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F.No.1/48/2012-PL
Government of India
Ministry of Textiles

Udyog Bhawan, New Delhi-110011
Dated 24th October, 2013.

OFFICE MEMORANDUM

Subject: - Minutes of the Standing Finance Committee Meeting held on 8.10.2013 for approval the proposal for continuation and modification of Integrated Scheme for Powerloom Sector Development (ISPSD).

This is with reference to the Standing Finance committee Meeting held on 8.10.2013 at 1200 hours in the Ministry of Textiles under the Chairmanship of Ms. Zohra Chatterji, Secretary (Textiles) to appraise the proposal for continuation and modification of Integrated Scheme for Powerloom Sector Development (ISPSD) for implementation during 12th Five year plan. The minutes of meeting are enclosed herewith.

This issues with the approval of Secretary (Textiles).



(Ishwar Sharan)
Under Secretary to the Govt. of India
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PI. Parmar 8/30/10
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Encl: As above.

To,

1. Additional Secretary & Financial Advisor, Ministry of Textiles.
2. Smt. Sunaina Tomar, Joint Secretary (Powerloom), Ministry of Textiles.
3. Smt. Geeta Narayan, Director (Powerloom), Ministry of Textiles.
4. Shri Gaurav Dave, Joint Secretary, National Manufacturing Competitiveness of Council, New Delhi.
5. Shri. A.B. Joshi, Textile Commissioner, Mumbai.
6. Dr. Renu S. Parmar, Adviser, Planning Commission, Yojana Bhavan, New Delhi- 110 001.
7. Shri C. Chinnappa, Director, Minsitry of Panchayati Raj, New Delhi.
8. Shri S. Balaraju, Joint Textile Commissioner,
9. Shri Amit Paul, Vice President, SIDBI Venture Capital Ltd.
10. Shri Ananta P. Sarma, SIDBI Venture Capital Ltd.

Copy to:

1. PSO to Secretary (Textiles).
2. PS to AS&FA.
3. PS to JS(ST).

51 PDC
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(Ishwar Sharan)
Under Secretary to the Govt. of India

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Draft outline/Main Features of Integrated Scheme for Powerloom Sector Development

Objective :

- To modernise Powerloom Sector.
- To provide better service to by the Powerloom Service Centres for powerloom industry/weavers by Upgradation of the machines/equipments, by setting up new PSCs, by ensure meeting the recurring expenditure of existing PSCs (30) set up under TRAs/State Government Agencies so that they do not become defunct,
- To assist powerloom weavers, powerloom industry associations and other organisations for marketing their products through organizing exhibitions for the benefit of garment industry and organized sector or general public at regional and cluster level, promoting awareness among the consumers about the latest designs, products and product diversification etc.
- To provide infrastructure support for marketing to eliminate the middlemen for direct marketing by the powerloom weavers by providing assistance to establish Common Facility Center and yarn bank in clusters.
- To empower powerloom industry and build their capacity to meet the challenges of the market and global competition in a sustainable and self- reliant manner.
- Tex-Venture Capital Fund to provide start-up capital for textile (powerloom) ventures.

Scope:

The Powerloom Sector in the Country is wide spread and every state is having a tiny to a very large cluster. As such, the products of different clusters are specific but they need to be diversified. Therefore, an aggressive modernisation and marketing strategy is to be further adopted during 12th plan to cater to the need of garment sector.

The Integrated Scheme for Powerloom Sector Development comprising the following components:

- i) **Awareness programme – Seminar/Workshops** – To create awareness about schemes, disseminate the information about technology, products for the benefits of powerloom weavers/workers.
- ii) **Marketing Development Programme** - In order to provide opportunity to powerloom weavers to market their products at regional and cluster level, exhibitions / buyer-seller meets will be held. In addition to that different industry associations and other agencies can also organise buyer-seller meets for promotion of powerloom specific or fibre specific or any other products of the powerloom sector in that area.
- iii) **Integrated Textile Service Centres (to set up new Powerloom Service Centre & Modernization/Upgradation of existing PSCs)** – To create facilities for quality testing, skilled manpower for weaving sector & garment sector, design development for weaving and entrepreneurship development, new PSCs on Public & Private partnership basis with Govt. assistance for capital cost of machines / equipments will be opened. The Govt. assistance will be provided for modernisation of the existing Powerloom Service Centres. The Govt. assistance

86/C

will also be provided for garment / apparel making facilities / any other facilities required in cluster for common services to the PP bodies including local textile industry Association.

iv) **Grant-in-Aid to the PSCs of TRAs/State Govt. agencies.**

Textile Research Associations (TRAs)/ state Govt. agencies are running 30 no. of PSCs located across the country and offering various services like training, sample testing, design development, consultancy, conducting seminar/ workshops, TUFS meeting etc. to the powerloom sector on behalf of the Govt. The GIA provided to the PSCs of TRAs / state Govt. agencies are mainly for the recurring expenses for running the PSCs for providing the services to powerloom sector. The Grant-in-Aid to the PSCs of TRAs / State Government Agencies will be sanctioned by the Textile Commissioner as per norms fixed by the Ministry.

Efforts would be made to fund this component from Non-Plan Fund from the financial year 2014-15 and if metalize, the remaining fund would be diverted to CFSC/Yarn Bank/new PSCs etc.

v) **Common Facilities Centre under ISPSD**

Objective :

- To modernization of Powerloom Sector,
- To assist powerloom weavers, powerloom industry associations and other organisations for marketing their products through organizing exhibitions for the benefit of garment industry and organized sector or general public at regional and cluster level, promoting awareness among the consumers about the latest designs, products and product diversification etc.
- To provide infrastructure support for marketing to eliminate the middlemen for direct marketing by the powerloom weavers, Common Facility Center and yarn bank in clusters.
- To empower powerloom industry and build their capacity to meet the challenges of the market and global competition in a sustainable and self reliant manner.

Scope:

The common facilities centre will house design centre / studio, testing facilities, training centre, information cum trade centre and common raw material / yarn / sales depot, water treatment plant for industrial use and common pre-weaving facilities viz. warping, sizing etc. There can also be other tangible assets that could be set up in clusters, as long as they are put to common use.

Implementation:

For setting up common facilities centre including yarn depot etc., the project reports will be submitted by SPV / Consortium to the Textile Commissioner. The format of detailed proposal for common facilities centre will be prescribed by Office of the Textile Commissioner. The proposal will be approved by the Project Approval Committee (PAC) after considering its viability and the existing facilities available in the nearby area. The small clusters / powerloom units outside the cluster in surrounding area / district will also be served from the common facilities centre/yarn depot set up in big clusters.

89/c

Formation of Special Purpose Vehicle (SPV)/ Consortium.

For Hard Interventions, it is necessary to form a Special Purpose Vehicle (SPV) prior to setting up and running the proposed common facilities/infrastructure. A minimum of 11 members are required to form an SPV (preference to 50 active members and above) to join the proposed SPV so as to diffuse and enlarge the benefits of the Common Facility Centre/ infrastructure. The members of the SPV should be the stakeholders, Co-operative Societies, Master Weavers, Private Entrepreneurs, NGO's working for powerloom sector. The SPV would be constituted in the form of a Registered Co-operative Society, a Trust or even in the form of a Company registered under Companies Act, 1956. In addition to the contributing members of the SPV, the organizers should obtain written commitments from as many 'users' of the proposed facility so that its benefits can be further enlarged. The SPV should have a democratic constitution with an inbuilt scope for increasing the membership including individual powerloom weavers/ entrepreneurs in future. The SPV will be required to interact with the weavers and tie up with the connected organizations like banks/ financial institutions, market institutions / market experts, marketers, legal experts, Government machineries etc. The SPV will prepare projects of the common facilities centre / yarn depot, infrastructure etc. specifying inter- alia annual action plans, clearly indicating the requirement of the cluster, activities and expected outputs, outcomes / deliverables time limit for completion of the projects and submit the proposal to the Textile Commissioner for its approval. The SPV will also submit physical and financial progress report periodically and also, completion report to the Textile Commissioner. After completion of the projects, the SPV will continue as consortium for the powerloom weavers to run and maintain the common facilities/infrastructure.

