program is to provide skilled manpower to the leather sector, so that they can take advantage of growth opportunity in the economy. Hence the potential employers must demonstrate their stake in this project by offering commitment letters for employment, participating in content development, selection and evaluation of candidates and provision of ongoing inputs to the IA.
- **State Government** – The State Government may provide support in the form of infrastructure such as building, matching financial support, etc. Wherever feasible, State Governments would dovetail their schemes in assisting travel, boarding and lodging needs of the trainees.
- **Central Government** – Central Government would provide financial support for facilitating the conduct of skill development programme, as per provisions of this scheme.
- **Implementing Agency** – The IA would be responsible for the entire process from planning, selection of candidates, content development, training and placement, resource mobilization and subsequent monitoring and evaluation.
- **National Monitoring Unit** – NMU would be responsible for providing technical support, monitoring, evaluation, etc. It would be responsible for maintaining the database of all the trainees and for all the projects. It would monitor the scheme and send the report to the Department periodically.

10. Procedure for Release of Funds

Funds will be released by the Ministry to the Implementing Agency on the basis of enrolment and approved cost. The IAs and NMU will devise suitable systems and procedures to ensure proper utilization of funds. The responsibility for rendering of accounts and audit reports to DIPP shall rest with the IA or the NMU.

Central Government's share of the approved project cost would be released in installments. Usually the first installment would be released as advance in order to start the project. The balance installments would be released on the basis of the progress of the project, i.e. the training conducted and placement secured for the trainees. The effort

of the Government would be to shift slowly to funding on reimbursement basis based on the outcome of the project.

Implementing Agency would submit quarterly progress report in the prescribed format indicating sufficient information to establish the conduct of training and assured placement of the youth.

11. Criteria for Screening proposal

- Number of trainees benefited per Rs lakh
- Nature of trainees expected to be benefited
- Level of counterpart support in cash terms in kind terms
- Credibility of Implementing Agency Based on past record
 - Linkages with training bodies/experts, if any
 - Existing Physical and intellectual Infrastructure for HRD activities
 - Three major HRD initiatives rendered during the last five years
 - Management systems planned for project implementation
- Strength of the proposal in terms of
 - Cost effectiveness
 - Capability of securing employment for those trained under placement link training programme
 - Sponsorship support from user industries
 - Sponsorship from State Governments and local bodies
 - Quality of trainers identified
- Sustainability after HRD mission period
- Types of technologies and skill sets planned to be imparted/upgraded
- No. of persons guaranteed employment based on commitment letters from industrial houses in case of placement link training programme
- Expected productivity increases, if any
- Cost-benefit analysis.

Annexure A

Proposal Formats;

- Connectivity of identified learner targets
- Type of learner targets: primary, secondary , organized , unorganized
- Number of people being targeted for training prior to 2011
- Specific technical proposal for training
- Linkages with training bodies/experts, if any
- Existing Physical and intellectual Infrastructure for HRD activates
- Three major HRD initiatives rendered during the last five years
- Clarity of the training proposal
- Source of trainers, CVs of trainers, learning potentials of trainees targeted number of trainees, sponsorships from user agencies of trainees, if any, location and schedule of training, Aide memoir, if any
- Estimated project costs
- Counterpart support mobilized (Break up details source wise)
- HRD mission funds sought (phase wise)
- Expected number of learner beneficiaries targeted
- Management systems planned for project implementation
- Cost-benefit analysis for the proposed training system
- No. of units trained in un-organized sector that would be linked with the organized sector/big industrial houses.(Agency conducting training need to corroborate this claim with the letter of willingness from the business houses and the industrial houses)
- No. of persons guaranteed employment based on commitment letters from industrial houses in case of placement link training programme
- Number of persons below poverty line for training at primary level.

