

IDLS –Tanning Sector – Revised guidelines – 11th Plan

FREQUENTLY ASKED QUESTIONS (FAQs) AND ANSWERS

(These are indicative answers with a view to provide information . The actual position may please be ascertained from the office of IDLS, CLRI, Adyar, Chennai 600 020 Tel :044-24911769 email :idls@clri.res.in)

1. What is the date from which the Scheme came into operation?

Original Scheme was from 03 Nov 2005 and the modifications came into effect from 29 Aug 2008

2. How will the date be related to actual implementation by the tanneries?

- a) For tanneries availing loans from banks/ FIs , assistance will be available only after the loan is sanctioned on or after 03 Nov 2005.
- b) For self financed units, assistance will be available where orders for machines are placed after 03 Nov. 2005.
- c) In the case of modifications – grant over Rs 50 lakhs and admission of new units – these are applicable from 29 Aug 2008.

3. What are the broad objectives of the Scheme?

Technology upgradation, Productivity enhancement, environmental safeguards, gaining global competitiveness, attracting new investments, capacity expansion , increase in employment potential are the broad objectives of the scheme.

4. What are the activities covered under the Scheme?

- a) Modernisation of machinery facilities
- b) Hardware, IT solutions, Net working, E Governance, Design and Development
- c) Plant ecology and worker safety
- d) Environmental Management Plans , Pollution control devices, Chrome recovery , Waste minimization etc
- e) Quality control and Testing devices
- f) In house R & D facilities

5. Who are eligible?

All the Tanning Units in India – Existing and New. Existing units have to comply the norm of cash profit for previous two years . New units have to satisfy the conditions of completion of Registration and NOC (No Objection Certificates) formalities and buildings/.work sheds ready for production.

6. How to apply ?

There is a prescribed application. It is called IDLS Form -I. It could be downloaded from the websites of CLRI (www.clri.org or www.clri.nic.in) .It may also be obtained from PIU of CLRI.

7. Where to apply and submit the application?

The filled in applications relating to Tanning Units will have to be submitted /sent to Project Implementation Unit (PIU) in CLRI (Chennai) and its Regional Centres at Kolkata, Kanpur, Jalandhar . For leather product units , applications are to be submitted to PIU of FDDI. Applications may also be submitted to Council for Leather Exports.

8. What are the addresses of PIUs ?

A) Address of PIU – Tanning Units

a)The Head, IDLS – PIU
Museum Bldg

Central Leather Research Institute (CLRI)

Sardar Patel Road, Adyar, Chennai 600020

Tel: 044-24911769 044-24911386 Extn 348 / 349

Fax: 044- 24912560 /24911589

Email: ids@clri.res.in and chandramouli@clri.res.in

Website: www.clri.nic.in or www.clri.org

Contact Person: D. Chandramouli , Head and Coordinator, IDLS-PIU-CLRI

b) The Head

Regional Centre , CLRI

3/1C, Matheswartala Road

Kolkata 700 046 , West Bengal

Telfax: 033-23292381

c) The Head

Regional Centre , CLRI

Near 36 Mld Sewage Treatment Plant,

Wajidpur, Jajmau

Kanpur 208010, U P

Tel : 0-9415079425 Email: agarg49@gmail.com

d) The Head

Regional Centre , CLRI

Leather Complex, Kapurthala Road,

Jalandhar 144021 , Punjab

Telfax: 0181- 2651306

B) Address of PIU- Leather Product Units
The Head, IDLS- PIU
Footwear Design Development Institute (FDDI)
A-10/A Sector -24, NOIDA 201301, U P
Tel: 0120-2412456, 2412557
Telefax : 0120 – 2411825
Email: contact@fddiindia.com

9. What is the contact address of SIDBI?

The General Manager,(Govt. Schemes)
Small Industries Development Bank of India (SIDBI)
SIDBI Tower
15, Ashok Marg, Lucknow 226 001
Tel : 0522-2286376 /2288546 Fax : 0522- 2288457
Website : www.sidbi.in
Regional Offices at Chennai(044- 66636044/45, 28413701/16) , Kolkata (033-2280132), Kanpur (0512-2303069), Jalandhar (0181-5061241)

10. Who will evaluate the Technical viability?

Technical evaluation is carried out by CLRI, Chennai for Tanning Units and FDDI, Noida for Product units.