Financial Assistance:

Assistance would be available for setting up of Common Facilities Centre including Yarn depot. The Common Facility Centre is entitled to the different levels of assistance from the Government on the basis of grading of powerloom clusters i.e.,:

- i. Grade - A - upto 60% of project cost.
- ii. Grade - B - upto 70% of project cost.
- iii. Grade - C - upto 80% of project cost.
- iv. Grade - D & clusters in NER/J&K upto 90% of project cost.

The grading of the clusters will be done by a Committee constituted by the Textile Commissioner. The criteria for grading the powerloom clusters by the committee is **enclosed**, with scheme.

The project cost for providing the above assistance will include the following costs:

- The cost of machinery, plant, equipment, laboratory, other tangible assets, pre-operative/ preliminary expenses, etc.
- 25% of the construction cost of the building. The schedule of rates of CPWD as in that State shall be used as the basis for arriving at the cost estimates of construction of building.

Land is to be arranged by SPV before submitting their proposal/ application for financial assistance from Govt. of India. The Govt. of India shall not provide any financial assistance towards land cost and its development.

90/ ✓

For example;

S.No.	Project cost	Eligible cost for calculating the assistance
1	Machinery, plant, equipment, laboratory, other tangible assets, pre-operative/preliminary expenses, etc.	Rs. 2.00 crore
2	Construction of Building	Rs. 0.40 crore
	Total	Rs. 2.40 crore

Assistance on the above project:

- Grade - A - 60% of Rs.2.40 crore
- Grade - B - 70% of Rs.2.40 crore
- Grade - C - 80% of Rs.2.40 crore
- Grade - D - 90% of Rs.2.40 crore

- The maximum subsidy for common facilities including yarn depot will be Rs. 200 lakh per cluster.
- The balance of the project cost would have to be contributed by the SPV and/ or by the State government and/or the Local Government and/or by some other agency.

Release of Assistance:

The SPV will open an escrow account with any schedule bank and all payments for CFC will be made through escrow account which will be jointly operated by one member of SPV and one member from Regional Office.

The SPV should submit the claim for release of financial assistance to the Textile Commissioner. In case of any change in project profile, the approval of PAC is to be obtained.

Local Level Monitoring Committee (LLMC):

Local Monitoring Committee will be formed for each centre; which will include an officer from the Regional Office of the Textile Commissioner, a representative of the SPV preferably Director & state Govt officer. The eligible financial assistance will be released only after getting the physical verification report of LLMC.

The following schedule will be adopted for release of GOI share to the SPV.

1st instalment of 30% of the total GOI share for construction of building/ shed on 30 % or above construction and after certification by LLMC and architect.

2nd instalment of 30% of the total GOI share after getting the utilization Certificate of 1st instalment and the proportionate expenditure by the SPV, on completion of 60 % or above construction which will be duly approved by LLMC and architect.

40% of the total GOI share will be released after the successful completion of the construction of the building/shed and after certification by LLMC and architect.

21/C

Financial Assistance for the machinery & equipments will be released after its purchase, installation, commissioning and certification by the LLMC with all supporting documents regarding purchase of the machineries.

vi) **Corpus for Yarn Bank under ISPSD**

Objective :

- To modernisation of Powerloom Sector,
- To assist powerloom weavers, powerloom industry associations and other organisations for marketing their products through organizing exhibitions for the benefit of garment industry and organized sector or general public at regional and cluster level, promoting awareness among the consumers about the latest designs, products and product diversification etc.
- To provide infrastructure support for marketing to eliminate the middlemen for direct marketing by the powerloom weavers, Common Facility Center and yarn bank in clusters.
- To empower powerloom industry and build their capacity to meet the challenges of the market and global competition in a sustainable and self reliant manner.

Scope:

Small weavers in decentralized powerloom sector have no capacity to purchase yarn in bulk from the open market due to high rate. They depend on local supplier of yarn for their day to day consumption. The local supplier sells the yarn at high rate and takes advantage of fluctuation in price. Due to this the small Powerloom weaver is not able to get yarn at reasonable price and unable to plan his production. Therefore, it is necessary to set up yarn bank to assure the availability of yarn at reasonable rate, to the weavers. In view of the above it has been decided to provide interest free corpus fund to SPV / Consortium to enable them to purchase the yarn at wholesale rate. Normal working capital cycle for powerloom industry includes yarn procurement, work-in-process like warper beam, size beam, knotting, weaving on looms, mending, folding at grey stage and sale of grey fabrics and cash/creditors etc. – taking approximately 2 to 2 ½ months for completion of the cycle. Therefore in a year, the SPV is expected to rotate the corpus funds including their contribution at least 4 to 5 times. In order to ensure the interest free corpus fund provided by the Govt. is utilized for yarn purchases only and a Bank Guarantee/ acceptable security shall be insisted. Further in order to incentivize such SPVs which show better performance in effective use of the corpus funds to save on Bank Guarantee/ acceptable security, it is proposed to insist for collateral only for initial 3 years. It is also proposed to provide for mandatory induction of a nominee of Textile Commissioner on the Management/Board of SPV to take part in the major decisions of the SPV. Those SPVs fail to deliver the expected turnover of corpus fund 4 to 5 times in a year, shall have to refund the Govt. share at the end of 3rd year.

Formation of Special Purpose Vehicle (SPV)/ Consortium.

A minimum of 11 members are required to form an SPV (preference to 50 active members and above) to join the proposed SPV. The members of the SPV should be the stakeholders, Co-operative Societies, Master Weavers, Private Entrepreneurs, NGO's working for powerloom sector. The SPV would be constituted in the form of a Registered Co-operative Society, a Trust or even in the form of a Company registered under Companies Act, 1956.

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The SPV should have a democratic constitution with an inbuilt scope for increasing the membership including individual powerloom weavers/ entrepreneurs in future. The SPV will be required to interact with the weavers and tie up with the connected organizations like banks/ financial institutions, yarn manufacturers, yarn suppliers, market institutions / market experts, marketers, legal experts, Government machineries etc. The SPV will prepare proposal for Corpus for Yarn Bank and submit the proposal to the Textile Commissioner for its approval. The SPV will also submit progress report periodically to the Textile Commissioner.

The terms and conditions for providing corpus fund to SPV / Consortium are as under;

- a. Government shall provide interest free corpus fund maximum Rs. 100 lakh per yarn bank to SPV / consortium provided SPV / consortium arrange their own fund to equal amount of the fund paid by the Govt.
- b. SPV will identify/provide a suitable Warehouse for storage of yarn with proper documentation, safety / security arrangements and insurance along with DPR etc. After making suitable arrangements for warehousing, the SPV will submit an application along with DPR to the Textile Commissioner for sanction of the project and Corpus fund thereby.
- c. The said application for corpus fund will be scrutinized by the Textile Commissioner and will be placed before Project Approval Committee (PAC) for approval.
- d. The said corpus fund provided by the Govt. shall be released to SPV against the bank guarantee for 50% of Government share of the corpus fund or any other acceptable security in favour of Textile Commissioner valid for at least 3 years period.
- e. The corpus fund provided by Government will be deposited in a Bank account having joint account with Regional Office of the Textile Commissioner and can only be used for purchasing the yarn for weavers.
- f. The said corpus fund for yarn bank will be utilized by the SPV for purchasing and supply of the yarn and maintaining its stock required by the weavers in and around the cluster.
- g. The said corpus fund will be available with SPV for three years period, extension of which may be considered by Project Approval Committee (PAC) on the basis of its performance.
- h. In case, due to any reason, amount is not recovered from the bank guarantee / security, then the SPV / consortium shall have to refund the amount with simple interest w.e.f. the date of expiry of three years to Govt. of India.
- i. Format of bank guarantee will be prescribed by the Office of the Textile Commissioner.

