

**Notice Inviting Expression of Interest (Eoi) for setting-up of Common Facility Center for Handlooms under Comprehensive Handloom Cluster Development Scheme (CHCDS)**

Last date of receipt of EOI: 21 days from the date of the advertisement. In case the 21st day falls on a holiday, the next working day will be considered as the last day.

**1. Introduction**

The handloom sector is the second largest employer in India, providing employment to about 65 lakh persons. This sector is unorganised and dispersed. There is absence of market intelligence, poor exposure to new technologies, product diversification, stiff competition with mechanized sector, inadequate infrastructure & common facilities, lack of adequate working capital etc. Large handloom clusters, like Varanasi, require massive investment for its integrated and holistic development. With this background, Comprehensive Handlooms Cluster Development scheme (CHCDS) has been launched. Details of the scheme is available at [www.ministryoftextiles.gov.in](http://www.ministryoftextiles.gov.in)

**2. Common Facility Center**

**2.1. Background**

In the diagnostic study, it has been observed that colour fastness is the major quality issue and lack of design development is the major bottleneck to market development of Varanasi. Both the points need to be addressed for the complete Varanasi handloom cluster. With this objective the concept of Common Facility Centers (CFC) has been developed, which will be set up in different pockets of Varanasi to support the handloom weavers in pre-loom processes (majorly in dyeing and design development) and to impart training to weavers.

Dyeing, design development, jacquard card punching, weaving, basic testing facilities and warehouse will be set up in every CFC. Weavers will be able to use those facilities by paying user charges. Handlooms with modern attachments (e.g. compressor attachment for lifting healds) will be installed in each CFC to provide training in basic weaving technology and to inform the weavers about the technological developments.

## 2.2. Objective

The objectives of establishing a Common Facility Center are as follows:

- a. Facilitating handloom weavers in pre-loom operations
- b. Facilitating handloom weavers for improving product quality
- c. Training and skill up-gradation
- d. Information dissemination about the development in handloom technology

## 2.3. Suggested Activities

- a. It will act as a support center to help the handloom weavers of Varanasi in pre-loom operations like dyeing, design development, jacquard card punching etc.
- b. Basic testing of yarn and handloom fabric to meet the industry standards
- c. Training in basic weaving technology and dyeing
- d. Information dissemination and demonstration of the technological developments in handloom sector like handlooms with modern attachments (e.g. compressor attachment for lifting healds) etc.

## 2.4. Suggested Infrastructure at Varanasi

- a. Offices
- b. Design Center
  - I. CAD System
  - II. Card Punching Machine
- c. Dyeing House
- d. Testing Laboratory
- e. Training Center

## 3. Funding Pattern

Project Cost Components	Government Share	SPV Share
1. Capital Investment (land, building, machinery and miscellaneous fixed assets)	Up to 80%	Minimum 20% including land cost or Full land cost if it is more than 20% of project cost
2. Pre- Operative Expenses (Manpower cost for 6 months, Legal and consulting expenses for setting up the unit)		

Note: Government of India will not bear any cost towards purchase of land.

#### **4. Release of Funds**

**4.1.** Fund for Capital Investment would be released in following manner:

- i. 1<sup>st</sup> installment of 15% as advance on SPV acquiring land
- ii. 2<sup>nd</sup> installment of another 25% on utilization of 2/3<sup>rd</sup> of 1<sup>st</sup> installment
- iii. 3<sup>rd</sup> installment of another 30% on complete utilization of 1<sup>st</sup> installment and 2/3<sup>rd</sup> of 2<sup>nd</sup> installment
- iv. 4<sup>th</sup> installment of another 20% on complete utilization of 2<sup>nd</sup> installment and 2/3<sup>rd</sup> of 3<sup>rd</sup> installment
- v. Balance 10% as 5<sup>th</sup> and final installment as reimbursement

**4.2.** The SPV would have to submit utilization certificate in the format of GFR 19A, pre-receipt bill, Surety Bond etc., as required under the relevant rules.

**4.3.** Separate account need to be kept by SPV for the funds released by Government of India, which shall be subject to audit by a Government body as suggested by Project Approval & Monitoring Committee (PAMC).

**4.4.** In the event of an SPV withdrawing from executing a project before utilizing the Government assistance, then the SPV should immediately return the Government assistance together with the applicable interest accrued thereon. Payment of penal interest by the SPV shall be decided by the Project Approval and Monitoring Committee (PAMC) on case to case basis.

#### **5. Implementing Agency**

The implementing agency shall be a Special Purpose Vehicle (SPV), a multi stakeholder cluster level legal entity, preferably a company registered under the Companies Act. It will be the recipient of grant support from the Ministry of Textiles and other agencies to implement the project.