Support to Artisans - Guidelines

There are various leather clusters in India, which make traditional footwear, toys and other leather items, rich in embroidery and need to be promoted at various forums. These clusters are an integral part of Indian economy and have potential for generating local employment and export. The ethnic clusters and footwear producers need support for improvising their designs as per the changing trends in fashion and marketing support. This component under the ILDP scheme would provide necessary design and product development support and market linkages for the better positioning of the ethnic products to ensure better return to the artisans.

1. Scheme Objective

- Provide livelihood support to the artisan involved in traditional artisan activity involving leather.
- Increase the income of such artisans
- Introducing design development and product diversification to make their products more competitive qualitatively and cost-wise in the domestic and international market.
- Capacity building and training of such artisans to help them keep pace with the changing fashion trend and latest technology
- Providing Marketing support to these artisans
- Encouraging formation of Self Help Groups (SHGs)
- Creating awareness in artisan about micro-finance system, savings schemes, credit facilities from banking institutions etc.

2. Basic Approach and Methodology

- Following a cluster based approach to identify clusters of artisans needing support to survive the traditional art involving leather

- A base line survey of the clusters so identified for support - giving details of no. of artisans per clusters , their problems and areas that require support
- Enroll required number of NGOs and other agencies for identifying such clusters and providing support to artisans
- Select appropriate target group
- Set a clear target in both physical and financial terms that could be achieved during the Plan period with proposed intervention.
- Providing Design support to the artisans
- Capacity building and product innovation
- Helping the artisan by introducing product diversification
- Formation of self help groups
- Providing Marketing support both domestic and international
- Making available Raw material at reasonable cost
- Provide entrepreneurial guidance and support
- Providing training to maximum number of Artisans.

3. Pattern of Assistance

Assistance would be provided in the form of grants–in-aid to Regd. NGOs/ Associations or institutions already working for upliftment of Artisan willing to take up projects on the above lines in different leather clusters. The project would be for a period co-terminus with the 11th Five year plan period.

4. Areas of Investments for Support to Artisan Funds

- Design development
- Capacity building and training
- Infrastructure strengthening in the target clusters
- Establishing Common Facility centre

- Setting up of Raw Material Bank
- Marketing support
- Participation in domestic and international trade fairs

(The artisans of the clusters under the project would be given exposure to domestic and international market by taking them to such fairs. Department also would nominate a representative of the Department in such fairs)

- Opening Retail outlet to market products of Artisans
- Micro-finance
- Implementation/Administrative expenses of the implementing agency @ 2.5 to 3% of the project cost.

5. Fund Release

The fund under the scheme would be released in four yearly installments as per the following schedule:-

1 st installment	25% of the project cost on approval of the project.
2 nd installment	25% on utilization of the previous release
3 rd installment	25% on utilization of the previous releases and after the report of the impact assessment report of the project.
4 th installment	25% on utilization of the previous releases and after satisfactory progress of the cluster/project.

6. Criteria for Selection

- Number of artisans beneficiary in a project
- Number of artisans beneficiary belonging to below poverty line
- Credibility of implementing agency based on past record
- Design Development capabilities of the implementing agency
- Training capability of the agency
- Strength of the Marketing strategy
- Types of technologies and skill sets planned to be upgraded

- Strength of the proposal
 - Amount of Local support enjoyed by the project coordinator
 - Quality of designers/trainers involved in the project
- Expected productivity increase, if any
- Expected income increase of the artisans
- Cost-benefit analysis.

7. Implementation of the Scheme

The scheme would be widely publicized through DICs. The Department would appraise different projects received from various NGOs or Societies or Associations involved in the trade on the basis of the approved guidelines for the scheme. Thereafter the proposal upto Rs. 15 crore for a particular cluster would be decided by the Steering Committee under the chairmanship of Joint Secretary (Leather). A copy of the composition of the Steering Committee is at Annex. - A. Projects above Rs. 15 crore would be approved by the Empowered Committee under Chairmanship of Secretary (IPP) having representative of Department of Expenditure/Finance Wing of this Department and the Planning Commission. FDDI, Noida being in charge of overall implementation of the component would act as a link b/w the leather clusters, NGOs and the Department for the various projects under the scheme. This would help in marketing in r/o the products both at domestic and international level as FDDI has already developed a marketing chain both in India and abroad and new projects can make use of that.