93/c

Implementation / Monitoring –

The scheme will be implemented/ monitored by the office of the Textile Commissioner through its Regional Offices, in association with Powerloom Development Export Promotion Council (PDEXCIL), Powerloom Associations / Federations / Organisations, other organisation / agency, State Governments etc.

Project Approval Committee –

All projects (except Grant-in-Aid to the PSCs) under Scheme would be sanctioned by Project Approval Committee. The constitution of the Committee will be as follows:

- | | | |
|------|---------------------------------------|--------------------|
| i. | Textile Commissioner | - Chairman |
| ii. | Joint Secretary or Director MOT (PL) | - Member |
| iii. | Representatives of local industry | - Member |
| iv. | Additional/Joint Textile Commissioner | - Member Secretary |

- vii) **TEX Fund - Venture Capital fund for Powerloom and allied products and services- within the Umbrella Scheme “Integrated Scheme for Powerloom Sector Development”.**

Title of the project/scheme

TEX Fund - Venture Capital Fund for Powerloom and allied products and services within the Umbrella Scheme “Integrated Scheme for Powerloom Sector Development”.

Name of the sponsoring agency

Ministry of Textiles, Government of India

Proposed duration of the project

Starts during 12th Five Year Plan (from 2013-14); Total duration 10 years from the date of Initial Closing, may be extended by 2 (two) years.

Total cost of the project over the proposed duration.

TEX Fund” would be a dedicated fund with a corpus of ₹ 35 crore for investing primarily in companies engaged in manufacturing and services activities in the powerloom industry. Government of India proposes to contribute 24.50 crore to the Fund. SIDBI proposes to contribute 30% of the fund size, subject to approval of its Board of Directors. The fund manager would approach other investors to contribute to the Fund and it is expected that the ultimate size of the Fund could be Rs.50 to 80 crore. However, the Fund may be of a minimum size of ₹ 35 crore, if other investors cannot be attracted to invest in the Fund.

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An illustration of the fund sizes and contributions is given below :

	Fund sizes			
	₹ 35 crore	₹ 50 crore	₹ 60 crore	₹ 80 crore
Govt. of India	₹ 24.50 crore (70%)	₹ 24.50 crore (49%)	₹ 24.50 (40.80%)	₹ 24.50 (30.63%)
SIDBI	₹ 10.50 crore (30%)	₹ 15 crore (30%)	₹ 18 crore (30%)	₹ 24 crore (30%)
Other contributors such as banks, FIs, insurance companies, corporates	nil	₹ 10.50 crore 21%	₹ 17.50 crore (29.20%)	₹ 31.50 crore (39.37%)

As such, the contribution from Govt. of India would be ₹ 24.50 crore irrespective of the fund size. The contribution from SIDBI and the other contributors would vary, depending on fund size. While SIDBI's contribution may vary as to amount contributed, it may be fixed at 30% of the fund size, subject to approval from its Board of Directors.

Justification for the project:

The Indian Powerloom Industry has an overwhelming presence in the economic life of the country. Currently, it contributes about 65% to Textile production. It provides direct employment to over 57 lakhs people. The 12th Five Year Plan targets a growth rate of 9.8% for the manufacturing sector. Since the textile sector contributes about 12% of the manufacturing output, the growth of this sector is crucial to the realization of targets relating to total output and employment growth. This in-turn is contingent upon the MSEs in the powerloom sector. In furtherance of the above objective, the Working Group on Textiles and Jute Industry for the 12th Plan has inter-alia, set the following objectives for the textile sector:

- To achieve annual average growth rate of 11.5 percent in volume terms in cloth production and 15 percent in value of exports
- To enhance global competitiveness of Indian textile products through appropriate policy support
- To increase domestic value addition and technological "depth" in manufacturing of textile products
- To build and strengthen the innovation eco-system of the textile industry through enabling policy interventions, strengthening of the knowledge infrastructure, inter-institutional collaborations and funding of business innovations at all levels, specially of Small and Medium Enterprises (SMEs)

The achievement of the above objectives is generally dependent upon the consolidated growth of micro and small enterprises for the textile sector and mostly comprising of power-loom weavers. More than 65% of fabric cloth production of the country is done by this un-organised sector comprising of small and micro industries having no bank linkages. Most of the offtake in TUFs have been in the spinning sector and the small and micro enterprises in the un-organised power loom sector

957
have not been able to take the benefits of TUFS owing to poor bank linkage of the small unorganized sector, documentation etc. Government wants to introduce TEX Fund to provide equity investment to the micro and small enterprises sector of the powerloom industry. Infusion of equity is expected to help wean over those firms currently operating in the partnership / proprietorship structure to formal company form of organization. Venture funding of MSE in the powerloom industry will give a boost to innovation in the industry by creation of brands, generation of intellectual property, increased bank funding to the industry, increased profitability and improved corporate governance.

Project Objectives and targets

The TEX Fund would invest in the equity shares and / or instruments convertible into equity of textile Micro and Small Enterprises, as defined under MSMED Act, 2006 and as amended from time to time. The fund would operate under the Securities Exchange Board of India's Alternative Investment Fund Regulations 2012 (SEBI's AIF Regulations 2012). The investment in the equity of companies will help to boost their net-worth, leverage commercial bank debt, improve their manufacturing capacity and sales turnover, increase competitiveness and profitability. Investments from the Fund are also expected to lead to improvements in the investee companies' internal systems and procedures, management capability and corporate governance. The primary investment focus of the TEX Fund will be early and growth stage investments in MSEs across various emerging fields in the powerloom related products and services. Investments will typically be in innovative private MSE companies involved in manufacturing and services in powerloom sector. New products and technologies or innovative business model which have the potential to bring superior value proposition to the customers will be given preference. Companies undertaking expansions which already have sound financial performance are also encompassed in the scope of the fund.

The TEX Fund is an innovative Pilot project proposed to be included under existing Integrated Scheme for Powerloom Sector Development as a new pilot scheme, which will also cover organisations which are in partnership / proprietorship form with the aim to convert them into company form of organisation, so that the Fund is able to invest in them.

The Fund's primary investment objective is to achieve attractive risk-adjusted returns through long term capital appreciation by way of investments in privately negotiated equity / equity related and/or convertible / non-convertible debt instruments in unlisted companies requiring early or growth stage capital infusion. Investments will generally be in early stage companies with innovative business model or new product and technology which have the potential to bring superior value proposition for the customer and clients and high growth in earnings and profitability. The Fund would invest into powerloom and allied product and services MSEs in the initial 5 years from Initial Closing date,

project design.

"TEX Fund" would be a dedicated fund with a corpus of minimum ₹ 35 crore for investing primarily in companies engaged in manufacturing and services activities in the powerloom industry and allied products / services.. An umbrella trust will be set up by the Small Industries Development Bank of India (SIDBI) under the Indian Trusts Act, 1882 and registered under the Registration Act, 1908. The Trust would be registered with Securities and Exchange Board of India (SEBI) under SEBI (Alternative Investment Funds) Regulations, 2012 to carry on the activity of a venture capital fund

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under its respective schemes and operating within the investment focus of The Trust and its respective unit scheme.

TEX Fund ("Fund") is structured as the first unit scheme of the proposed umbrella Trust. The Fund would be a close-ended fund and investment in the Fund will be limited to Contributors / Beneficiaries. SIDBI as the sponsor would invest upto 30% of the fund size, subject to approval from its Board. The Government of India may invest ₹ 24.50 crore. The balance amount is proposed to be raised from institutional investors / corporates such as banks, financial institutions, insurance companies, to make up the entire fund of ₹ 80 crore. It is proposed that the first close of the Fund may be at ₹ 50 crore, in the ratio of Govt of India (₹24.50 crore or 49%) and SIDBI (₹ 18 crore or 30%). After the first close, the fund manager can commence investing out of the fund and drawdown from the investors.