11. Who will assess the Financial appraisal/ bankability?

For those units taking loans - their respective banks /FIs. For self finance units – the bank in which the unit has a working capital/current account. The format for Financial Appraisal for self finance units may be downloaded from the website of CLRI (www.clri.nic.in) from listing in IDLS forms. These are given under Appendix iv and Appendix iva)

12. Which are the eligible banks /FIs for bankability assessment?

All scheduled commercial banks (as per RBI) and State /Central FIs

13. What is the quantum of assistance / grant?

The assistance/grant is to the extent Rs 50 lakhs at the rate of 30% for SSI units and 20% for Non- SSI units on the investment made in select activities. The grant which is above Rs 50 lakhs upto the level of Rs 2 crs will be available at the uniform rate of 20%. The disbursement above Rs 25 lakhs would be released in four equal annual instalments.

14. Whether multi product line units are entitled for assistance for each product line separately?

Yes, subject to a limit of Rs.2 crs for each product line .

15. Who will sanction the assistance?

Assistance would be sanctioned by DIPP on the recommendation of the Steering Committee.

16. Who constitute the Steering Committee?

Joint Secretary, DIPP is the Chairman. It has representatives from CLRI, FDDI, CLE and industry with Director (Leather) as the Convener

17. Who will disburse the sanctioned assistance?

SIDBI will be the disbursal agency.

18. Are the tanneries availing loan from foreign banks eligible for assistance ?

Yes, eligible

19. How will the assistance be disbursed?

Assistance will be disbursed after arrival of machines at site and execution of agreement In the case of loan units ,SIDBI will be remitting the amount to the loan account of respective bank/ FI. In the case of self-financed units, assistance disbursed by SIDBI to the respective banks of units.

20. Is it possible to avail the assistance in phases?

Yes, modular efforts for investment / modernization will be permitted generally with a time interval of at least three months between applications and on successful completion earlier modules of modernization. In the case of SSI units , interval of three months would not be applicable .

21. Whether assistance will be given directly to the beneficiary ?

For loan cases ,assistance will be remitted to the Loan Account Bank/FI for its adjustment against loan component earmarked for modernisation program and to self finance units to their respective bank accounts.

22. Whether assistance can be adjusted against any dues of bank/FIs outstanding against the beneficiary?

No, it cannot be adjusted

23. Whether assistance is interest free?

It is a grant .

24. Under what circumstances will the assistance be recovered under penal clauses?

In the event the unit becomes non- operational within two years of receipt of assistance and for any false information and for non-compliance to other conditions stipulated in the agreement.

25. What is the rate of interest for recovery of assistance?

At the Prime Lending Rate of SIDBI / bank at the time of invoking the penal clause.

26. Whether assistance will be given on first come first served basis?

Yes

27. What would be the validity period for sanction of grant ?

The validity period for sanction letter is six months. It can be extended by SIDBI in consultation with PIU.

28. What are the obligations of the beneficiary?

- a) Modernisation should lead to demonstrable increase in unit value realization and/or production capacity and/or better compliance of pollution norms.
- b) Assistance should be utilized for the intended purpose
- c) To report operational performance for two years

29. How is the cost of the machine determined?

It is arrived by adding bill value of machines, taxes /duties, transport, insurance etc.

30. Is there any restriction on installation charges?

Yes, it is restricted to 5% of the landed cost of the machine.

31. What covers the 5% of installation charges ?

Installation and commissioning charges cover normally civil and electrical works.

32. Whether imported second hand machines are eligible for assistance?

Yes, subject to specific certificate by PIU that it leads to technological upgradation. It is based on original year manufacture , assessment report of chartered engineer, residual life etc.

33. Whether imported second hand reconditioned machines are eligible for assistance?

Yes, subject to specific certificate by PIU that it leads to technological upgradation. It is based on original year manufacture , assessment report of chartered engineer, residual life etc.

34. Whether second hand, indigenous machines are eligible for assistance?

No

35. Whether imported second hand, but indigenously reconditioned machines are eligible for assistance?

No

36. Whether self-fabricated machines will be eligible for assistance?

Drums , paddles and drying conveyors are eligible for self fabrication based on detailed cost breakup and comparative quotation from the market.

37. Are changes in specifications or source of supply of machines allowed after sanction of assistance?

Changes allowed by PIUs subject to justifiable reasons.

38. After sanction of assistance, one wants to add or delete /replace a few machines. Will it be allowed?

Adding new machines may be done through add-on application. Deletion/replacement may be done with consent/approval of PIUs.

39. If a tannery purchases second hand imported machines from a Govt. undertaking in auction/sale, will it be eligible for assistance?

