

By Speed Post

**No. 5/28/3/2004-DBA-I
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion**

Udyog Bhawan, New Delhi
Dated the 11th May, 2005

To

**M/s Coimbatore Industrial Infrastructure Association
8/4, Race Course,
P.B. No. 3847, Coimbatore
Tamil Nadu – 641 018**

Subject: Approval for Upgradation of Infrastructure facilities at Pump, Motor and Foundry Cluster, Coimbatore, Tamil Nadu under Industrial Infrastructure Upgradation Scheme (IIUS), 2003.

Sir,

In supersession of this Department's approval letter of even number dated 21st April 2005, I am directed to convey the approval of the Government of India for Upgradation of facilities at Pump, Motor and Foundry Cluster, Coimbatore, under Industrial Infrastructure Upgradation Scheme (IIUS) at a tentative cost of Rs. 66.39 Crores. Central grant for the project is subject to compliance of the guidelines (copy enclosed) issued under IIUS, and the terms and conditions stipulated hereafter.

2. The eligible activities and break-up of project cost as approved tentatively by the Apex Committee constituted under IIUS are as follows:

Sl. No	Description	Proj. Cost (Rs. Crore)	IIUS Grant (Rs. Crore)
I.	Process and Performance improvement projects for Foundry industry		
1.	Land	0.50	0.00
2.	Building/ Electrical fittings	1.10	0.83
3.	Product development facility	0.40	0.30
4.	Training center/ Convention center	2.80	2.10
5.	Road, drainage (for relocation of tiny foundries)	3.50	2.63
6.	Testing Labs (2 locations)	2.30	1.73
7.	Library	0.15	0.11
8.	Systems/offices for relocated place	0.15	0.11
9.	Creche for children	1.00	0.75
10.	Generators/ Electric installations	0.30	0.23
11.	Air-conditioning and Food Court at COINTEC Exhibition Center	4.35	0.00

12.	Contingency	0.26	0.00
	Sub-Total	16.81	8.79
II.	Sand Reclamation Plant for Foundry industry		
1.	Land	1.00	0.00
2.	One Sand reclamation plant (capacity 260 MT sand /day) and One RPT Laser sintering system for sand moulds (maximum capacity 2500 cm ³ per hour)	15.99	11.99
3.	Material Handling equipment	1.00	0.00
4.	Dust collection equipment	0.70	0.53
5.	Electrical equipment	1.20	0.90
6.	Building for input and output material (Storage facility)	0.70	0.00
7.	Building for above	0.70	0.53
8.	Contingency	1.10	0.00
	Sub-Total	22.39	13.95
III.	Sewage Water Treatment Plant		
1.	10 MLD Sewage Water Treatment Plant	8.00	4.00
	Sub-Total	8.00	4.00
IV	Common facilities for Pump and Motor industry		
1.	Product - Die and Mould Development Centre	5.93	4.45
2.	Business Centre	0.50	0.38
3.	Raw Material Chemical composition testing facility	0.65	0.49
4.	Rubber and Engineering Plastic Testing Lab at Si'Tarc	0.80	0.60
5.	Land	2.00	0.00
6.	Building (15000 sq. ft) for housing 1 and 3	1.46	1.10
7.	Building (6000 sq. ft) for Business center, training and information center	1.50	1.13
8.	Fully automated testing system for monoblock and submersible pump	1.00	0.75
9.	60Hz frequency supply testing system.	1.00	0.75
10.	Generators/ Electrical panels/ access.	0.20	0.15
11.	Prototypes of motor/pumps	1.00	0.75
12.	Software: Pump/ Sheet metal / motor design	0.30	0.23
13.	Upgradation of SiTarc facilities	0.70	0.53
14.	Training infrastructure	1.50	1.13
15.	Web Site hosting and web designing	0.05	0.04
16.	Administrative Expenses for 3 years	0.40	0.00
17.	Contingency	0.20	0.00
	Sub-Total	19.19	12.48
	Grand Total	66.39	39.22

2(a). The Approval of Sand Reclamation plant and RPT Laser Sintering system is granted subject to the validation of technology, specifications, capacity and approval of costs by the Department of Industrial Policy & Promotion.