The fund manager will make efforts to raise the remaining amount of from other investors such as banks, financial institutions, insurance companies etc. However, the Fund may also have the final close at ₹ 35 crore, if warranted.

The Commitment Period is proposed at 5 years from Initial Closing, extendable by another 12 months. During the Commitment Period, the investment manager can also reinvest proceeds from exits, if any. The Management Fee during Commitment Period is 2% per annum (plus any taxes as applicable thereon from time to time) of the aggregate Capital Commitments of Contributors. After the Commitment Period, the fee is 2% per annum (plus any taxes as applicable thereon from time to time) of the remaining investments less investments permanently written off.

Investments will be made in early stage, high-growth, unlisted, private companies which may have the potential of significant value creation in future. The likely optimum period of investment would be carefully considered in order to create and realize the value in the investment. It is proposed to take significant minority stakes (generally in the range of 10% - 30% of equity ownership) based on total investment in a company and an active role with Board representation in order to help create value for the companies. There will be a detailed evaluation of the proposals in terms of the rationale for the proposed investment, the potential benefits from the investment, special features and characteristics of the proposed investment proposal and also the most likely divestment mechanism all of which will be discussed and approved by the Investment Committee formed to monitor the investments made by the Fund. The Investment Committee formed shall make all investment and divestment decisions.

The Fund shall invest in accordance with its Investment Objectives and shall be as per guidelines adopted by it from time to time. The size of each investment would not exceed Rs. 3 crore. A balanced and diversified portfolio shall be developed with an appropriate mix of investments in start-ups, expansions, export oriented companies and new technology companies. All investments made by the fund will be in MSE companies as defined under MSMED Act of 2006, as amended from time to time.

The Fund Manager will work to enable exits of the portfolio companies at an appropriate time, depending on market conditions and the status of the investee company. Exits by the Fund may be by way of sale to other financial / strategic investors, promoter / company buybacks, redemption of quasi debt instruments by investee companies and also by way of initial public offerings on stock exchanges. As and when exits happen, the funds would be distributed back to the contributors pro-

77/c

rata. However, during the Commitment Period, the investment manager can reinvest the exit proceeds, both in new investee companies as well as in existing investee companies of the fund.

On exit, the fund will distribute funds back to the investors such as Government of India, SIDBI and other investors if any. The funds so distributed back would be (i) by way of distribution of original capital followed by (ii) capital gain, if any.

The scheme is on a pan-India basis and not restricted / constrained to any single location within India.

The investments by the Fund will be in companies. The companies can be identified by various means including PAN number and registration number with Ministry of Corporate Affairs.

The Investment Manager (IM) i.e. SVCL, is entitled to the payment of a periodic management Fee. The Investment Manager will be responsible for all normal operating expenses of managing the Fund, including (a) compensation for employees, (b) rent and utilities, (c) statutory, legal, audit, and other third party fees and operating expenses (including any taxes as applicable thereon from time to time) of the Investment Manager, (d) compensation to any advisors or consultants retained by the Investment Manager (other than on behalf of the Fund), (e) all normal expenses incurred in the identification and appraisal of investment opportunities and monitoring of Portfolio Investments (other than expenses borne by the Fund as provided in the section below) and (f) other day-to-day expenses of the Investment Manager including, but not limited to, travel, utilities and communications.

The Investment Manager shall also be entitled to payment of a Carried Interest. Carried Interest is a share of the profits of the investment fund which is paid to the Investment Manager after –

- the investment manager has returned all capital contributed by the investors; and
- after the fund has returned a previously agreed-upon rate of return (the "hurdle rate" or "preferred return") to investors

Project Human Resources (nodal officer directly in charge of the project)

Chief Executive Officer, SIDBI Venture Capital Ltd.

Project viability

The return of contributors' capital is not guaranteed in a venture capital fund. While the fund may make sizable returns in a particular investment, it may lose the entire amount in other investments. Typically, venture capital funds may lose their entire investments in 80% of the investee companies while only 20% of the investee companies may give returns. However, the returns provided by 20% of the investee companies may be sufficient to return the entire capital of the fund to the contributors, along with profits. As such, venture capital investments are high risk, high return.

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Distributable Proceeds will be the funds available to be distributed back to the contributors upon realization of income by the fund. Proceeds available for distribution by the Fund will usually consist of net proceeds realised on the disposal of Portfolio Investments, as well as receipt of dividend, interest, fee from portfolio companies, treasury income etc. Distribution to the contributors would typically commence after say, 3 years of operation of the fund and would continue till the end of the fund life. Distribution would be irregular and would happen on the availability of distribution proceeds.

The hurdle rate, as per the PPM, is an IRR of 12% pre-tax. Once the distribution to the contributors is such that the contributors have achieved a return, equal to the hurdle rate, the fund would share its profits with the investment manager. The amount of profits shared with the investment manager is known as "carried interest" and would incentivise the investment manager.

On exit, the fund will distribute funds back to the investors such as Government of India, SIDBI and other investors if any. The funds so distributed back would be (i) by way of distribution of original capital followed by (ii) capital gain, if any.

Project implementation and monitoring

New structures / entities are not required. SIDBI Venture Capital Ltd, a subsidiary of SIDBI will be the fund manager and will be responsible for execution of the project.

The scheme will be implemented and monitored by Ministry Of Textiles through Office of the Textile Commissioner, Mumbai.

The Fund is structured as a unit scheme of a Trust proposed to be set up by SIDBI and registered with SEBI under Regulation of SEBI (Alternative Investment Funds) Regulations, 2012. As a unit scheme of SEBI registered venture capital fund, the fund would be subject to certain investment regulations / restrictions. The Fund's operation shall be structured so as to maintain highest standards of corporate governance, business ethics, transparency of operations, hence following entities shall be part of the operations of the fund - The Board of Trustees, The Investment Manager (SIDBI Venture Capital Ltd.) and The Investment Committee.

The Fund will be managed by SIDBI Venture Capital Limited (Investment Manager), a wholly owned subsidiary of SIDBI. For the purpose of management of the Fund, the Investment Manager will enter into Investment Management Agreement with the Trustees, which may be amended from time to time. Primary responsibilities of Investment Manager will be managing the investments and exits by the Fund. The Investment Manager shall be responsible for generating deal flow, evaluating and negotiating investment opportunities, monitoring and periodically evaluating investments, constituting an Investment Committee and making recommendations to the Investment Committee for investments as well as suitable divestments. Investment Manager functions under overall directions of its Board.

The Investment Manager shall constitute an Investment Committee. The Investment Committee shall make all investment and divestment decisions. The Investment Committee shall comprise representatives of Investment Manager, industry experts and eminent people from the fields of finance, business management, marketing, law etc. The Investment Committee shall have minimum of four and a maximum of eight members. The Investment Committee shall function in the following manner –

99/c

- (i) The Investment Manager, after detailed and careful evaluation of an investment / divestment proposal, shall place such proposal to the Investment Committee, whose decisions on such proposal shall be binding & final.
- (ii) At least three members of the Investment Committee shall be required to be present in person or via tele / video-conference to constitute a valid quorum.
- (iii) The meeting of the Investment Committee shall be convened by the Investment Manager for which prior notice of 7 days in writing shall be given.
- (iv) Investment Committee shall strive to arrive at decisions by consensus but in case the same is not achieved, the decisions may be made by a simple majority vote of members present and voting including Chairman of the meeting. In case of any equality of votes the Chairman of the meeting shall have a casting vote.

The Fund shall furnish every 180 days, via a Newsletter, details of its operations, investments and performance to the Contributors. The Newsletter may include an extract of the Fund's valuation, status report of Portfolio Companies, progress achieved in investments, proposals being received for investment and from which segment. Any other relevant information may be disclosed. Review meetings shall be held periodically (half yearly / annual basis) where the contributors would be apprised of the activities of the Fund. Being registered with SEBI, the Fund will also be periodically reporting to SEBI.

