

Notice Inviting Expression of Interest (Eoi) for setting up of Spun Silk Unit for Handlooms in Murshidabad Mega Handloom Cluster 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. This sector is unorganized and dispersed. There is absence of market intelligence, poor exposure to new technologies, lack of product diversification, stiff competition with mechanized sector, inadequate infrastructure & common facilities, lack of adequate working capital etc. Large handloom clusters, like Murshidabad, require massive investment for its integrated and holistic development. With this background, Comprehensive Handlooms Cluster Development scheme (CHCDS) has been introduced. Details of the scheme are available at www.handlooms.nic.in

2. Spun Silk Unit

2.1. Background

Spun silk yarn is made from silk waste and silk recovered from cut cocoons. Fabrics woven with spun silk in combination with reeled silk can be used to produce various types of fabric textures, and in a way, leads to in product diversification. Moreover, the cut cocoons produced in Murshidabad and neighboring States, as well as the silk yarn waste that would be coming from the reeling unit set up in Murshidabad can be utilized by the Spun Silk Unit. There is no Spun Silk Unit in the cluster as of now, and this is one of the reasons of limited usage of spun silk yarn at present.

2.2. Objective

To make increased usage of spun silk yarn for product diversification in Murshidabad Mega Handloom Cluster, a Spun Silk Unit is to be set up at Murshidabad.

2.3. Suggested Activities

- a) The unit will produce spun silk yarn from cut cocoons and silk waste of reeling unit.
- b) The production capacity of the unit should be around 60 kgs/day.
- c) The unit should have a distribution system in place through which they can supply spun silk yarn to the handloom weavers of the cluster

2.4. Suggested Infrastructure for the project at Murshidabad

- a. Manufacturing Unit
- b. Administrative Office etc.

3. Funding Pattern

| Project Cost Components | Government Share | SPV Share |
|---|---|--------------------------------------|
| 1. Capital Investment (building, machinery and miscellaneous fixed assets) | Up to 80% | Minimum 20%, excluding land cost. |
| 2. Cost towards consulting fee, miscellaneous expenses, pre-operative expenses etc. | Upto 10% of the Govt. of India's share towards hard interventions | No limit. |

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

4. Release of Funds

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

- i. 15% as 1st Installment as advance.
- ii. 25% as 2nd installment on utilization of 70% amount of 1st installment and submission of Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.
- iii. 30% as 3rd installment on utilization of 100% amount of 1st installment and 70% of 2nd installment and submission of Utilization Certificate in GRR 19(A) and audited accounts, duly certified by the Chartered Accountant.
- iv. 20% as 4th installment on utilization of 100% amount of 2nd installment and 70% of 3rd installment and submission of Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.
- v. 10% as 5th installment as reimbursement on submission of complete Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.

4.2. The SPV would have to submit Agreement, Surety Bond, pre-receipted bill, utilization certificate in the format of GFR 19A, audited accounts duly certified by Chartered Accountant, physical and financial progress of earlier releases etc, as required under the relevant rules. Formats of the Agreement and surety Bond to be signed between SPV and Office of Development Commissioner for Handlooms are enclosed herewith.

4.3. Bank account opened by the SPV for the funds released by Government of India shall be subject to audit by a Government body.

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.

4.5 Project cost once finalized will not be revised.

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 financial grant from the Ministry of Textiles and other agencies to implement the project.

5.1. Special Purpose Vehicle (SPV) detailing:

- a. A multi stakeholder cluster level legal entity, preferably a company registered under the Companies Act will be set up for each of the clusters. It will be the recipient of grant support from the Ministry of Textiles and other agencies.
- b. The majority of equity of such SPV shall be with the Weavers/artisans/craftsmen/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 etc., whose share of equity will not exceed 40%. However the individual stake shall not exceed 26%. It should also be ensured that the total combined equity of SPV members having blood relationship or any kind of family relationship should not exceed 26%.
- c. For effective implementation of the project in each Mega Handloom Cluster, a Committee with following composition will be set up in all Mega Handloom Clusters:-

To oversee functioning and Post Completion Management Committee (PCMC)

1. Officer In-charge, Weavers' Service Centre concerned
2. Assistant Director in-charge of Handlooms & Textiles, State Government
3. Representative of District Magistrate/Collector
4. NHDC representative
5. SPV representative

During the course of implementation of the project, the above Committee will

1. ensure proper and timely implementation of various interventions,
2. proper use of funds,
3. following transparent procedures for purchase etc.

On completion of project, the above Committee will act as a Post Completion Management Committee (PCMC), which will meet on quarterly basis or as required but not later than 3 months and visit to the site to:

- i) ensure that the facilities set up in the Cluster are available to all stakeholders on user charges basis
- ii) advertise the facilities available under each project and user charges through newspapers, circulars, issuing letters to weavers associations, display board to be placed outside CFC/other facilities etc.
- iii) ensure that records/registers are maintained on functioning & utilization of facilities, which will be inspected from time to time by the PCMC
- iv) handle grievances, if any
- v) ensure that quarterly reports are submitted to this office.

