

Scheme for Fund for Regeneration of Traditional Industries (SFURTI)

Q 1 . What is SFURTI?

Ans : To make the traditional industries more productive and competitive and facilitating their sustainable development, the Govt. Of India announced in 2005-06, setting up of a fund for regeneration of traditional industries. Pursuant to this announcement, a Central Sector Scheme titled the 'Scheme of Fund for Regeneration of Traditional Industries (SFURTI)' was launched.

Q 2 . Why the SFURTI has been re-named as Revamped SFURTI?

Ans : Despite the success of the SFURTI scheme, an independent evaluation of the SFURTI clusters highlighted the need to improve the sustainability and competitiveness of these clusters. The recommendations include enhanced allocation per cluster, increased responsibility of the Technical Agencies (TAs), critical financial appraisal and development of robust business plans and convergence of programs at the cluster level. Therefore, the Revamped SFURTI scheme was framed accordingly which enhanced the sustainability of the programme beyond the project period through the creation of Special Purpose Vehicle (SPV) or deemed SPV. Further, the revamped guideline has added many new features for all-round development of SFURTI clusters.

Q 3 . What are the objectives of Revamped SFURTI?

Ans : As per the Revamped SFURTI guidelines notified on 01/08/2014 by Government of India, the objectives are as under:

- i. To organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability and economy of scale;
- ii. To provide sustained employment for traditional industry artisans and rural entrepreneurs;
- iii. To enhance the marketability of products of such clusters by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure;
- iv. To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits;
- v. To make provision for common facilities and improved tools and equipment for artisans;
- vi. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner;
- vii. To build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional Industries.

Q 4 . What is the financial assistance allowed under Revamped SFURTI?

Ans : The financial assistance provided for Revamped SFURTI shall be as under in various categories:

Type of Clusters	Budget Limit per cluster
Regular (upto 500 artisans)	Rs.2.50 crore
Major (more than 500 artisans)	Rs.5.00 crore

The cost of project shall include hard interventions and soft interventions. The project cost shall also include the cost of services of a professional TA and costs incurred by the IA for engaging a competent CDE and other administrative expenses to be incurred by the IA.

Q 5 . What is the duration of Project?

Ans : The time frame for implementation of Project will be 12-18 months

Q 6 . What the activities covered under Soft Intervention?

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

- i. General Awareness, counseling, motivation and Trust building
- ii. Skill development and Capacity Building
- iii. Institutional development
- iv. Exposure visits
- v. Market Promotion initiatives
- vi. Design and Product Development
- vii. Participation in seminars, workshops and training programmes on technology up-gradations, etc.

Q 7 . What the facilities covered under Hard Intervention?

Ans : Hard interventions will include creation of following facilities:

- i. Creation of Common Facility Centres (CFCs)
- ii. Raw Material Banks (RMBs)
- iii. Up-gradation of Production Infrastructure
- iv. Tools and Technological up-gradation such as Charkha upgradation, tool-kits distribution, etc
- v. Warehousing Facility
- vi. Training Centre
- vii. Value addition and processing centre

Note: The assistance for raw material bank (RMB) shall be leveraged with financial institution for enhanced credit.

Q 8 . How much financial assistance (Government subsidy) is applicable and required own contribution by I.A.?

Ans : 100% of Project cost except Hard Interventions. 95% of Hard Intervention is eligible for North Eastern Region, J & K and Hill States and 90% of Hard Intervention for Other areas.

Q 9 . Whether the working capital will be provided?

Ans : No. Working Capital has to be arranged by IA.

Q 10 . Whether the cost of land is included in the project cost?

Ans : No. Land should be brought by I.A.

Q 11 . Who can play the role of Implementing Agencies (I.A.)?

Ans : Implementing Agencies (IAs) would be non-Governmental Organisations (NGOs), Institutions of the Central and State Governments and Semi-Government Institutions, field functionaries of State & Central Government Panchayati Raj Institutions (PRIs), etc suitable expertise to undertake cluster development. One IA may normally be assigned only one cluster (unless it is an agency with State-wide coverage). The selection of IAs, based on their regional reputation and experience of working at the grass-roots level, will be done by the Nodal Agencies (NAs), on the basis of transparent criteria. Private sector participation shall also be encouraged for the implementation of the cluster projects. Corporate entities can also take up projects directly by forming cluster-specific SPVs. Corporates and Corporate Social Responsibility (CSR) foundations with expertise in cluster development will be encouraged to participate as IAs.

Q 12 . Can implementing agencies take up more than one traditional industry?

Ans : No. One IA may normally be assigned only one cluster (unless it is an agency with State-wide coverage).

Q 13 . Whether existing PMEGP units can take up the Revamped SFURTI as Implementing Agency?

Ans : No.

Q 14 . Whether Educational/Academic/Training Institutions can play the role of Implementing Agency?

Ans : Educational/Academic/Training Institutions are eligible if they fulfill the criteria prescribed by N.A. as per the Revamped SFURTI guidelines.

Q 15 . Who can play the role of Technical Agencies (T.A.)?

Ans : Established national/ regional level institutions, with proven expertise in artisanal and small enterprise cluster development can act as Technical Agency (T.A).

Q 16 . What is the definition of “Traditional Industry”?

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

Q 17 . What is Khadi?

Ans : Khadi means any Cloth woven on handlooms in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns.

Q 18 . What is Village Industries?

Ans : Any Industry located in rural area which produces any goods or renders any service with or without the use of power and in which the per-capita fixed capital investment does not exceed Rs. 1.00 lakh (except for hilly areas, wherein the limit is Rs. 1.50 lakh) provided that any industry specified in the Schedule and located in an area other than a rural and recognized as a Village Industry at any time before commencement of the Khadi & Village Industries Commission (KVIC), continue to be a village industry under the KVIC Act.

Q 19 . Whether the scheme can be implemented in urban/semi urban areas?

Ans : No.

Q 20 . Whether formation of Special Purpose Vehicle (SPV) is mandatory? What is the purpose of SPV?

Ans : Yes. Formation of SPV is mandatory to seek the final approval for hard interventions by IA. The purpose of SPV will be to develop and sustain the cluster after the project implementation period is over. An SPV will be formed for each cluster which may be any of the following entities:

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

Q 21 . Whether artisans shall be the members of SPV?

Ans : Yes. Besides, at least 33% of Artisans shall be members of Management Committee of SPV.

Q 22 . Whether the training centre is available to undergo training in Skill upgradation?

Ans : Training is provided to the artisans under Soft Intervention initiatives through awareness camps, workshops, exposure visits, either on site or visit to domain specific training institutes.

Q 23 . What is the CFC?

Ans : Common Facility Centre is one of the Components in Hard Intervention.

Q 24 . Who will market the products produced by Artisans?

Ans : Implementing Agency (IA) will support for marketing of the products produced by Artisans. IA may have its own Sales outlets also. Besides, under Thematic intervention, e-commerce portals are being designed for promotion and sale of products from the SFURTI clusters.

Q 25 . Whether any format is devised for making proposal?

Ans : Yes. Implementing Agency can apply in the SFURTI portal sfurti.msme.gov.in or apply in the prescribed format designed by the Nodal Agency. The list of the Nodal Agencies is available in the SFURTI website.