After the appraisal of the DPR and approval of the project, fund would be released to the Implementing Agency as per the funding pattern. Department would review the progress of the projects with all the implementing agencies once in every three months in the Steering Committee headed by JS(Leather). The Department would do the impact assessment study of the project after two years before release of further funds for the projects.

Up-gradation/installation of infrastructure for environment protection- Guidelines

Leather industry and tanning activity in particular, all over the World is linked to environmental concerns. In view of the fact that environmental issues are slowly gaining ground and expensive measures would need to be put in place for industries to cope with the stringent norms; an allocation of Rs. 200 crores has been made in the 11th Five Year Plan to meet environmental concerns which would include, inter alia, establishment, expansion and up gradation of CETPs, developing secure landfills and other techniques for hazardous waste management using Best Available Technology

1. The Scheme

The scheme would provide assistance of 50% subject to a limit of Rs. 50 crore for projects for setting up / upgradation of infrastructure for environment protection. An amount of Rs. 200 crore has been provided by the Government of India for setting up of such Environmental infrastructure during the XI Plan period. The benefits under the scheme would be available to a group of entrepreneurs that are engaged in leather business and intend to set up / upgrade the infrastructure for environment protection. Special Purpose Vehicle (SPV), promoted by such entrepreneurs for setting up such infrastructure would be the recipient of the assistance under the scheme. CETP companies already established by group of leather entrepreneurs can also be the SPV for implementation of the scheme. Likewise, with a view to limit overhead expenditure and achieve greater competition and get better techno-commercial offers, if a group of CETP companies promote an umbrella SPV for carrying out their respective up gradation, such a SPV would be the recipient of the assistance under the scheme in respect of the respective individual project of CETPs to be upgraded by it.

2. Scope of the scheme

The scheme targets leather clusters with high pollution level, which require strategic intervention by way of providing assistance to set up/ up grade environmental infrastructure to meet the pollution control norms.

The scheme would broadly cover the following activities

- Establishment / expansion /up gradation of CETPs
- Developing secure landfills
- Conversion of waste into some by-products
- Any other techniques for hazardous waste management

3. Scheme Objective

- Projecting the environment friendly image of the Indian Leather Industry to the world
- Popularizing environment friendly technology amongst Indian leather industry
- Providing financial assistance to the leather units to adopt technology to achieve the norms set by pollution control boards

4. Basic Approach and Methodology

- Widely publicize the issue of environment protection amongst the leather industry
- Encourage group of units to set up / upgrade and expand CETP to meet environmental norms
- Encourage formation of SPVs by leather units/ **CETP companies**
- Helping SPVs for preparing proposals for setting up / expansion and upgradation of CETPS and other activities for environment protection
- Carrying out a feasibility study for setting up of CETPs and other environmental infrastructure
- Getting the DPRs prepared by SPV for setting up /expansion /upgradation of CETPs
- Co-ordinating with the State Government for getting their commitment for contributing their share in the project

5. Implementation of the Scheme

The scheme would be implemented by the Special Purpose Vehicle formulated by leather entrepreneurs. Once the in-principle approval for the project is conveyed to the SPV, SPV would get the DPR prepared, if required they may appoint a consultant for the purpose. SPV would be free to choose any technology and appoint any contractor by using fair, open and competitive bidding process for selection of successful contractor.

There are various technologies and companies available at present that provide solutions to the environmental issues facing the leather industry. In order to enable the industry to get the latest and best technology the concept of Best Available Technology (BAT) would be used for the scheme. The Best Available Technology (BAT) in term of life cycle costs should be chosen for each project. As this would require going for a tender leaving the choice of technology to the bidder, all reasonable precautions should be taken to ensure that only proven technologies are considered. At the same time, reasonable opportunity should be available to the bidders to propose new technology/technologies as deemed relevant for project.