- d. The SPV shall be as broad based as possible with participation from all types of stakeholders including weavers.
- e. In case of a SPV registered under any other Act, except Companies Act, there should be minimum 4 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:
 - i. SPV would conceptualize, formulate, achieve financial closure, implement and manage the infrastructure
 - ii. SPV would procure required land
 - iii. SPV would be responsible for maintaining the utilities and infrastructure created by generating revenue through various business activities.
 - iv. SPV has to be so structured that it is self sustaining with a positive revenue stream
 - v. 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.
 - vi. SPV will be responsible to obtain all necessary statutory approvals / clearances including environmental clearances, which are prerequisite to commencement of the project.
 - vii. SPV will submit monthly/quarterly physical/financial 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. SPV shall be bound to ensure health & safety standards in work place. It shall also comply with social, ethical and environmental compliance standards.
- j. SPV has to ensure regular liaison activity with Government to take benefit of various available schemes.
- k. SPV shall give an undertaking that the assets created under the project shall not be sold without prior approval of Office of the Development Commissioner for Handlooms, Ministry of Textiles.
- l. SPV shall not make any payment to Cluster Management and Technical Agency (CMTA) for any kind of support relating to the project.
- m. Any change in the composition of SPV shall be made with prior approval of Office of the Development Commissioner for Handlooms, Ministry of Textiles.

- n. SPV shall comply with all the national and international rules and regulation while carrying out the business activities.
- o. The planned activities of the SPV need to be mentioned in DPR with estimated cost, schedule of implementation of the each activity & project as a whole.
- p. The deliverables of the project need to be mentioned both qualitative and quantitative in the DPR.
- q. SPV will abide by the terms & conditions as issued from time to time by the Office of the Development Commissioner for Handlooms, Ministry of Textiles, which may even be issued after sanction of the project.

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:** SPV involving members having significant experience in the field of spun silk yarn manufacturing will be given preference.
- **Involvement of weavers and master weavers in SPV:** SPV with equity contribution from large number of 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 or 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.
- **Self-sustainability of the project:** The projects which achieve self-sustainability over a shorter period of time will be preferred.
- **Benefits to weavers:** Projects offering livelihood opportunity (direct and indirect) to a larger number of weavers will be given preference

3. Land in possession of SPV: SPV already having land in possession in the cluster area suitable for the project, in the name of any one of the SPV members will be given preference

- c. In the financial evaluation, following points will be given importance:

- **Equity share of SPV:** The SPV share mentioned in point 3 (Funding Pattern) above is the lower limit. Priority will be given to projects with higher SPV share in percentage terms.

d. Technical score will have a 70% weightage, out of total 100 points in deciding the final selection of the project. The financial proposal shall be allocated weightage of 30%. The proposal with the lowest cost will be given a financial score of 100.

6. General terms

Submission of false information or concealment of information by the applicant/SPV/ entrepreneur will attract penalty and /or legal action.

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 i.e 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 and send/deliver to the following address:-

- i) Shri Manoj Jain,
Director,
Office of the Development Commissioner for Handlooms,
Ministry of Textiles, Udyog Bhawan, New Delhi - 110 011.

- ii) Shri S. Bandyopadhyay,
Deputy Director,
Weavers Service Centre,
Flat No.A-101, (G.Floor), Garmet Park,
Paridhan, 19-Canal South Road, Beliaghata,
Kolkata-700015

The envelope should be clearly marked '**Proposal for setting up of Spun Silk Unit in Murshidabad Mega Handloom Cluster**'. The applications should reach within 21 days from date of publication of advertisement. The suggested content of technical and financial bid documents are given in the 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 approved by Development Commissioner (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).
- 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, Office of the Development Commissioner for Handlooms.

The Ministry of Textiles, Office of the Development Commissioner for Handlooms, 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 of any further clarification or information is required, following may be contacted:

1. Shri Manoj Jain, Director, Office of the Development Commissioner for Handlooms, Ministry of Textiles, Government of India, Udyog Bhawan, New Delhi-110 011.
Tel: 011- 23061643. E.mail:jain_manoj@sify.com

2. Shri Peush Narang, Associate Director, Technopak Advisors Pvt. Ltd. 4th Floor, Tower A, Building 8A, DLF Cyber City, DLF Phase II, Gurgaon-122 002. Tel: 0124-4541111, Fax: 0124-4541198,

Note: At the time of Inviting Eols, it is possible that the applicant(s) may be running their own business, individually or jointly. In case, the key stakeholders are running their firm/Company, which fits in the SPV Composition as given in para 5.1 (a), the firm/Company can act as an SPV for implementation of the project. Accordingly, relevant documents of the existing firm/Company are required to be submitted as given in the Annexure. In case, the business is run individually by the key stakeholders or is not as per para 5.1 (a), they would be required to submit the proposed composition of the SPV, their background and proposed equity stake of each member, including handloom weavers/other stake holders.

