

II. **Guidelines for Integrated Development of Leather Sector sub-scheme of Indian Footwear and Leather Development Programme(IFLDP)**

1. Objective

The present sub-scheme is aimed at enabling tanneries, footwear, footwear components, leather goods and accessories, leather garments, harness & saddlery manufacturing units to upgrade themselves leading to productive gains, right-sizing of capacity, cost cutting, design and development and employment generation including simultaneously encouraging entrepreneurs to diversify and set up new units in the areas as specified.

2. Eligibility Criteria

2.1 All existing units in the Footwear and Leather industry including tanneries, leather goods, saddlery, leather footwear, leather footwear component, non-leather footwear and non-leather footwear component sector having cash profits for 2 years (as certified by the bank or full time practicing Chartered Accountant or any other document as prescribed by the Steering Committee), undertaking modernization or capacity expansion or technology up-gradation on or after 1st January, 2020 are eligible for assistance. With a view to attract investment into the sector, the assistance for new units would also be provided.

2.2. Financial assistance under the Scheme shall be considered for such projects in which the followings have been undertaken on or after 01.01.2020:-

- i. payment has been done, and
- ii. machinery has been purchased and installed.

2.3 The assistance would not be provided for second hand machinery as the scheme is essentially to support the modernization and technology upgradation of the units.

2.4 All projects under the sub-scheme should lead to demonstrable increase in:

- (i) employment generation and/or;
- (ii) production capacities and /or
- (iii) unit value realization and /or;
- (iv) better compliance of pollution control norms.

2.5 New eligible units would be considered for assistance under the scheme only on submission of the copy of all the required registration, NOCs from all concerned

Government Department for setting up of the unit, and fulfillment of other eligibility criteria mentioned above.

3. Scope of the Scheme

3.1 The Steering Committee notified by the Department would lay down the list of items which would be admissible for assistance under the sub-scheme.

3.2 The Steering Committee would finalize the list of the plant and machineries in following types of units which will be eligible for coverage under the sub-scheme:

- i. **Modernization of tanneries**
- ii. **Modernization of footwear & footwear components units**
- iii. **Modernization of leather product and accessory units**
- iv. **Modernization of Harness & saddlery units**

3.3 Steering Committee may seek the advice of National institutions for considering any other activity not listed above and machines not specified in the list finalized for inclusion under Modernization scheme provided that they lead to visible and viable improvements leading to technology up gradation and employment generation. Similarly, the Steering Committee may add/delete any activity / list of machinery on the advice of expert institutions.

3.4 Existing units/new units would have the option to go for single or multiple activities as mentioned above with overall assistance limit as mentioned at para-4 below.

3.5 Steering committee shall take a view on applications for modernization based on

- i Fair and equitable assistance to first time applicants and
- ii. Competitive merit of the applicant as evidenced by financial appraisals by FIs/Banks and technical appraisal.

3.6 The Empowered Committee notified by the Department under the Chairmanship of Secretary of the Department would lay down internal monitoring mechanism and evolve a criteria for prioritizing the cases to be considered for sanctioning under this sub-scheme.

4. Quantum and Nature of Assistance

4.1 The financial assistance under the Scheme will be investment grant to the extent of 40% of cost of Plant and Machinery to the Micro, Small & Medium Enterprises

(MSMEs) units and 30% of cost of Plant and Machinery to other units established in North Eastern Areas; and the financial assistance under the scheme will be 30% of cost of plant and machinery to Micro, Small & Medium Enterprises (MSMEs) units of other areas and 20% of cost of Plant and Machinery to other units, for technology up-gradation /modernization and/ or expansion and setting up a new unit subject to a ceiling of Rs.15 crore. In addition to this, 5% additional financial assistance of the cost of plant and machinery will be provided for the domestically manufactured machinery. The cost of up-gradation/setting up new units under the scheme will include:

- i. Bill value of machinery
- ii. Sales and excise tax/GST,
- iii. Transportation and transit insurance cost,
- iv. Import related duty.
- v. Installation and commissioning charges including civil and electrical work restricted to 5% of total landed cost of machine.

4.2 Consolidated proposal for all product lines subject to requirement, can be submitted together along with commensurate employment generation plan.

4.3 While determining the grants, evaluation of previous record should be done by the concerned PIU while assessing the application.

5. Implementation Mechanism

5.1 Administrative and Monitoring Setup

5.1.1 The implementation agency for the sub-scheme would be called the Project Implementation Unit (PIU) of the Integrated Development of Leather Sector (IDLS) sub-scheme. In view of larger scope of the sub-scheme, PIUs will function from two centres- one at CLRI, Chennai for tanneries and other at FDDI, Noida for footwear, footwear components, leather goods & garments, saddlery and accessory units.

5.1.2 The release of assistance to the units would be done through PFMS.

5.1.3 The **PIUs i.e. FDDI & CLRI** would be paid fees for their services maximum of @1% of the total GOI assistance approved by the Steering Committee for their appraised cases.

5.1.4 Awareness programmes would be held at various places to disseminate information about the scheme as and when considered necessary by the Steering Committee out of the schematic outlay available for these sub-schemes during the period.

5.1.5 The Steering Committee shall have mandate to ensure effective implementation of the scheme, its scope would be to lay down procedures for implementation of the scheme, decide list of plant and machineries and normative prices for standard plant and machineries required for the modernization programme, accord sanction of financial assistance from Government, monitor and follow up disbursement of financial assistance from Government to the industrial units.

5.1.6 Both the PIUs (FDDI and CLRI) would also be responsible for ensuring setting up of the projects sanctioned by the Steering Committee through an active interface with scheduled banks, manufacturing units and Government. The PIUs would also visit the unit for verifying the installation as per amount to be released to each unit and submit report to DPIIT.

5.1.7 An online workflow application shall be put in place by FDDI/CLRI for applications, processing fund releases and monitoring outcomes, which may also capture to Udyog Aadhaar, UID, PAN, GSTIN, EPFO Registrations. The cost of development of Software for this purpose and its maintenance would be borne by DPIIT.

5.1.8 Outcomes under the sub-scheme should be laid down in terms of production and employment generation along with an effective monitoring mechanism.

6. Other Terms & Conditions:

6.1 The Government financial assistance cannot be utilized for purposes other than for which it has been sanctioned. The amount released by the Government cannot be utilized towards adjustment of default in repayment of principal and payment of interest by the borrower.

6.2 In case at any time it is found that financial assistance from Government has been availed of on the basis of any false information, the industrial unit shall be liable to refund the amount of Government financial assistance, along with interest to be charged, from the date of disbursement to date of refund. The rate of interest shall be the prime lending rate of the Bank concerned at the time of invoking this penal clause.

6.3 The unit availing assistance under the sub-scheme would require to follow the provisions of GFR to be issued by Government of India regarding disposal of machinery.

6.4 The unit has to furnish a certificate that they have not availed assistance from any other Ministries/Departments/State Government for the same machinery. However,

the unit may utilize the machinery purchased under these guidelines for any other industrial production also.

6.5 For the purpose of monitoring and verification of progress/proper utilisation of benefits, an appropriate system, including targets for physical verification by Group A/Class I officers will be set by the Empowered Committee.

6.6 Digital portal for beneficiaries in all sub-schemes enabling proper identification and monitoring of beneficiaries/benefits is being established.

6.7 Provision of these guidelines can be modified with the approval of Secretary, DPIIT.
