CIRCULAR

Secretary (MSME), during his interaction with CDE, IA, TA, SPV Members and NA on 18th June 2016 as part of National Workshop on SFURTI gave following instructions:

i. MSME data bank of all the enterprises under SFURTI to be uploaded on the website on regular basis.

ii. Enterprise list, artisan list to be maintained by each of the CDEs. This information needs to be uploaded to the portal by the CDE.

iii. Each CDE will meet all members of the cluster once in every two months. The CDE needs to guide, motivate, encourage, highlight the benefits, to be friend of the enterprises.

iv. All members of the cluster to be encouraged to become members of SPV. The role of CDE is critical as he would facilitate the artisans to become members of the SPV. CDE to conduct meeting of the SPV once a month to address all issues of concern.

v. Each Implementing Agency (IA) to visit all enterprises once in 6 months and also motivate the artisans to become members of SPV.

vi. Each Technical Agency (TA) would initiate all efforts to encourage Non-members to become members to strengthen the SPV. They must find out reason for not joining the SPV. TA has an important role to finalize user charges for the different facilities of the CFC in coordination with SPV members & non-members.

vii. To ensure transparency in purchase of machinery, the TA along with IA must ensure that a document is signed by the SPV members with the cost for deploying in the premises of the IA.

viii. Developing the artisans’ enterprises is the key. TA and IA with the help of CDEs must ensure this to happen. TA with IA must develop a business plan for the enterprises. Encouraging new artisans to join the SPV and cluster must be one of the key concerns.

ix. Insurance coverage of each artisans of the cluster to be done with social security scheme – PMSBY/PMJJBY with active involvement on Nodal Agency, Technical Agency, Implementing Agency and the Cluster Development Executives.

x. Chart indicating Role of IA/TA/CDE is enclosed.
2. This may be brought to the notice of all concerned.

Encl.: As mentioned at para-1(x).

To
1. CEO, KVIC, Mumbai
2. Secretary, Coir Board, Kochi
3. Director General, NIMSME, Hyderabad
4. Director, IIE, Guwahati
5. Director General, NIESBUD, Noida