Annexure

1.1 Project Proposal Outline

a. Executive Summary

b. SPV Composition and Members' Background

- i. Number of key members in the SPV, contributing equity and their names
- ii. Equity contribution by the SPV key members
- iii. Experience of key members in field of Spun Silk Yarn Manufacturing.
- iv. Blood relationship or family relationship among the SPV Members, if any
- v. Number of weavers and master weavers of the cluster and/or their association and their contribution to equity in the formation of SPV
- vi. Equity contribution by the Central/ State Govt. or their financial participation in the project

c. Detailing of activities with timeline and cost implication

d. Manpower Planning

- i. Manpower Plan with detailing of period of hiring and salaries
- ii. Organizational chart

e. Technological Considerations

- i. Selection of technology – ensuring environmental compliance (installation of ETP etc) along with safety and health standards
- ii. Machine specifications- make/model /capacity/ cost of machine/ number of machines
- iii. Utility details
- iv. Miscellaneous fixed assets details etc

f. Infrastructure Details

- i. Location of site and availability of land. In case land is already in possession of the SPV or its member, complete address, area of land (sq.ft./sq.mt.) alongwith the relevant documents in support of land be enclosed with the technical bid
- ii. Land and built up area
- iii. Civil engineering and structural works details
- iv. Cost of construction etc.

g. Marketing & Promotion Plan

- i. Marketing & Promotion activities planned with detailing of timelines and cost implication for each activity

h. Project Cost Detailing

- i. Detailing of all major capital expenses such as land cost (as per Govt. norms with certificate from Govt. agency/deptt.), building cost, cost of machinery, miscellaneous fixed assets, pre operative expenses etc

i. Recurring Expense detailing

- i. Activity-wise details of recurring expenses of the SPV for a period of 5 years

j. Source of funding the project

- i. Amount of equity
- ii. Amount of term loan
- iii. Any other

k. Expected revenue generation

- i. Sources of Revenue for the SPV
- ii. Detailing of anticipated revenue to be generated by the SPV over a period of 5 years

l. Financial Appraisal for a period of 5 years

- i. Profit and Loss statement
- ii. Balance sheet
- iii. Cash flow
- iv. Break even period
- v. Return on equity

m. Requirement of statutory clearances

- i. Detailing of all statutory clearances that will be required for implementation of the project

n. Project implementation schedule

- i. Month-wise detailing of all major activities to be undertaken by the SPV (milestone of each to be specified clearly)

o. Deliverables with objectively measurable targets(whenever applicable)

- i. Deliverables on volume terms
- ii. Deliverables in value terms
- iii. Number of weavers to be benefitted
- iv. Increase in wages of the weavers.
- v. Exports, if any etc.

p. Benefits to the cluster and to what extent

1.2 Attachments to be furnished

1. Memorandum & article of association of SPV (only in case of existing SPVs)
2. Documents establishing the credential of the SPV members
3. Registration certificate of the agency. (only in case of existing SPVs)
4. Land registration certificate (in case the SPV has already got land under possession)
5. An undertaking from the SPV, clearly mentioning the relationship between the SPV members. Both blood relationship and family relationship (if any) needs to be indicated. In case there is no relationship, a certificate to that effect may also be enclosed.

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

B. Financial bid:

Proposed Means of Finance:

1. SPV's share
2. Funds required under CHCDS

Note:

- Supporting documents should be enclosed wherever mentioned, including items mentioned in the Technical Evaluation Criterion (Enclosed)

TECHNICAL EVALUATION CRITERION FOR SHORTLISTING SPVs

| Sl. No. | Criteria | Score | Maximum Score | Marks Allotted |
|---------|--|---------|---------------|----------------|
| 1 | Involvement of Handloom Weavers and Master weavers as shareholders(numbers) | | 20 | |
| | Less than 20 | 0 | | |
| | Between 20 – 40 | 5 | | |
| | Between 41 – 70 | 10 | | |
| | More than 70 | 20 | | |
| 2 | Involvement of Central /State Government &/or their Agencies as equity holder (supported by a document) | | 5 | |
| | Yes | 5 | | |
| | No | 0 | | |
| 3 | Average experience of key investors in the field of Spun Silk Yarn Manufacturing (Years) | | 15 | |
| | Less than 3 years | 0 | | |
| | Between 3 - 5 years | 5 | | |
| | Between 5 - 10 years | 10 | | |
| | More than 10 years | 15 | | |
| 4 | Fit with Suggested Concept as per ToR, Relevancy of size and scope | | 30 | |
| | Relative Grading | 0 to 30 | | |
| 5 | Self Sustainability of the Project proposed (5 years timeframe) | | 5 | |
| | Sustainable even after Govt. funding ends | 5 | | |
| | Not sustainable after Govt. funding ends | 0 | | |
| 6 | Average no of handloom weavers and master weavers proposed to be benefitted under the project in a day | | 15 | |
| | Upto 4000 weavers | 0 | | |
| | Between 4001-5000 weavers | 5 | | |
| | Between 5001-6000 weavers | 10 | | |
| | More than 6000 weavers | 15 | | |
| 7 | Land in possession of SPV member | | 10 | |
| | Yes | 10 | | |
| | No | 0 | | |
| | Total | | 100 | |