In order to ensure that the technology chosen would work for the project, the successful bidder would be required to operate the entire project for a minimum period of ten years. The tender bids will clearly indicate the operation cost, also providing for a formula for escalation. Department however, would bear only capital cost and no recurring cost would be met out of the scheme. The SPV's role after engaging the contractor will be limited to only release of moneys to the contractor from time to time as per contractual terms. The contractor will be entirely responsible for running the entire project, in case of tanneries right from collection of waste water from tanneries to distributing the recovered clean water to the member units and disposal of recovered/recoverable solid salt to be recovered.

To ensure that the contractor shall have continued commitment, a minimum of 15% of the capital cost will be given to him along with the O&M cost during 10 year period. In the alternative the contractor shall be required to provide a bank guarantee for a like amount from a nationalized or reputed international bank. The tender document along with the techno-commercial offer of the finally selected bidder in the project would form basis for preparation of DPR for the project.

The SPV would submit the DPR for the approval of the DIPP, simultaneously submitting the proposal to the State Government as the State Government would provide assistance @ 15% of the project cost. The proposal would then be examined and appraised by the Department. Project would be approved only after the recommendation of the State Government and its firm commitment to meet their part of the share for the project or else filing of the affidavit by the SPV that in absence of State Government fund SPV would bear the entire balance cost for the project. Thereafter, the proposal would be submitted to the Project Approval Committee (PAC) i.e projects upto Rs. 15 crore would be submitted to the Steering Committee under the chairmanship of JS (Leather). The proposals above Rs. 15 crore would be submitted to the Empowered Committee under the Chairmanship of Secretary (IPP) having representative of Department of Expenditure/Finance Wing of this Department and the Planning Commission. A representative of the concerned State Government i.e. Secretary (industry) / member of state pollution control board would also be the member of the Project Approval Committee. While considering the proposal of any SPV, the PAC / Empowered Committee would interaila appraise the funding/ financial closure of the project to ensure timely project completion.

The Department would appoint a professional agency or an expert in the field as Project Monitoring Consultant (PMC) for monitoring and concurrent evaluation, etc. The PMC would be selected by the Department from amongst competent organizations, selection of which would be in a fair and competitive manner.

5.1 Special Purpose Vehicle

The entrepreneurs, who intend to take benefit of the scheme, would implement the scheme through the SPV promoted by them. There shall be one nominee each of the Government of India (DIPP) and State Government on the Board of Directors of the SPV. If an existing CETP company proposes to be a SPV for the project under the scheme, it may co-opt a representative each of DIPP and the State Government on its board of directors. The SPV shall be staffed adequately with suitable professionals in order to ensure that the project is executed smoothly.

SPVs would be the focal points for implementation of the Scheme, playing the following role:

- SPV would conceptualize, formulate, implement achieve financial closure, and manage the infrastructure.
- SPV would mobilize funds, other than Government grants to execute the project
- SPV would obtain all necessary statutory clearances, including environmental clearances
- SPV would be responsible for maintaining the utilities and infrastructure created by collecting service / user charges.
- SPV has to be so structured as to be self-sustaining with a positive revenue stream.
- SPV would appoint contractors/consultants in a fair and transparent manner. To ensure timely completion of the project, SPV will obtain appropriate performance guarantee from consultants/contractors.

5.2 Project Monitoring Consultants (PMC)

Recognizing the fact that the projects of the proposed nature would require very extensive project monitoring efforts, Government would engage the services of a reputed agency or an expert having proven experience in the monitoring of such projects as advisor in monitoring of the scheme.

The PMC will be responsible for the monitoring and evaluation of the project for which fee will be paid to the PMC.

PMC will discharge the following functions:

- Assisting the Government in periodical monitoring / concurrent evaluation of the projects regarding disbursement/utilization of funds to the SPVs
- Ensuring timely completion of project(s) as fixed by the Project Approval Committee
- Providing other need based advisory services to the Government in effective implementation of the scheme.