On exit, the fund will distribute funds back to the investors such as Government of India, SIDBI and other investors if any. The funds so distributed back would be (i) by way of distribution of original capital followed by (ii) capital gain, if any.

Project period

The fund may have the following timelines –

No.	Particular	Time frame
1	Approval of the Govt of India for sanction of ₹ 24.5crore	By June, 2014 (zero date)
2	Approval of SIDBI for sanction of 30% of the fund size	One month from zero date
3	Finalization of documents, filing with SEBI and approval of SEBI	Within 3 months from zero date
4	Initial close	Within 6 months from zero date
5	Final close	Within 18 months from zero date
6	Investment by the Fund in investee companies [commitment period]	5 years from initial close, extendable by one year.
7	Exit	To be completed within fund life of 10 years, commencing from initial close. Fund life may be extended by 2 years.

** All the above mentioned timeframes are estimates.*

Possible constraints in the above mentioned timeframe would be raising of capital and disbursement of investments.

100/1 ✓

Criteria of grading the powerloom clusters

Sr. No.	Criteria	Total Mark	Mark allotted by Committee
1.	Loomage	10	
2.	Technology level	25	
	Number of Plain powerloom		
	Number of Semi-automatic loom		
	Number of automatic loom		
	Number of shuttle less loom		
3.	Product Profile	25	
	Low value fabrics (eg. mulmal, packing cloth, upholstery, flannel etc.)		
	Medium value fabric (e.g. Suiting, Shirting etc)		
	High value fabric		
	Value added fabric (e.g. embroidered, made-ups etc.)		
4.	Infrastructure	10	
	Preparatory level		
	Testing facilities		
	Mill stores availability		
	Yarn depot / Availability of yarn		
	Power availability and its price		
	Post-weaving (e.g. processing etc).		
	Transportation, water, communication		
5.	Market Access	15	
	Export and its value, percentage of total product of cluster		
	Domestic and its value, percentage of total product of cluster		
6.	Skilled Manpower Availability	10	
7.	Credit flow	5	
	Total	100	

Grading on the basis of marks allotted

- Upto 40 - D
- 41 to 60 - C
- 61 to 75 - B
- Above 75 - A

20/11

Check List for submitting the proposal by SPV/ consortium for financial assistance from GOI for setting-up the CFC

1. Check List for information about cluster and its study to be submitted by SPV with their proposal for financial assistance for CFC
2. Check List for Common Facility Centre to be submitted by SPV with their proposal for financial assistance for CFC
3. Elements of Detailed Project Report to be submitted by SPV with their proposal for financial assistance for CFC
4. Proposal to be submitted by SPV for in-principle approval for setting up of Common Facility Centre (CFC)

15/11/11

1. Information about cluster & its Study to be submitted by SPV with their proposal for financial assistance for CFC

Summary Details of the Proposed Cluster

1. Location: (State, city/town/village)

2. The SPV/Co-op. Societies/Trust/Company, name of the contact person authorised in SPV in the cluster along with address, telephone no., fax, e-mail address, mobile no., etc.:

3. Bank's details of SPV

4. Name of Products

5. Nature of the Cluster:

(a) Total No. of micro and small enterprises

(b) No. of enterprises of each category

(i) micro,

(ii) small,

(iii) women-owned,

(iv) owned by SC,

(v) owned by ST,

(vi) owned by minorities

(c) Total turnover of the cluster including exports

(d) Average yearly income of men/ women of workers/ unit owner

(e) pollution angle, if any

6. Major Cluster Problems: [Preliminary perception – Give in one or two page]

7. Key Intervention expected under Proposed CFC: Technology Improvement / Product Quality / Marketing / Export / Quality/ Design, etc.

8. Extent of Competition: With large domestic firms or other similar clusters in India or abroad [Give in one page]

9. Name of organisation/Committee which have assessed/evaluated/conducted/diagnosed the study of cluster with details of its appointment/nomination.

103/c

2. **Check list for Common Facility Centre to be submitted by SPV with their proposal for financial assistance for CFC**
 - I. How has the need for CFC been established (Explain in one page)?
 - II. What is (or are) proposed as "Common Facilities"? Give benefits of each in 2-3 sentences.
 - III. These facilities already available if any, in cluster? Give its details.
 - IV. From where these facilities are being availed at present? In absence of these facilities what problems are the units facing?
 - V. Is there any other such facility established by Govt. /NGO in the Cluster or nearby to cater the need?
 - VI. Is the above facility being fully utilised? If no, what are the reasons?
 - VII. How many units have confirmed that they are going to join the SPV? List may be given.
 - VIII. Has SPV been constituted? Whether the members of the SPV have agreed to give their contribution. (formal letter of agreeing for contribution, certificate of incorporation, articles of association etc.).
 - IX. Nature of SPV (open or close ended) - Whether enrolment of cluster members will open at any time in future and to that extent provision has been made in the capital structure of SPV (paid up capital should not be more than 30% of the authorized capital).
 - X. How many other units wish to avail the common facility as "users", without joining SPV?
 - XI. Has the suitable plant and machinery been identified, their specification and quotation invited for the purpose of DPR?
 - XII. Name of the Agency who has prepared the DPR for the proposed CFC?
 - XIII. Whether "in-principle" approval from the bank has been obtained, in case loan is being availed of.
 - XIV. Whether the State Govt. has been contributing in CFC, the confirmation of State Government for their contribution may be given.
 - XV. Name of committees of SPV for implementing the project, including the 'purchase committee'.
 - XVI. Management Information System (MIS) for reporting/monitoring progress of work.
 - XVII. Has the capacity of plant and machinery been established on the basis of demand in the cluster? Evidence that CFC will be utilized at least 60% of their capacity.

104/K

- VIII. Whether viability-gap funding has been worked out for availing GoI assistance on the basis of following:
- a. Types of plant and machinery absolutely needed for the CFC.
 - b. The capacity of plant and machinery and their number on the basis of total demand of the services from the CFC.
- XIX. Whether the “user charge” has been determined on the basis of the following:
- a. Will it generate sufficient revenue to meet all its cost of production?
 - b. Has Depreciation been calculated on written down value?

[NPV of the total depreciations during the usable life of plant and machinery should be equal to cost of plant and machinery]
 - c. There will be differential user charges: one for members of SPV and other for non-members. The user charges for the members may be fixed in a manner that they are suitably compensated towards the contribution made by them.
- XX. Whether the CFC proposal comply with financial norms of appraisal, i.e. internal rate of return, break-even point analysis, debt service coverage ratio, sensitivity analysis, etc, using basic templates, such as projected profit & loss account, and projected balance sheet for the proposed CFC. Full details may be given.

1.57

3. **Elements of Detailed Project Report to be submitted by SPV with their proposal for financial assistance for CFC**

(1) Plant and machinery

(a) List of Plant and Machinery

Sr. No.	Particulars of plant and machinery	No.	Power requirement (HP/KW)	F.O.R. Price (Rs)	Name of proposed suppliers	Delivery Schedule (month-wise)
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Note: Add central sales tax/VAT, packing and forwarding charges, transit insurance, and freight charges to costs

(b) Capacity of plant and machinery on single shift basis

(c) Production pattern

(2) Annual requirement of raw materials and consumables at 100% capacity utilisation

Sr. No.	Particulars of raw material	Quantity required at full capacity	Unit price (Rs.)	Total value (Rs.)
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(3) Utilities and services at full capacity utilization

(a) Power for industrial purpose

Sr. No.	Particulars of the machinery	KW	No. of working hrs. per month	KW/month	Rs./KWH	Total
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(b) Power requirement for domestic purpose

(c) Water

(d) Gas/Oil

(4) Plant location, site and details of civil construction

Sr. No.	Particulars	Rate	Total Cost (Rs. in lakh)
(i)	Cost of land		
(ii)	Development cost of land & its development, if any		
(iii)	Cost of construction of shed/building including compound wall if any for the purpose of CFC		

- Land documents may be enclosed indicating that it is in the name of SPV whether on purchase or lease basis.
- The copy of NA Certificate for land may be enclosed.
- Building lay-out & Building Plan approval may be enclosed.