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(TO BE FURNISHED IN THE NON-JUDICIAL STAMP PAPER OF Rs.100/-)

This Memorandum of Agreement (MoA) ("**Agreement**") made at _____ on the _____, 2012 by and on behalf of **President of India** acting through Secretary, Ministry of Textiles, Government of India represented by Shri/Smt. _____, Development Commissioner (Handlooms) (hereinafter referred to "**DCHL**" which expression shall, unless repugnant to the context or meaning thereof, include its successors in office and assigns) of the FIRST PART

AND

_____, a legal entity incorporated in India under the _____ and having its Registered Office at _____ (hereinafter called "**SPV/IA**", which expression shall unless it be repugnant to the subject or context thereof shall include its successors and permitted assigns) of the SECOND PART;

DCHL and SPV/IA are individually referred to as "**Party**" and are collectively referred to as "**the Parties**"

WHEREAS

- (A) Office of the Development Commissioner for Handlooms, Ministry of Textiles (MOT), has introduced the Comprehensive Handloom Cluster Development Scheme (CHCDS) during the year 2008-09 and amended from time to time for taking up Mega Handloom Clusters.
- (B) The SPV/IA has been awarded the project for setting up of _____ in _____ Mega Handloom Cluster. The Project has been sanctioned by Office of DC(HL), MOT vide sanctioned letter No. _____ dated _____ to M/s _____ (Name of the SPV/IA) with the total project cost of Rs. _____ (Rupees _____) of which Government of India (Gol) share is Rs. _____ (Rupees _____) as grants-in-aid, and SPV/IA share is Rs. _____ (Rupees _____).
- (C) The Parties now are desirous of entering into this Agreement to record the respective rights and obligations of the Parties in connection with implementation of the Project and release of the Central Grant.

NOW, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

(1) DEFINITIONS

- (i) Office of DC(HL) means Office of the Development Commissioner for Handlooms.
- (ii) "MOT" means Ministry of Textiles, Government of India.
- (iii) "**Grants-in-aid**" means the Gol share sanctioned by Office of DCHL to the SPV/IA vide Sanction Letter.
- (iv) "**Material Adverse Effect**" means material adverse effect on (a) the ability of the SPV/IA to observe and perform any of its rights and obligations under and in accordance with the provisions of this Agreement and/or (b) the legality, validity, binding nature or enforceability of this Agreement.
- (v) "**Project**" means the interventions/activities to be set up by the SPV/IA in the Mega Handloom Cluster at _____ in accordance with Detailed Project Report ("DPR") submitted by the SPV/IA and approved by the office of the DC (Handlooms).
- (vi) "**CHCDS**" or "**the Scheme**" means the "**Comprehensive Handloom Cluster Development Scheme (CHCDS) for Mega Handloom Cluster**", introduced by Office of DC(HL) and modified from time to time.
- (vii) "**Sanction Letter**" means the sanction letter No. _____ dated _____ issued by Office of DC(HL).
- (viii) "**Sanction Order(s)**" means the individual sanction orders to be issued by Office of DC(HL), approving/conveying release of grant installments from time to time.

- (ix) 'CMTA' stands for Cluster Management & Technical Agency, an agency engaged by the O/o DC(HL), MOT.
- (x) 'PAMC' stands for Project Approval & Monitoring Committee, headed by Secretary (Textiles), Ministry of Textiles, Government of India.

(2) OBLIGATIONS OF THE SPV/IA

The SPV/IA shall be responsible for:

- (i) Conceptualizing, formulating, achieving financial closure, implementing and managing the infrastructure so as to be self-sustaining.
- (ii) Procuring the land, cost of which could be built into the Project Cost but its cost would not be borne by the MOT, Office of DC(HL).
- (iii) Implementing the Project as per the approval granted by Office of DC(HL), MOT and ensuring compliance of all terms and conditions and recommendations as stipulated in Sanction Letter/s and sanctioned order/s issued from time to time.
- (iv) Ensuring that the interventions/activities are implemented as per the approval conveyed by the Office of DC(HL), MoT.
- (v) Ensuring that there is transparency in all the purchases and procurements of assets and services out of the Approved Project Cost.
- (vi) Facilitating the monitoring by Office of DC(HL), MoT and providing requisite data/information to them.
- (vii) Furnishing to Office of DC(HL), MoT any and all such information and reports as required from time to time, including physical, financial & outcome progress reports on the use of the Grant funds as well as on the implementation of the Project on **monthly/quarterly basis.**
- (viii) Participating in all the meetings convened for the review of the Project by Office of DC(HL), MOT and their field office/s as and when called for.
- (ix) Obtaining all permissions and clearances for the Project in conformity with the existing laws and regulations and be in compliance therewith at all times.
- (x) Ensuring that the Project Site remains free from all encroachments and encroachment if any, necessary steps to be taken to remove them.
- (xi) Facilitating induction of nominees of Office of DC(HL), MOT and its representative or any other Government/State Officials on the Board of SPV, till completion of the Project
- (xii) Facilitating the securing of bank finance required for setting up interventions/activities approved by Office of DC (HL).
- (xiii) Maintaining the records/registers, utilities and infrastructure created by collecting service and user charges.
- (xiv) Appointing contractors/consultants necessary for techno-engineering work infrastructure construct in a fair and transparent manner, and ensuring timely completion of the project.
- (xv) The SPV/IA shall utilize the grant released by Office of DC(HL), MOT as per the approved time limit mentioned in the sanction letters/sanction orders or as per the extension of the time limit, if any, granted by Office of DC(HL), MOT for utilization of grant.
- (xvi) Key Performance Indicators: SPV will achieve the following targets as per the DPR, after completion of the project:

| | |
|-------------------------------------|---|
| Performance indicators | Will be filled up SPV-wise as given in DPR. |
| Employment | |
| Sales turnover | |
| Product development/diversification | |
| Skill up-gradation | |
| Design Development | |
| Dyeing (kgs./annum) | |
| Printing (mts./per annum) etc. | |

- (xvii) SPV/IA shall not divert the grants or entrust execution of the scheme or work concerned to another Institution(s) or Organization(s).
- (xviii) Ensuring that facilities set up are available to all stakeholders, including handloom weavers in and around the cluster on user charge basis.

(3) OBLIGATIONS OF MOT

Office of DC(HL), MOT shall:

- (i) Release the installments of Grant as per the guidelines of the Scheme.
- (ii) Hold periodic meetings for reviewing the physical and financial progress of the Project
- (iii) Recommend/liaise with other Central Government Ministries/ Departments and/or concerned State Government for assistance in approvals and clearances within applicable norms to facilitate smooth Project implementation.
- (iv) Release the grant within 45 days from the date of approval by the Integrated Finance Wing, and on submission of required documents by the SPV/IA concerned.
- (v) Upon completion of the Project, as per the guidelines, issue completion certificate to the SPV/IA indicating that the project has been successfully completed. The certificate shall also mention the total amount of grant finally released by the Office of DC(HL), MOT and executed by the SPV/IA and activities/interventions operationalised.

(4) OTHER COVENANTS

The SPV/IA shall:

- (i) Open an escrow account for the Project to receive all funds for implementation of the Project disbursed by Office of Development Commissioner for Handlooms, Ministry of Textiles, Government of India
- (ii) Enable and allow Office of DC(HL), MOT or their representatives at any time to inspect any and all books and records pertinent to the grant funds and its utilization as well as any and all audit and accountant's reports and external auditors and shall furnish to Office of DC(HL), MOT any and all such information as require from time to time.
- (iii) Mobilize funds for meeting any escalation in the cost of the Project beyond the Approved Project Cost
- (iv) Submit utilization certificates for the Grant used for the Project in format in GFR 19(A) duly signed by the Head of the Organizations/authorized signatory alongwith the audited accounts, in terms of physical and financial, duly signed by the Chartered Accountant, as prescribed by Office of DC(HL), MOT under the General Financial Rules of Government of India.
- (v) Be entitled to dovetail assistance from other schemes of Government of India and / or State Governments to part-finance the Project
- (vi) Shall obtain all statutory clearances pertaining to Land, change of land use, Master Plan, Consent to Establish, Environmental Clearance and any other clearance required for implementation of the Project
- (vii) Ensure that the infrastructure/common facilities created in the Mega Handloom Cluster, minimum standards as prescribed by Central Public Works Department/Public Works Department etc. are adhered to.
- (viii) Fix User charges for various facilities and services for full recovery of Operational & Maintenance (O&M) costs in a transparent and fair manner
- (ix) The SPV/IA shall not be permitted to enter into any agreement with the CMTA for provision of any services related to the implementation of the project that would create, in opinion of the Office of DC(HL), MoT a conflict of interest.

- (x) Follow the enlisted schedule for release of the grant assistance to the SPV/IA by Office of DC(HL), MoT as detailed below:-
- a) 15% as 1st Installment as advance.
 - b) 25% as 2nd installment on utilization of 70% amount of 1st installment and submission of Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.
 - c) 30% as 3rd installment on utilization of 100% amount of 1st installment and 70% of 2nd installment and submission of Utilization Certificate in GRR 19(A) and audited accounts, duly certified by the Chartered Accountant.
 - d) 20% as 4th installment on utilization of 100% amount of 2nd installment and 70% of 3rd installment and submission of Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.
 - e) 10% as 5th installment as reimbursement on submission of complete Utilization Certificate in GFR 19(A) and audited accounts duly certified by the Chartered Accountant.