##### **5.1. Special Purpose Vehicle (SPV) Detailing:**

- a. The majority of equity of such SPV shall be with the Weavers / exporters / entrepreneurs of the cluster and / or their associations / cooperatives/ federations /

SHGs. The remaining stake will be held by strategic investors such as buyers, retail chain houses, large scale production units, banks, financial institutions, State Government agencies, institutes under the aegis of Ministry of Textiles etc., whose share of equity will not exceed 40%.

- b. Central and State Government representatives can be a part of SPV as honorary members also
- c. The SPV shall be as much broad based as possible with participation from all types of stakeholders.
- d. In case of a SPV registered under Companies Act, minimum 60% of the 'Authorized Capital' will be with the key members, i.e. Weavers / exporters / entrepreneurs of the cluster and / or their associations / cooperatives/ federations / SHGs. There should be minimum 5 key members in the SPV. Remaining 'Authorized Capital' shall be with the strategic investors, whose share of equity will not exceed 40%.
- e. In case of a SPV registered under any other act except Companies Act, there should be minimum 5 permanent members with voting rights.
- f. Such SPV shall be responsible for preparation of detailed project report (DPR) covering technical, financial, institutional and implementation aspect to seek grant support and submitting it to concerned authorities. After the approval, the SPV shall be responsible for ownership, execution and management of the interventions/ facilities created under the project.
- g. The SPV would be the focal point for implementation of the scheme playing the following role:
  - SPV would conceptualize, formulate, achieve financial closure, implement and manage the infrastructure
  - SPV would procure required land
  - SPV would be responsible for maintaining the utilities and infrastructure created by collecting service and user charges
  - The SPV has to be so structured as to be self sustaining with a positive revenue stream

- SPV would appoint contractors / consultants in a fair and transparent manner in order to ensure timely completion of the project. SPV will obtain appropriate performance guarantee from them.
  - SPV will be responsible to obtain all necessary statutory approvals / clearances including environmental clearances, which are prerequisite to commencement of the project
  - SPV will submit quarterly progress report of the project implementation including the details of the expenditure in prescribed formats.
- h. In case of an SPV registered under Companies Act, it is recommended that 50% of the net profit should be reinvested in the facility in first 3 profitable years.
- i. It is recommended that sufficient land should be acquired for future expansion plans.
- j. SPV shall be bound to ensure health & safety standards in work place. It shall also comply with Social, Ethical and environmental compliance standards.
- k. SPV also has to ensure regular liaison activity with government to take benefit of various available schemes.
- l. SPV shall give an undertaking stating that none of the project assets shall be sold without prior approval of Ministry of Textiles through office of DC (Handloom).
- m. Any change in the constitution of SPV shall be with prior approval of Ministry of Textiles through office of DC (Handloom).
- n. The planned activities of the SPV need to be mentioned in detail in DPR with estimated cost. SPV is suggested to follow the following format to detail out their planned activities. The following table is an example only.

Year	Activity	No. of times	Cost
First year	Training of weavers with batch size of 10 weavers	Will organize 4 training programs / month	Rs. 1000 / training program

- o. The deliverables of the project need to be mentioned with objectively measurable targets (wherever possible) in DPR. SPV is suggested to follow the following format to detail out the deliverables. The following table is an example only.

Deliverable	Targets
To train weavers in basic weaving	1 <sup>st</sup> year : 480 weavers will get trained 2 <sup>nd</sup> year: 800 weavers will get trained

technology	3 <sup>rd</sup> year: 1200 weavers will get trained
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## 5.2. SPV Evaluation Criteria

- a. The SPV will be selected by PAMC preferably through open competitive bidding process.  
In special cases, PAMC/Government reserves the right to select / constitute the SPV.
- b. During the **technical evaluation** of project submitted by SPV, following points will be given importance:
  - 1. SPV constitution and background of the SPV members**
    - **Experience of involved key members:** SPVs involving members having significant experience in the field of handloom trade and training will be given preference
    - **Involvement of weavers and master weavers in SPV:** SPVs with equity contribution from weavers / master weavers of the cluster and / or their associations / cooperatives/ federations / SHGs will be preferred
    - **Involvement of Central and State Government agencies:** Projects with equity share or other involvement of Central and State Government agencies will be given priority
  - 2. Nature of the project**
    - **Fit with the suggested concept:** Priority will be given to projects, which are prepared in line with the proposed concept from the technical, operational and social angle.
    - **Size of the Project:** Projects having a larger coverage and scope will be given priority.
    - **Self-sustainability of the project:** The projects which achieve self-sustainability over a shorter period of time will be preferred
    - **Benefits to weavers & master weavers:** Projects offering benefit to a larger number of weavers & master weavers will be given preference
- c. During the financial evaluation, following points will be given importance:
  - **Equity share of SPV:** The SPV share mentioned in point 3 above is the lower limit. Priority will be given to projects with higher SPV share in percentage terms.