106/ ✓

(5) Organizational set up and man power requirement

Sr. No.	Category	No. of persons	Salary per month (Rs)	Total salary (PM)
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Note: Add 25% towards fringe benefits and 5% annual increment

(6) Project cost

Sr. No.	Particulars of cost	Amount (Rs.)
(i)	Land & site development cost (Total area)	
(ii)	Building/shed for the purpose of CFC(Total sq.ft. of construction). The cost will be inclusive of Misc. fixed assets (fixture, furniture, fire fighting equipment, first aid equipment, back up power supply, etc.)	
(iii)	Plant and machinery(cost of plant and machinery + 10% installation, electrification and commissioning)	
(iv)	Preliminary expenses (diagnostic study, DPR, legal & administrative expenses, telephone, stationery, etc.)	
(v)	Pre-operative expenses (establishment, travel, interest on borrowings, committed charges during construction period, start up expenses, etc.)	
(vi)	Provision for contingencies(2% building and 5% on plant and machinery)	
(vii)	Margin money for working capital	
Total		

(7) Means of finance

Sr. No.	Agency	Amount(Rs. lakh)	% of the project cost
1.	SPV		
2.	GOI		
3.	State Govt. if any		
4.	Bank Borrowings		
5.	Others		

107/c

(8) Working capital and margin money calculation (on the basis of actual capacity utilization year wise)

Sr. No.	Particulars	No. of months	Margin	1st year (as per capacity utilisation)	2nd Year (as per capacity utilisation)	3rd year (as per capacity utilisation)
1.	Raw material and consumables					
2.	Utilities					
3	Working expenses (salary of manpower)					
4.	Works in process (cost of raw material, utility and salary on actuals)					
5.	Stock of finished goods (cost of raw material, utility, salary, factory overheads on actuals)					
6.	Bills receivables (Sales value)					

(9) Cost of production (projection could be for a maximum of 10 years of project life)

- (i) Raw materials and consumables
- (ii) Utilities
- (iii) Wages and salary
- (iv) Repairs and maintenance
- (v) Insurance
- (vi) Administrative and factory overheads
- (vii) Selling expenses

(10) Estimation of profitability (projection for the project life)

- i) Installed capacity
- ii) Number of working days (single shift basis)
- iii) Capacity utilization
- iv) Production (in single unit)
- v) Sales realization
- vi) Cost of production
- vii) Gross profit [(v)-(vi)]
- viii) Financial expenses

108/C

- (a) Interest on bank borrowing
- ix) Depreciation on written down value method (as per separate schedule to be attached for different categories of fixed assets)
- x) Preparatory expenses not written off
- xi) Operating profit [(vii) - {(viii) + (ix) + (x)}]
- xii) Tax vide separate schedule
- xiii) Profit after tax [(xi) - (xii)]
- xiv) Available surplus [(xiii) + (ix)]

(11) Cash flow statement (projection for the project life)

(A) Sources of fund:

- (a) Gross profit less depreciation
- (b) Term loan
- (c) Subsidy/Grant
- (d) Promoter's contribution
- (e) Increase in bank borrowings
- (f) Depreciation

(B) Disposal of funds:

- (a) Preliminary & pre-operative expenses
- (b) Capital expenditure
- (c) Increase in working capital
- (d) Interest on term loan
- (e) Interest on bank borrowings
- (f) Decrease in term loan
- (g) Taxes

(C) Opening balance of cash in hand or at bank [sum total of {(A)-(B)}]

(D) Net surplus/Deficit

(E) Closing balance of cash in hand or at bank

(12) Debt Service coverage ratio (projection for the project life)

- (i) Available surplus as per the table at Sr. No. 10(xiv)
- (ii) Interest on term loan
- (iii) Term loan instalment

$$\text{Debt Service Coverage Ratio (DSCR)} = \frac{[\text{Available surplus} + \text{interest on term loan}]}{[\text{Term loan instalment} + \text{interest on term loan}]}$$

(13) Balance sheet & P/L account (projection for 10 years)

(14) Break even point = Fixed cost / Contribution (= Sales-Variable cost)

69/c

4. Proposal to be submitted by SPV for in-principle approval for setting up of Common Facility Centre (CFC)

1. Details of the Cluster – name of the cluster, its geographical spread, number of units/firms, name(s) of product(s) manufactured, annual turnover of the cluster during past five financial years, principal markets for the cluster product(s), annual exports, if any:

2.1. Whether any diagnostic study of the cluster was conducted in the past? If so, full details of the recommendations of the study (a copy of the report to be enclosed):

2.2 Why CFC is required? Does the diagnostic study /or any other study/evaluation recommends establishment of a CFC? If so, summary details:

2.3 Whether any detailed project report has been prepared for the proposed CFC? If yes, enclose a copy of DPR.

3. Summary details of the proposed CFC (name and broad description of purpose and proposed facilities):

4. Financial summary of the proposed CFC:

(Rs. in lakh)

Sr. No.	Elements of CFC	Investment required	Beneficiary / SPV contribution	Loans form bank, etc. (name of bank to be given)	Grant in aid expected from Gol	Grant in aid expected from State Govt., if any;
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Land and building					
(a)	Year 1					
(b)	Year 2					
(c)	Year 3					
(d)	Total					
2.	Plant and machinery					
(a)	Year 1					
(b)	Year 2					
(c)	Year 3					
(d)	Total					
3.	Working capital for year 1					

110/C

Sr. No.	Elements of CFC	Investment required	Beneficiary / SPV contribution	Loans form bank, etc. (name of bank to be given)	Grant in aid expected from GoI	Grant in aid expected from State Govt. if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	Pre-operative expenses for year 1					
5.	Contingencies (if any)					
6.	Total					

5. Broad parameters of financial viability of CFC and likely year of its becoming financially viable (Rs. in lakh)

Working expenses**		Revenues**	
1. Salaries		1. Revenue stream 1 (specify)	
2. Consumables		2. Revenue stream 2 (specify)	
3. Depreciation		3.	
4. Others (specify)		4.	
5. Total		5. Total	

** Note: Please give year-wise projections, till attainment of viability.

6. Likely benefits to SPV/cluster/member firms (how many firms?):
7. Is there any such similar facility available in the cluster? If yes, provide brief details of the same and justify the need for the proposed CFC.
8. How the CFC fits in to common long term vision of the growth of the cluster?
9. Will an SPV be formed / has already formed for the CFC? If proposed, give likely date:
10. What will be the monitoring mechanism for reporting progress of work?

11/10

Checklist for application to be submitted by the SPV/ consortium for Corpus for Yarn Bank

1. Location of cluster: (State, city/town/village)
2. The SPV/Co-op. Societies/Trust/Company, name of the contact person authorised in SPV in the cluster along with address, telephone no., fax, e-mail address, mobile no., etc.:
3. The documents in support of formation of SPV/ consortium with an inbuilt scope for increasing the membership including individual powerloom weavers/ entrepreneurs in future. as per the scheme
4. Bank's details of SPV
5. Name of Products
6. Nature of the Cluster:
 - (a) Total No. of micro and small powerloom units
 - (b) No. of powerloom units of each category
 - (i) micro,
 - (ii) small,
 - (iii) women-owned,
 - (iv) owned by SC,
 - (v) owned by ST,
 - (vi) owned by minorities
 - (c) Total consumption of all the varieties of yarn with their details on quarterly basis
7. Major Problems in yarn supply its storage in the cluster: [Preliminary perception – Give in one or two page]
8. No. of powerlooms & powerloom units / Product Quality / Marketing / Export / Quality/ Design, etc.
9. Variety of yarns used in the cluster and average turnover in quarterly basis.
10. Name of organisation/Committee which have assessed the requirement of yarn
11. Interest free corpus/ fund required by SPV / Consortium on quarterly basis to enable them to purchase the yarn at wholesale rate, considering the normal working capital cycle of powerloom industry, yarn procurement, work-in-process like warper beam, size beam, knotting, weaving on looms, mending, folding at grey stage and sale of grey fabrics and cash/creditors etc. – taking approximately 2 to 2 ½ months for completion of the cycle (In a year, the SPV is expected to rotate the corpus funds including their contribution at least 4 to 5 times).
12. The details of collateral security for initial 3 years period provided by the SPV / consortium.