(5) REPRESENTATIONS AND WARRANTIES

The SPV/IA represents and warrants to MOT that:

- (i) It is duly organized, validly existing and in good standing under the laws of India
- (ii) It has full power and authority to execute, deliver and perform its obligations under this Agreement and to carry out the transactions contemplated hereby
- (iii) The execution, delivery and performance of this Agreement will not conflict with, result in the breach of, constitute a default under or accelerate performance required by any of the terms of the SPV/IA's Memorandum and Articles of Association or any agreement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected
- (iv) There are no actions, suits, proceedings, or investigations pending or, to the SPV/IA's knowledge, threatened against it at law or in equity before any court or before any other judicial, quasi judicial or other authority, the outcome of which may result in the breach of or constitute a default of the SPV/IA under this Agreement or which individually or in the aggregate may result in any Material Adverse Effect
- (v) It has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court or any legally binding order of any Government Agency which may result in any material adverse effect or impairment of the SPV/IA's ability to perform its obligations and duties under this Agreement
- (vi) It has complied with all existing laws and has not been subject to any fines, penalties, injunctive relief or any other Civil or criminal liabilities which in the aggregate have or may have Material Adverse Effect;
- (vii) The workers, employees, staff or agents engaged or employed by or on behalf of SPV/IA shall neither be nor deemed to be the worker, employee, staff or agents of Office of DC(HL), MOT under any circumstances what so ever it may be and there is no such agreement for or regarding the workers between the SPV/IA and Office of DC(HL), MOT.
- (viii) Notwithstanding anything in this Agreement in no event shall Office of DC(HL), MOT be liable under the laws of contract, misrepresentation warranty, negligence, strict liability or otherwise, for any special indirect, incidental or consequential damages (including loss of profit arising out of execution of this Agreement).

(6) WARRANTIES & PENALTIES

- (i) The SPV/IA should strictly adhere to the Project Implementation Schedule, as given in the DPR/Sanction Order/Letter.

- (ii) Any revision in the period of implementation must have the approval of the Office of the Development Commissioner for Handlooms. In case of delays in implementation of the Project beyond the agreed time schedule as approved, Office of DC(HL), MOT shall have the right to levy penalties on the SPV/IA.
- (iii) In event of default by the SPV/IA, arising out of delays caused attributable to the SPV/IAs then it would invite penal action as detailed below. Penalties to be levied in the event of delay in the implementation of project by the SPV/IA would invite penal action against the SPV/IA including the following:
 - a) Delay of upto 3 months in the completion of the project would reduce the undrawn grant amount by 1%
 - b) Further delay in the implementation of the project would reduce the grant amount by additional 1% for every 1 month of delay
 - c) In event of project implementation getting delayed beyond 12 months, then the PAMC could consider closure of the project at the current level of grant assistance and cancel the balance undrawn grant amount.
 - d) In event the grant amount is reduced as indicated above, then the SPV/IA should meet the consequent gap through its own sources within the period stipulated by the Office of DC(HL)/MOT.
 - e) In the event the project remains incomplete within the prescribed period, Office of DC(HL)/MOT shall have the right to invoke the provisions of para 8 i.e. "Events to be default" against the SPVs.
- (iv) If it is found that the Grant has been utilized by the SPV/IA for non-eligible components of the Project, Office of DC(HL), MOT shall have the right to levy penalties on the SPV/IA as may be decided by the PAMC.
- (v) In the event the interventions/activities is cancelled by Office of DC(HL), MOT for any reason whatsoever, then the SPV/IA shall immediately return the Government assistance together with the interest accrued thereon, if any. Payment of penal interest by the SPV/IA @ 10% or as decided by the Project Approval & Monitoring Committee (PAMC), on case to case basis shall be returned by the SPV/IA
- (vi) The decision of the PAMC in this regard would be final and binding on the SPV/IA

(7) TERMINATION

- (i) Either party may terminate this Agreement upon 30 (thirty) calendar days notice in writing to the other party. However, any outstanding projects shall be completed to the satisfaction of the clients unless it is mutually agreed otherwise
- (ii) Payment upon termination: Termination of this Agreement shall not nullify any payments due from one party to the other as on date of termination. Any such payment, due to one party shall be cleared in full by the other within 30 (thirty) days of termination.

(8) EVENTS OF DEFAULT

(i) Event of Default

Any of the following events shall constitute an event of default by the SPV/IA unless such event has occurred as a result of a Force Majeure Event;

- (a) The SPV/IA fails to implement the Project in line with the guidelines of the CHCDS-MEGA HANDLOOM CLUSTER.
- (b) The SPV/IA fails to utilize the Grant amount within the time limit as prescribed in sanction order. The SPV/IA fails to mobilize its own requisite contribution by way of equity / loans / others for the Project.
- (c) The SPV/IA fails to submit Utilization Certificate for installment of grants-in-aid within prescribed time period as specified in GFR.