5.3. Role of State Government

The role of the State Government is envisaged in the following areas:

- Providing all the requisite clearances, wherever needed, for setting up the CETPS and other environmental related projects as well as providing the necessary assistance for land, Power, Water and other utilities to such projects.
- Providing assistance @ 15% of the cost of the project
- Dovetailing of other related schemes for overall effectiveness and efficiency of the project

6. General Principles of Funding

- Recognizing the fact that the projects of the proposed nature would require very extensive project development efforts, SPV would be allowed, if required, to engage the services of an agency that has proven experience in developing, financing and executing the industrial cluster infrastructure projects on PPP basis, as advisor in implementation of the scheme from the stage of conceptualization to commissioning. The agency would assist SPV preparation of a Preliminary Proposals (PP) and Detailed Project Report (DPR) establishing the contours of the projects: physical, technical, commercial, institutional, financial and O&M aspects ,in mobilizing the balance funds to complete the project and in obtaining all necessary statutory clearances/approvals. The fees paid by SPV for such an agency would be included in the cost of the project as administrative expenses and would be restricted to 3 % of the cost of the project cost
- The cost of hiring engineering and construction, supervision consultants engaged by SPV through a transparent process, for the purpose of undertaking detailed designing, engineering, bid management and construction supervision of the project would be included in the cost of the project as administrative expenses and would be restricted to 5 % of the cost of the project.
- .Implementation charges @ 3% of the total outlay of the scheme would be with the Department. The fee for PMC will be paid out of this.

7. **Pattern of Assistance**

Central Government would provide assistance to the tune of 50% of the cost of the project subject to the limit of Rs. 50 crore, 15% would be provided by the State Government and 35% would have to be borne by the industry. GOI assistance would be provided as one time grant-in-aid for capital expenditure for the infrastructure. No recurring cost would be provided by the department.

8. **Fund Release:**

SPV shall maintain an exclusive project specific Trust and Retention Account (TRA) with any nationalized Bank, and the funds from the Government will be released in to that account. After approval the Government would release its share of assistance in 5 phases as per the following schedule:

First Installment: 25 % of the assistance, as advance, on final approval of the project and after the financial closure of the project and award of contracts by the SPV and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e. 25% of the share of SPV) deposited by SPV in the TRA.

Second Installment: 25% of the assistance after the utilization of the previous installment and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e. 25% of the share of SPV and state Government) deposited by SPV in the TRA and atleast 50% of expenditure incurred out of its own fund by the SPV.

Third Installment: 25% of the assistance after the utilization of the previous installments and on producing the statement of project specific TRA reflecting the proportionate contribution deposited by SPV in the TRA (i.e. 25% of the share of SPV and state Government each) and atleast 50% of expenditure incurred out of its own fund by the SPV.

Fourth Installment: 25 % of the assistance after utilization of the previous installments and on producing the statement of project specific TRA reflecting the

proportionate contribution deposited by SPV in the TRA (i.e. 25% of the share of SPV and state Government each) and atleast 50% of expenditure incurred out of its own fund by the SPV. In case where 25% of the capital cost is to be released during the 10 year period of operation of the plant, SPV needs to give undertaking that they would release the fund to contractor following the schedule approved at the time of awarding contract. In case where bank guarantee is to be obtained SPV need to give undertaking that they would release money to contractor only after receipt of bank guarantee.

The SPV, with the help of PMC, shall ensure that the funds are utilized in accordance with the relevant norms and procedures, and shall maintain detailed accounts of utilization.

- 9. Project Monitoring and Evaluation:** The Project Approval Committee would be monitoring the progress of implementation once in a quarter. However, the PMC would monitor the project closely and report the progress to the Department.

- 10. Project Completion:** Project would be deemed complete only after filing project commissioning report by SPV and seconded by PMC. A detailed report on the levels of pollution before and after implementing the project should be filed for closing the project file in the Department. Final clearance of the concerned State Pollution Control Board will also be produced.