Yes, subject to specific certificate by PIU that it leads to technological upgradation

40. Whether machines purchased from Port/Custom authorities in auction will be eligible for assistance?

Yes, subject to specific certificate by PIU that it leads to technological upgradation

41. Whether machines purchased from FI/banks in auction/sale will be eligible for assistance?

Yes, subject to specific certificate by PIU that it leads to technological upgradation

42. Whether the assistance is available for purchase of spares for imported machines?

Yes, limited spares along with new , second hand and/or reconditioned machines

43. Whether the cost of Electricity Generator set is eligible for assistance?

Yes

44. What is the system of determining SSI status?

The Certificate issued by the District Industry Centre . In some cases /specific circumstances based on the certification by Chartered Accountant. The definition of Small Scale industry would be the same as notified by the Government on the date of sanction of the Project.

45. A tannery intends to purchase certain machines from own resources and certain machines with loan from FIs/banks. What will be the procedure for availing assistance?

Two separate applications(the first one will be taken as original and the second as add-on) are to be filed

46. Whether a third party which has taken an existing tannery on lease/rent and wants to go for modernization will be eligible for assistance?

Yes, provided the third party has taken the tannery on lease/rent through a registered deed and lease/tenancy is available for a minimum of period five years at the time of filing application.

47 . Whether the tanner who has given his tannery on lease to a third party will be eligible for assistance?

Not eligible

48 . A closed tannery (not sick as per definition of RBI) which was running but forced to close down as a result of Court orders, intends to relocate

and purchase certain machines for modernisation complying with pollution norms. Whether such tanneries are eligible for assistance?

Yes, subject to their locating in a designated /approved new location with effluent treatment facilities.

49. In case assets of an existing tannery is divided among partners / directors of a firm / company as a result of settlement/partition, then, whether separated units will be eligible?

Yes, subject to the existence of divided units and their fulfilling other conditions as independent entities.

50. When the constitution of a firm changes , is it eligible for assistance?

Yes

51. Whether a tannery which intends to set up its own effluent treatment plant is eligible for assistance?

Yes

52. Whether a tannery which intends to go in for modernization of existing effluent treatment plant is eligible for assistance?

Yes , at individual tannery level.

53. Whether setting up of a water treatment plant is eligible for assistance?

Yes, at individual tannery level.

54. Whether building and other related infrastructure is allowed for assistance?

No

55. Whether IT solutions covering hardware and software are allowed for assistance?

Yes

56. Whether net working and e-governance will be allowed for assistance?

Yes

57. Whether purchase of computers, software, internet facilities for office purpose will qualify for assistance?

No

58 . Whether the tools and equipment relating to worker safety will be allowed for assistance?

Yes

59. Whether computerized process control systems will be allowed for assistance?

Yes

60. Whether installation of chrome recovery and reuse facilities will be allowed for assistance?

Yes

61. Whether testing, R&D, facilities are allowed for assistance?

Yes

62. Whether replacement of existing machinery and /or expansion will be eligible for assistance?

Yes

63. Is there any provision for adding /deleting machines to/from the list of approved machines in the scheme?

Yes, PIUs may make changes with the consent of Steering Committee

64. Whether diversification is allowed under the scheme of assistance?

Yes , allowed within the specified areas of leather sector

65. Whether backward /forward integration is allowed under the scheme for assistance?

Yes, provided such integration enables the improvement in operational performance of the unit's core business.

66. Whether product units can establish leather finishing facilities under this scheme and claim assistance?

Yes

67 . Is it possible to extend the assistance for the capital contribution made by members to CETP s and SPV s ?

Each unit's share in CETP /SPV would be taken as its cost of the project and 20% or 30% of that would be provided as Govt. of India assistance under the IDLS scheme within the prescribed limits .The assistance is available to CETP/SPV members subject to the condition that no other assistance is available from Govt of India to the same CETP/SPV

68 . Buying of a technology /patent which improves the process system and reduces the pollution load/waste output. Can we allow it under the Scheme?

Yes, allowed.

69. Whether assistance is available for new units?

Yes, assistance to new units would be considered only if the project is appraised to be bankable and viable by bank providing loan in case of loan cases and by bank in which the unit has a working capital account in case of self finance units.

70 . What are the eligibility conditions for new units?

Assistance for new units would be approved subject to the submission of copies of the required registration certificates, NOCs from all concerned Departments and factory building is ready for installation plant and machinery.