- (d) Any representation made or warranties given by the SPV/IA under this Agreement is found to be false or misleading.
- (e) The SPV/IA suspends or abandons the operations of the Project without the prior consent of Office of DC(HL), MOT, provided that the SPV/IA shall be deemed not to have suspended/ abandoned operation if such suspension/ abandonment was as a result of Force Majeure Event and is only for the period such Force Majeure.
- (f) The SPV/IA repudiates this Agreement or otherwise evidences an intention not to be bound by this Agreement.
- (g) The SPV/IA is in Material Breach of this Agreement.

(ii) Termination due to Event of Default

Without prejudice to any other right or remedy which Office of DC(HL), MOT may have in respect thereof under this Agreement, upon the occurrence of an Event of Default by the SPV/IA, MOT shall be entitled to terminate this Agreement by issuing a 30 days written termination notice to the SPV/IA

(iii) Rights of MOT on Termination

- (a) In the event of Termination, Office of DC(HL), MOT shall be fully authorized to recall the grants-in-aid given under CHCDS- MEGA HANDLOOM CLUSTER along with accrued interest thereon.
- (b) In event of termination of Project, the SPV/IA will be liable to return the grant with interest thereon and/or penalty as decided by the PAMC and Office of DC(HL), MoT shall be within its rights to recover the monies as arrear of land revenue. Further, Office of DC(HL), MOT shall be fully empowered to invite fresh bids from potential investors, make changes in the project scope and take any steps in the interest of the revival of the Project;
- (c) Notwithstanding anything to the contrary contained in this Agreement, any Termination pursuant to the provisions of this Agreement shall be without prejudice to accrued rights of either Party including its right to claim and recover money damages and other rights and remedies which it may have in law or contract. All rights and obligations of either Party under this Agreement, shall survive the Termination of this Agreement to the extent such survival is necessary for giving effect to such rights and obligations.

(9) ARBITRATION

- (i) In event of any dispute or difference between the parties hereto, such disputes or differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then the unresolved dispute or difference shall be referred to arbitration of the sole arbitrator to be appointed by the Secretary, Ministry of Textiles on the recommendation of the Secretary, Department of Legal Affairs ("Law Secretary"), Government of India. The provisions of Arbitration and Conciliation Act, 1996 (no. 26 of 1996) shall be applicable to the arbitration under this clause. The venue of such arbitration shall be at Delhi or any other place, as may be decided by the arbitrator. The language of arbitration proceedings shall be in English. The arbitrator shall make a reasoned award (the "Award"), which shall be final and binding on the parties. The expenses of the arbitration shall be shared equally by the parties to the agreement. However, expenses incurred by each party in connection with the preparation, presentation shall be borne by the party itself
- (ii) Pending the submission of and/or decision on a dispute, difference or claim or until the arbitral award is published; the parties shall continue to perform all of their obligations under this agreement without prejudice to final adjustment in accordance with such award

(10) FORCE MAJEURE

- (i) For the purposes of this Agreement, "**Force Majeure**" means an event which is beyond the

reasonable control of a Party, and which makes a Party's performance of its obligations under the Memorandum of Agreement (MoA) impossible or so impractical as to be considered impossible under the circumstances

- (ii) **No Breach of Agreement:** The failure of a Party to fulfill any of its obligations under the Agreement shall not be considered to be a breach of, or default under this Agreement insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event (i) has taken all reasonable precautions, due care and reasonable alternative measures in order to carry out the terms and conditions of this MOA, and (ii) has informed the other Party as soon as possible about the occurrence of such an event
- (iii) **Extension of Time:** Any period within which a Party shall, pursuant to this Agreement, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure

(11) INDEMNITY

- (i) The SPV/IA shall indemnify, defend and hold Office of DC(HL), MOT harmless against any and all proceedings, actions and, third party claims arising out of a breach by SPV/IA of any of its obligations under this Agreement.
- (ii) Without limiting the generality of this Article, SPV/IA shall fully indemnify, save harmless and defend Office of DC(HL), MOT including its officers servants, agents and subsidiaries from and against any and all loss and damages arising out of or with respect to (a) failure of the SPV/IA to comply with Applicable Laws and Applicable Permits, (b) payments of taxes relating to the income or other taxes required to be paid by the SPV/IA without reimbursement hereunder, or (c) non-payment of amounts due as a result of materials or services furnished to the SPV/IA.

(12) INSURANCE

The SPV/IA shall be responsible for the insurance of the assets and will protect it against all risks and damages at its own cost. Office of DC(HL), MoT will not have any responsibility or obligation for any loss to the assets.

(13) ACCOUNTS & AUDIT

Separate accounts shall be kept by SPV/IA for the funds released by GoI, which shall be subject to audit by the Comptroller & Auditor General of India. The SPV/IA shall cooperate and provide all assistance to enable auditors conduct audit of the accounts

(14) ASSIGNMENT

- (i) Neither of the party shall be entitled to assign any of its rights, benefits or obligations under this Agreement and/or any other Project Agreements without mutual consents of the Parties;
- (ii) Save as aforesaid, this Agreement shall be binding upon and shall ensure for the benefit of the first party and its successors in title and assigns and the second party and its successors in title.