Copy to:-

1. PPS to Secretary (MSME)
2. PS to JS-ARI
3. PPS to DS(SN)
4. NIC for placing this on the website of the Ministry.
<table>
<thead>
<tr>
<th>Stage of Project/ Major activity</th>
<th>Role of CDE</th>
<th>Role of IA</th>
<th>Role of TA</th>
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</table>
| I) Identification of Cluster    | • Involve Govt. Officials, Panchayat, local bodies in diagnostic survey study  
• Liaise with local Bank branches and other District officials of Govt. and non govt. departments  
• Visit artisans members and non members for the sake of cluster formation | • Visit to artisans and non artisans with baseline information towards cluster formation and development.  
• Associate Artisans in the cluster formation process and discuss with them all preliminary issues relating to setting up CFC, technology and procurement of machineries to improve higher productivity. | • Interact with all Artisan members and non-members relating to formation of clusters.  
• Share with them the issues concerning CFC, new technologies, new machineries on the basis of their role and expectation in the proposed cluster.  
• Consult various other stakeholders during diagnostic study of cluster  
• Assist in identifying good implementing Agencies in consultation with the Artisan members and non-members.  
• Fix a time line for preparation of DSR. |
| II) Preparation of DPR and its approval | • Associate Artisan members and non-members in groups and sub-groups and discuss with them the benefits that are likely to accrue out of the cluster such as training programme, exposure visit, product development, new technology, higher productivity.  
• Such meeting involving all Artisans should be organised at least one in a month, preferably fortnightly.  
• Ensure opening of Jan Dhan Bank A/c, PM | • Identification of land by way of registering to the SPV. Otherwise lease land to be identified for a minimum period of 15 years.  
• Prepare detailed plan and estimates for CFC with the help of a Civil engineer preferably from the local PWD office, Municipality, Panchayats, Zilla Parishad, etc.  
• Share it with all Artisan members and non-members and take their views for improvement.  
• Process for obtaining necessary statutory approvals from state government and other agencies  
• Prepare list of artisans along with the baseline information with help of CDE and TA with Aadhar card, Pan card, Election ID (any one) as applicable. | • Examine and verify the relevant documents provided by the IA related to land, plan for construction and discuss with the I.A., CDE and Artisan members and based on the discussion incorporate changes wherever necessary.  
• Also discuss the aspect of technology, procurement of machineries and other aspects relating to infrastructural arrangement in the CFC and the clearances from local body.  
• Prepare draft DPR in consultation with IA & CDE and with Artisan group before submission to NA |
| III) Formation and strengthening of SPV | • Discuss the various options as per guidelines for organising SPV in the cluster.  
   • Conceptualise the legalities involved in the various types of SPV and the benefits arising out of SPV for the Artisan members.  
   • Educate the Artisan members on the concept of SPV and their role for the governance of the cluster after the project period as well as the role of IA  
   • Share the feelings and sentiments of IA with the Artisan members in regard to formation of SPV  
   • Act as a liaison between IA and SPV | • Conceptualise the idea of organising SPV in the cluster despite the fact that IA shall provide land for the CFC besides giving 25% contribution towards hard intervention.  
   • Allow the space to the Artisan members for the governance of the cluster after the project period.  
   • Hold clear understanding of the role and function of SPV and comprehend the role, responsibilities and function of SPV and organise meetings for the same.  
   • Comply the statutory requirements like AGM, Auditing regularly by IA.  
   • Finalise draft DPR in consultation with CDE and ensure that all relevant information relating to soft and hard intervention are in place.  
   • Confirm that all the regulatory compliances are in place. | • Apprise the IA, CDE, Artisan members and non members about the statutory, and legal aspects of SPV and the governance of the same by managing committee with the association of Artisan members.  
   • Assist the IA in preparing MoA/byleaws  
   • Monitor the strengthening process of SPV and train members to operate SPV profitably  
   • Set up 3-phase monitoring system along with Accounting system for on-line reports generation  
   • Assist IA in setting up Raw Materials Bank which is primarily a concept of working capital.  
   • Raw materials procurement and proper storage are also an area to be looked into by TA in association with IA & CDE.  
   • Submit final DPR to NA for onward submission of the same to SSC. |
| IV) Conducting training and exposure programs | • Plan out the strategy for training for Artisan members, stake holders, staff of IA and for the non-members (wherever possible).  
   • Display the chart of | • Design training and exposure visits following discussion with Artisan members.  
   • Identification of resource person/resource agencies in consultation with TA. | • Assist in designing training  
   • Identify and suggest resource persons/master craftsmen and other training organisations vis-a-vis cost for training.  
   • Before finalising trainer organisation discuss with IA, CDE and Artisan members and identify the area where demand of training is
| V) Construction of CFC, Procurement and machinery installation | 
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| - Ensure that the plan design and cost meet the standard rate and procedure as per PWD/Panchayat/Zilla Parishad, etc.  
- Obtain signature of all the Artisan members on the draft paper before finalising the tender papers and for onward submission to TA and IIA  
- Similarly process the procurement of machineries and prepare the tender documents.  
- Ensure that all the Artisans are aware and obtain their signatures.  
- Ensure the timeline given by the Ministry are taken | - Examine all the tender documents such as construction of CFC (civil contract), procurement of machineries, etc. before submission to TA for finalisation.  
- Ensure registration of land/leased land in the name of IIA/SPV.  
- Ensure registration of SPV.  
- Ensure all other documents in place as per guidelines.  
- Conduct meeting of Cluster Advisory Committee under the Chairmanship of State/Divisional Director.  
- Appraising the steps being taken for construction of CFC and procurement of machineries.  
- Take their opinion and approval before finalising it with CFC.  
- Ensure deposition of own contribution fund in dedicated cluster account.  
- Ensure that all infrastructural arrangements are in order.  
- Vet the tender documents relating to construction of CFC and procurement of machineries.  
- Ensure that all the Artisan members, stake holders are aware of the document and their signatures are in place.  
- Frame the tender document including tender notice for advertisement in local newspapers observing the GFR and relevant rules.  
- Ensure that it is as per the timeline.  
- Ensure that all the relevant infrastructure are in place for installation of machineries.  
- Ensure fee-based operations of CFC and train CDE/CFC staff to maintain CFC operations.  
- Frame final order documents for construction of CFC and machineries by IIA following appraisal to IIA, CDE, Stake holders, Artisan members and even non-members and obtain their signature. This is to ensure transparent and open transactions in the cluster. |
| VI) Strategies for marketing, Design development, packaging, product development | care of and being followed | • Ensure that the timeline given by the Ministry are being followed. | • Examine, review and vet the final strategy paper for marketing and sales in reference to Product development. Product mix and Product diversification.  
• Strategise renovation of existing sales outlet with immediate priority.  
• Discuss and develop SHG for promotion of sales and marketing.  
• Develop local publicity and awareness in a massive way.  
• Ascertain orders of the local State Govt. offices, Panchayats and local bodies as per the latest policy decision of MSME.  
• Develop action plan on the basis of approved target of production and marketing.  
• Review the shortfall/ deficiencies in presence of IA, TA, CDE, stake holder, Artisan members.  
• Apprise the progress report, action plan and the steps for corrective measures to Cluster Advisory Committee and NA for information and guidance. |
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| VII) Monitoring the project timeline | • Ensure cluster functionality in time.  
• Ensure fulfilling the target | • Confirm the formation of CFC, installation of machineries and rolling out of production in time. | • Ensure that all the task as per the DPR has been undertaken and cluster has become functional. |
and achievement of the cluster.

- Develop a regular interaction with all the Artisan members, non-members, stake holders and seek their opinion on a fortnightly basis without fail.
- List out the areas where the cluster programme worked well and the areas where it requires further corrective measures for deriving benefits to the Artisans including enhancement of their wages.
- Online reporting data should be developed.
- Develop convergence with the local offices, panchayarts, etc.
- Plan out phasing the cluster programme within 18 months.
- Plan out business plan for next three years after the project period. Interact with the Artisan members, non-members and others.

- Interact with all Artisan members, non-members and stake holders on bi-monthly basis and list out their expectations from the cluster.
- Ensure the timely work by all the Artisans in the cluster resulting fulfilling the monthly target for production and sales.
- Find out the reasons for short fall and develop corrective steps for improving the performance of the cluster.
- Develop business plan for next three years in consultation with CDE.
- Develop convergence with local offices.

- Ensure strategies for marketing and production are being followed as per DPR.
- Ensure meeting with cluster Artisans, stake holders, IA and CDE in every month.
- Ensure visit to each Artisan member in every month and address their problems.
- Ensure reporting online including achievements and short fall.
- Ensure regular meeting with CAC at local level.
- Develop review on a regular basis for target, production and sales.
- Ensure a healthy transition from project level to business level at the level of SPV allowing with Artisans to govern the cluster.