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13. The details of the fund arranged by SPV equal to the amount of the fund requested for interest free Corpus/ fund from the Govt. of India. (The bank account statement with list of the weavers participating in yarn bank is to be enclosed.)
14. Details of suitable Warehouse for storage of yarn with proper documentation, safety / security arrangements and insurance along with DPR etc. (After making suitable arrangements for warehousing, the SPV will submit an application along with DPR to the Textile Commissioner for sanction of the project and Corpus fund thereby.)

113/e

The basis of estimate:

1. The ISPSD is being implemented since 2007-08. The cost of Seminar / Workshops, Buyer - Seller Meets & Exposure Visits have been estimated based on the information received from PDEXCIL, Regional Offices, Powerloom Service Centres etc. who are organising such programmes in the past.
2. The Grant-In-Aid for recurring expenditure to the PSCs of TRAs/State Govt. Agencies are provided as per the rate approved by the Ministry during 10th Plan period i.e. maximum Rs.17.00 lakh for Gr.I PSC, Rs.15.00 lakh for Gr.II PSC & Rs.12 lakh for Gr.III PSC or actual whichever is less. However, the TRAs/State Governments has reported that they are incurring the recurring expenditure for PSCs more than the rate prescribed by the Government and they have requested to increase the Grant-In-Aid for recurring expenditure to the PSCs. Similar recommendation has been made in the independent evaluation report of the scheme. Accordingly, Grant-In-Aid i.e. recurring expenditure to PSCs of TRAs/State Government Agencies has been assessed / increased in the proposal. The standard list of machinery to be installed in the PSCs alongwith estimated cost is enclosed at **Appendix - I**. The list of machinery required for upgradation of an existing PSC is enclosed at **Appendix - II**.
3. Components of cost of CFC has already been indicated in the guidelines enclosed with draft EFC Note. As indicated in draft EFC Note, the assistance would be available for setting up of CFC which will be entitled to different level of assistance from the Government on the basis of grading of powerloom clusters i.e. 60% of project cost for Grade - A, 70% of project cost for Grade - B, 80% of project cost for Grade - C and 90% of project cost for Grade - D / clusters in NER & J&K. The project cost may differ from cluster to cluster as per requirement of the facilities to be developed in CFC. The assistance for construction of the building will be limited to 25 % of construction cost and the schedule of rates of CPWD as in that state shall be used as the basis for arriving the cost estimates of construction of building. No assistance will be provided for purchasing / acquiring the land. The SPV/Consortium have to arrange land on their own.

The quantity of yarn required for a given size of powerloom cluster and the size of corpus fund for yarn bank and it's basis of cost estimates and working out of the rotation of the capital :

1. It is mentioned in the guidelines enclosed with draft EFC that small weavers in decentralised powerloom sector have no capacity to purchase yarn in bulk from the open market due to high rate. They depend on local supplier of yarn for their day to day consumption. The local supplier sells the yarn at high rate and takes advantage of fluctuation in price. Due to this, the small powerloom weavers is not able to get yarn at reasonable price and unable to plan his production. Therefore, it is necessary to set up Yarn Bank to assure the availability of yarn at reasonable rate to the weavers. In view of the above, it has been decided to provide interest free corpus fund to SPV / Consortium to enable them to purchase the yarn at wholesale rate.

114/K

2. Normal working capital cycle for powerloom industry includes yarn procurement, work-in-process like warper beam, size beam, knotting, weaving on looms, mending, folding at grey stage and sale of grey fabrics and cash/creditors etc. – taking approximately 2 to 2 ½ months for completion of the cycle.
3. It is expected that SPV/Consortium may have to maintain buffer stock of yarn at least for one month. The average size of clusters may have about 10,000 powerlooms. It is expected that about 1100 powerlooms may join a SPV / Consortium for yarn bank. The basis of cost estimates, quantity of yarn required for a given size of powerloom cluster and size of corpus fund for yarn bank estimated per SPV/Consortium are as under :-

Particulars	Unit	Plain/ Auto loom	Shuttleless loom
No. of looms per SPV/ Consortium	Nos	1000	100
Avg. Production per loom per day	L. mtr	40	120
Avg. Total production per day	L. mtr	40000	12000
Avg. Production in one month (26 days)	L. mtr	1040000	312000
Average count of yarn	Count	60s	60s
Avg. Fabric weight per mtr	Gram	80	100
Avg. Quantity of yarn (1 month)	Kgs	83200	31200
Avg. Quantity of yarn in stock - 1 month	Kgs	83200	31200
Average cost of yarn at present	Rs.	310	310
Avg. Cost of yarn for one month stock	Rs. in crore	2.5792	0.9672

Due to fund constraints, the scheme is proposed on pilot basis in the 12th plan period. As per the guidelines, the interest free corpus per yarn bank to SPV/Consortium shall be maximum Rs. 100.00 lakhs subject to equal fund arranged by the SPV/Consortium. Number of Yarn Banks would be decided as per demand and size of cluster.

**ESTIMATED LIST OF MACHINES & EQUIPMENTS AND ITS COST
FOR SETTING UP POWERLOOM SERVICE CENTRE**

A. WEAVING SECTION:

i) Pre Weaving Machineries

Sl. No.	Name of machine	Number	Estimated Rate (Rs.)	Total amount (Rs.)
1.	Automatic Pirn Winding Machine (4 spindles)	1 No.	70,000/-	70,000/-
2.	Ordinary Pirn Winding Machine (12 spindles)	1 No.	60,000/-	60,000/-
3.	Hank to Bobbin Winding Machine (10 spindles)	1 No.	60,000/-	60,000/-
4.	Sectional Warping Machine along with Creel	1 No.	7,00,000/-	7,00,000/-
5.	TFOs [cotton & synthetic (12 Spdl. each)]	2Nos	5,00,000/-	10,00,000/-
Total				18,90,000/-

ii) Weaving Machineries

Sl. No.	Name of machine	Number	Estimated Rate (Rs.)	Total amount (Rs.)
1.	Plain tappet Over Pick Power Loom complete set	1 No.	1,20,000/-	1,20,000/-
2.	Plain tappet Under Pick Power Loom complete set	1 No.	1,20,000/-	1,20,000/-
3.	Semi-automatic Drop Box (180 cm) [one with 24hooks doobby + one with 400 hook jacquard]	2 No.	2,50,000/-	5,00,000/-
4.	Automatic Pirn-changing loom	1 No.	5,50,000/-	5,50,000/-
5.	Shuttleless Rapier loom (indigenous)	1 No.	6,00,000/-	6,00,000/-
6.	Sulzer Projectile loom (with doobby)	1 No.	40,00,000/-	40,00,000/-
7.	Air Jet Loom	1 No.	30,00,000/-	30,00,000/-
Total				88,90,000/-

iii) Post Weaving & Wet Processing Machineries

Sl. No.	Name of machine	Number	Estimated Rate (Rs.)	Total amount (Rs.)
1.	Fabric Inspection Table with glass fitting lighting system	1 No.	30,000/-	30,000/-
2.	Drum Washing Machine	1 No.	1,00,000/-	1,00,000/-
3.	Lab Jigger	1 No.	2,00,000/-	2,00,000/-
4.	Laboratory Pad Dry Machine	1 No.	4,50,000/-	4,50,000/-
5.	Lab. Open Bath Beaker Dyeing Machine	1 No.	1,00,000/-	1,00,000/-
6.	Calendaring Machine (Multiple Bowl)	1 No.	3,00,000/-	3,00,000/-
Total				11,80,000/-