(15) NO WAIVER

The failure of either party to assert any of its rights under this Agreement shall not be deemed to constitute a waiver of that party's right thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(16) INTELLECTUAL PROPERTY RIGHTS

- (i) The Parties recognize the intellectual property rights of each other in the materials to be delivered in connection with the activities to be carried out and agree not to publish any paper, file any patent/copyright, trademark, design registration application in its own name or in the name of its associates on any matter relating to the details supplied/disclosed by the other party, nor take any other action that may prejudicially affect such intellectual property rights.
- (ii) The ownership of the intellectual property rights in the work carried out under the Agreement shall be mutually agreed between the parties. If need be the same shall be defined and can be added to this Agreement as an addendum.

IN WITNESS WHEREOF, THE Lessor and the Lessee hereunto subscribed their Name and set their hands on the day, month, year and place mentioned herein above in the presence of the following witness.

WITNESSES:

Signature_____

1. Name, Designation and Complete, Address

Signature_____

2. Name, Designation and Complete, Address

| Signed, sealed and delivered by | Signed, sealed and delivered by |
|---|--|
| | |
| Name: _____ Designation: Development Commissioner (Handlooms) For and on behalf of President of India | For and on behalf of -----Name of SPV/IA----- |

Dated : _____

Place : New Delhi

^^^

(To be furnished in the Non-Judicial Stamp paper of Rs. 100/-)

SURETY BOND

BOND PRESCRIBED TO BE EXECUTED BEFORE GRANT IS RELEASED

KNOW ALL MEN BY THESE PRESENTS that we, M/s _____ (Name of the Special Purpose Vehicles SPV), a company incorporated under the Companies Act and having its registered office at _____(hereinafter called the "Obligors/SPVs") are held fully and firmly bounded to the President of India (hereinafter called the "Government") for the sum of Rs. _____ (Rupees- _____only) well and truly to be paid to the Government on demand and without a demur for which payment we firmly bind ourselves and our successors and assigns by these presents.

Signed on the _____.

WHEREAS on the Obligors'/SPVs request, the Government as per the Office of the Development Commissioner for Handlooms, Ministry of Textile's Sanction Order No. _____ dated _____ hereinafter referred to as the "Sanction letter/Order") which forms an integral part of these presents, and a copy whereof is annexed hereto and marked as Annexure-I (Sanction order), agreed to make in favour of the Obligors a grant of Rs. _____(Rupees _____only) (total cost of the project) for the purpose of _____(Name of the Project sanctioned to the SPV), out of which the sum of Rs. _____(Rupees _____only) has been sanctioned to release to the Obligors (the receipt of which the Obligors do hereby admit and acknowledge) on condition of Obligors executing a bond in the terms and manner contained hereinafter which the Obligors have agreed to do.

NOW the conditions of the above written obligation is such that if the Obligors duly fulfill and comply with all the conditions mentioned in the sanction letter/order, the above written Bond or obligation shall be void and of no effect. But otherwise, it shall remain in full force and virtue. The Obligors will abide by the terms and conditions of the grant by the target dates, if any specified therein.

THAT the Obligors shall not divert the grants and entrust execution of the Scheme/work concerned to another Institution(s)/Organisation(s).

THAT the Obligors shall abide by any other conditions specified in this agreement and in the event of their failing to comply with the conditions or committing breach of the bond, the Obligors and the sureties individually and jointly will be liable to refund to the President of India, the entire amount of the grant with interest of 10% per annum thereon or as per the revise instructions of GOI from time to time. If a part of the grant is left unspent after the expiry of the period within which it is required to be spent, interest @10% per annum shall be charged upto the date of its refund to the Government, unless it is agreed to be carried over.

The Obligors agree and undertake to surrender/pay the Government the monetary value of all such pecuniary or other benefits which it may receive or derive/have received or derived through/upon unauthorized use of (such as letting out the premises on adequate or less than adequate consideration or use of premises for any purpose other than that for which the grant was intended of the property) building created/acquired constructed largely from out of the grant sanctioned by Government of India, Office of the Development

Commissioner for Handlooms, Ministry of Textiles. As regards the monetary value aforementioned to be surrendered/ paid to the Government, the decision of the Government will be final and binding on the Obligors.

AND THESE PRESENTS ALSO WITNESS THAT

the decision of the Secretary (Textiles), Government of India on the question whether there has been breach of violation of any of the terms or conditions mentioned in the sanction letter shall be final and binding upon the Obligors.

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligors the day herein above written in pursuance of the Resolution No. _____ dated _____ passed by the governing body of the Obligor, a copy whereof is annexed hereto as Annexure-II on behalf of the sureties and by _____ for and on behalf of the President on the date appearing below:

Signature of the AUTHORISED SIGNATORY

Signed for and on behalf of

(Name of the Obligor)

1. Signature of witness

Name & Address

2. Signature of witness

Name & Address

TO BE FILED UP BY THE MINISTRY/DEPARTMENT

(ACCEPTED)

For and on behalf of the President of India

Designation : _____

Date : _____