## 6. General terms

**6.1.**Submission of false information or concealment of information by SPV or entrepreneur will attract penalty and / or legal action as decided by PAMC.

## **7. Procedure for Submission of Expression of Interest (Eoi)**

It is proposed to have a 2-bid system for project approval viz. Technical Bid and Financial Bid. One sealed envelope should contain the Technical Bid that is a copy of proposal in CD along with two hard copies of the same. The other sealed envelope should contain the financial bid. Both these sealed envelopes should be put together in a bigger envelope duly sealed for submission to: The Development Commissioner (Handlooms), Ministry of Textiles, Government of India, Udyog Bhawan, New Delhi-110 011. Tel: 011-23062945. The envelope should be clearly marked '**Proposal for setting up of Common Facility Center under Mega Cluster Scheme, Varanasi**'. The applications should reach within 21 days from date of publication of advertisement. The suggested content of technical and financial bid documents is given in annexure. Please note the contents of Financial Bid should not be a part of Technical bid under any circumstances.

Process of project approval

- a. Technical bids will be opened and assessed by a committee of officers approved by DC (Handlooms)
- b. Eligible SPVs would be called for a presentation before the committee
- c. The technical bids will be evaluated as per the technical evaluation criteria (refer point 5.2 (b)).
- d. Financial bid shall be opened for all eligible SPVs.
- e. Final selection of the SPVs will be made by project approval and monitoring committee (PAMC) based on technical criteria (refer point 5.2 (b)), financial criteria (refer point 5.2 (c)) and presentation made before PAMC.
- f. The committee reserves the right to recommend amendments in the proposed project. The selection in that case will be subject to incorporation of those amendments.
- g. Decision of the committee shall be final and binding on all the applicants

## **8. Rights of Ministry of Textiles**

The Ministry of Textiles reserves the right to accept / reject the proposals received without assigning any reasons whatsoever, or may call for any additional information / clarification, if so required.

## **9. Court Jurisdiction**

This shall be subject to the exclusive jurisdiction of courts at Delhi/New Delhi

## **10. Miscellaneous**

In case any further clarification or information is required following may be contacted:

1. Sh. Manoj Jain, Deputy Director (Handlooms), Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India, Udyog Bhawan, New Delhi-110 011. Tel: 011- 23061643. Email: jain-manoj@sify.com.
2. Sh. Prashant Agarwal, Technopak Advisors, 4<sup>th</sup> Floor, Tower A, Building 8A, DLF Cyber City, DLF Phase II, Gurgaon-122 002. Tel: 0124-4541111, Fax: 0124-4541198, email : prashant.agarwal@technopak.com

### **Annexure**

#### **A. Project Proposal Outline**

- a. Executive Summary
- b. SPV composition and members' background
- c. Detailing of activities with timeline and cost implication
- d. Manpower planning(including organization chart)
- e. Technological Considerations (e.g. selection of technology, machine specifications, utility details, miscellaneous fixed assets details, etc.)
- f. Infrastructure details (e.g. land and site description, civil engineering and structural works details)
- g. Promotion Plan
- h. Project Cost detailing
- i. Recurring expense detailing (for at least 5 years)
- j. Expected Revenue generation (for at least 5 years)
- k. Financial appraisal (Profit & loss statement, balance sheet, cash flow for 5 years, break even period, return on equity, etc.)

- l. Requirement of statutory clearances
- m. Project Implementation schedule
- n. Deliverables with objectively measurable targets (wherever possible)
- o. Benefits to cluster
- **Attachments to be furnished**
  - 1. Memorandum & article of association of SPV
  - 2. Documents establishing the credential of the SPV members
  - 3. Certificate by DIC / chartered engineer / any other expert verifying / vetting the technical feasibility of the project

Note: The approval committee reserves the right to ask for any other supporting documents pertaining to the project report, if required

**ii. Financial bid:**

- Proposed Means of Finance:
  - 1. SPV's share
  - 2. Funds required under CHCDS

Note:

- (1) SPV willing to apply for the CFC may superscribe on a sealed envelope the location, for which CFC has been proposed.
- (2) Selection of SPV shall be made after due weightage to Technical and financial bids.