116/c

B. TESTING LABORATORY :**(i) Physical testing**

Sl. No.	Name of machine	Number	Estimated Rate (Rs.)	Total amount (Rs.)
1.	Automatic Wrap reel	1 No.	35,000/-	35,000/-
2.	Electronic Analytical Balance	1 No.	1,25,000/-	1,25,000/-
3.	Electronic Lea Strength Tester	1 No.	2,00,000/-	2,00,000/-
4.	Electronic Twist Tester	1 No.	1,00,000/-	1,00,000/-
5.	Single Yarn Strength Tester (Electronic Type)	1 No.	42,00,000/-	42,00,000/-
6.	Lauder o meter with Grey Scales	1 No.	35,000/-	35,000/-
7.	Crockmeter with Grey Scale	1 No.	25,000/-	25,000/-
8.	Perspirometer	1 No.	20,000/-	20,000/-
9.	Air Conditioner (1.5 Ton)	1 No.	35,000/-	35,000/-
10.	Projection Microscope	1 No.	3,00,000/-	3,00,000/-
11.	Yarn Evenness Tester UT-5	1 No.	80,00,000/-	80,00,000/-
Total				Rs. 1,30,75,000/-

(ii) Fabric & Chemical testing Machines & Equipments

Sl. No.	Name of machine	Number	Estimated Rate (Rs.)
1.	Beasley Balance	1	10,000/-
2.	Fabric Strength tester	1	3,50,000/-
3.	Fabric sample cutting machine	1	25,000/-
4.	UV Cabinet	1	30,000/-
5.	Crease recovery tester	1	10,000/-
6.	Tumble Dryer	1	80,000/-
7.	Wet & Dry fastness testing machines	1	40,000/-
8.	Computerised colour Matching Unit	1	2,50,000/-
9.	Abrasion tester	1	5,00,000/-
Total			Rs. 12,95,000/-

C. Development of Training Facilities on Garment Manufacturing

The List of Machineries required and their approximate costing:

	Machine Type	Quantity	Approx. cost
1.	Single Needle lock stitch with clutch motor	25	6,87,500/-
2.	Double needle lock stitch	1	70,000/-
3.	Button hole	1	2,50,000/-
4.	Button stitch	1	85,000/-
5.	Over lock	1	85,000/-
6.	Feed of the Arm machine	1	1,70,000/-
7.	Lock stitch with computer control	1	70,000/-
8.	Pattern cutting table (2'6"×6'×6')	1	35,000/-
9.	Cutting machine (Straight Knife)	1	80,000/-
10.	Cutting machine (Round Knife)	1	70,000/-
11.	Attachment and tool kit	1	60,000/-
12.	Pressing table & iron	1	13,000/-

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13.	Fusing machine	1	30,000/-
14.	IT infrastructure (Hardware and software systems)	Computers, Printers & LAN connections	3,50,000/-
15.	Furniture etc.	-	1,50,000/-
16.	Garment Software (CAD	4	4,00,000/-
Total			26,05,500/-

D. DEVELOPMENT OF FABRIC EMBROIDERY & KNITTING TRAINING FACILITIES

	Machine Type	Quantity	Estimated Rate (Rs.)	Approx. cost
1.	Computerized Embroidery Machine (multi headed) with sequence	1	15,00,000/-	15,00,000/-
2.	IT infrastructure (Hardware and CAD system)	6 computers, printers & CAD software	3,00,000/-	3,00,000/-
3.	Single Jersey Knitting M/C	1	50,000/-	50,000/-
4.	Single Jersey Knitting M/C with Autostriper	1	80,000/-	80,000/-
5.	Rib Machine	1	50,000/-	50,000/-
6.	Collar/ Cuff Machine	1	50,000/-	50,000/-
7.	Furniture etc.		-	1,00,000/-
Total				21,30,000/-

E. Others

Sl. No.	Name of machine	Number	Rate (Rs.)	Total amount (Rs.)
1.	Computer-aided Design system for weaving	01	2,00,000/-	2,00,000/-
2.	Library- Cum -meeting room	--	--	50,000/-
3.	LCD Projector with screen	01	1,00,000/-	1,00,000/-
4.	DG Set 15 KVA	1 No.	2,00,000/-	2,00,000/-
2.	Furniture & Fixtures	--	--	1,00,000/-
4.	Fax	1 No.	30,000/-	30,000/-
5.	UPS	1 No.	3,00,000/-	3,00,000/-
Total				9,80,000

The list is not exhaustive, it is illustrative only. Any other machines/ equipments will be decided as per requirement for the cluster

11/8/17 ✓

Appendix - II

**ESTIMATED LIST OF MACHINES & EQUIPMENTS AND ITS COST
REQUIRED FOR MODERNISATION OF EXISTING POWERLOOM SERVICE CENTRE**

A. WEAVING SECTION:

Sl. No.	Name of machine	Quantity in No.	Cost (Rs.in Lakh)
1.	Plain tappet Under Pick Power Loom complete set with Dobby	1	1.50
2.	Card Punching Machine	1	0.40
3.	Shuttleless Rapier loom (indigenous)	1	6.00
4.	Sulzer Projectile loom (with doobby)	1	40.00
5.	Air Jet Loom	1	30.00
6.	Drum Washing Machine	1	1.00
7.	Laboratory Pad Dry Machine	1	4.50

B. TESTING LABORATORY:

Sl. No.	Name of machine	Quantity in No.	Cost (Rs.in Lakh)
1.	Automatic Wrap reel	1	0.50
2.	Electronic Analytical Balance	1	1.25
3.	Electronic Lea Strength Tester	1	3.50
4.	Electronic Twist Tester	1	1.00
5.	Single Yarn Strength Tester (Electronic Type)	1	42.00
6.	Air Conditioner (1.5 Ton)	1	0.35
7.	Projection Microscope	1	3.00
8.	Yarn Evenness Tester UT-5	1	80.00
9.	HVI (High Volume Instrument)	1	20.00
10.	Fabric Strength tester	1	3.50
11.	Fabric sample cutting machine	1	0.25
12.	UV Cabinet	1	0.30
13.	Crease recovery tester	1	0.10
14.	Crimp Tester	1	0.35
15.	Tumble Dryer	1	0.80
16.	Computerised colour Matching Unit	1	7.00
17.	Humidifier	1	0.75
18.	PH Meter	1	0.70

29/10 ✓

C. Fabric Embroidery & Garment Manufacturing Machinery

Sl No	Name of machines	Quantity in No.	Cost (Rs.in Lakh)
1.	Single Needle lock stitch with clutch motor	1	0.30
2.	Double needle lock stitch	1	0.70
3.	Button hole	1	2.50
4.	Button stitch	1	0.85
5.	Over lock	1	0.85
6.	Feed of the Arm machine	1	1.70
7.	Lock stitch with computer control	1	0.70
8.	Pattern cutting table (2'6"×6'×6')	1	0.35
9.	Cutting machine (Straight Knife)	1	0.80
10.	Cutting machine (Round Knife)	1	0.70
11.	Attachment and tool kit	1	0.60
12.	Pressing table & iron	1	0.13
13.	Fusing machine	1	0.30
14.	IT infrastructure (Hardware and software systems)	Computers, Printers & LAN connections	3.50
15.	Garment Software (CAD	4	4.00
16.	Computerized Embroidery Machine (multi headed) with sequence	1	15.00
17.	Single Jersey Knitting M/C	1	0.50
18.	Single Jersey Knitting M/C with Autostriper	1	0.80
19.	Rib Machine	1	0.50
20.	Collar/ Cuff Machine	1	0.50

D. Others

Sl. No.	Name of machine	Quantity in No.	Cost (Rs.in Lakh)
1.	Computer-aided Design system for weaving	1	20.00
2.	DG Set 15 KVA	1	2.00
3.	Fax	1	0.30

The list is not exhaustive, it is illustrative only. Any other machines/ equipments will be decided as per requirement for the clusters.