3. The Funding pattern of the above project cost shall be as follows:

Sl. No	Source	Amount (Rs. In Crore)
1	Grant from Government of India (under IIUS Scheme):	39.22
2	Contribution by users and Borrowing from lending agencies/ State Govt.	27.17
	Total	66.39

4. Implementation schedule:

Duration of the project – 24 Months.

5. In case the project is not started within a reasonable period of time say 6 months from the date of sanction, the Apex Committee shall withdraw the sanction so that the limited resources available under the scheme could be re-allocated to other deserving projects.

6. The SPV shall execute a bond for proper utilization of grant wherein, it shall undertake that:-

- (a) It shall abide by the conditions of the grant by the target dates, if any, specified therein,
- (b) It shall not divert the grants and entrust execution of the scheme or work concerned to another institution(s) or organization, and
- (c) It shall abide by any other condition specified in this approval letter and in the event of failing to comply with the conditions or committing breach of the bond it shall be liable to refund to the President of India the entire amount of the grant with interest at 6% per annum thereon.

7. Terms & Conditions

A. SPV related

- i. One nominee of the Government of India, the State Government and R&D institution concerned with the industrial cluster each shall be

appointed on the Board of Directors/Governing Body/Executive Body of the Special Purpose Vehicle (SPV) formed under this scheme.

- ii. The SPV shall have an independent Managing Director and independent Finance Director, who would also be on the Board of Directors.
- iii. In case GoI is of the opinion that the implementation of the project or operation of the SPV is not satisfactory or in case of disputes amongst the Board members, the GoI would have the powers to alter the composition of the Board and effect a change in the management of the SPV or issue such directions as may be necessary. The articles of association of the SPV shall be suitably modified to enable GoI to enforce, if required the above conditions stipulated while sanctioning the grant.
- iv. The SPV shall have Resource person(s) appointed for Technology, Best management practices and Information & Communication Technology (ICT) as approved by the DIPP.
- v. The SPV shall create a Project Account (Trust & Retention Account) with a Trustee Bank and provide the details to GOI.
- vi. The SPV shall set up a separate Reserve Fund Account for O&M purposes and to create and maintain a reserve corpus on a project specific or combined basis to be utilized for cash-flow management in case of revenue shortfalls for capital replacement or refurbishments.
- vii. The SPV shall decide on methodology of time-sharing, user changes and other operating parameters well in advance before implementation of each sub-project.

B. Cost Estimate

- i) Before incurring any expenditure the detailed estimates and drawings for all components, with due certification from a Chartered Engineer, should be submitted to DIPP for approval.
- ii) The cost estimates for various components under the scheme should satisfy the following requirements:
 - a) The cost estimates for roads and construction of buildings, should be as per the Schedule of Rates (SOR) of the State Government.

- b) For all other components of the project, the cost estimates should be as approved by the DIPP or any other agency designated by the DIPP.

C. Release /Utilisation

- i. GoI's disbursement may be effected to a no-lien account with proportionate contribution from promoters deposited in the no-lien account. The deposits in the non-lien account may be utilised only for authorised expenditure for the approved sub-projects.
- ii. The contribution by the promoters would be brought in on pro-rata basis. The sub-projects may be taken up in a sequence such that the amount already brought in together with the proportionate grant would be sufficient to complete the respective sub-projects.
- iii. THE SPV shall provide DIPP with the details of the Project Account (Trust and Retention Account) along with the Trustee Manager details before disbursement of 1st instalment of Central Grant into this account within two days from receipt of this letter.
- iv. The grant sanctioned by GoI would be utilized only for the sub-projects mentioned in this letter. Any deviation there from would require the approval of Government of India in writing.
- v. The SPV shall not obtain grant from any other agency for implementing the eligible activities mentioned in this letter.
- vi. The SPV shall furnish a utilization certificate for amounts released through this sanction before the next release of funds. The release of next instalment shall also be dependent upon the contribution made by the promoters.
- vii. Managing Director, The SPV would be the Drawing and Disbursing Officer for the release of the amounts under this sanction.
- viii. The SPV shall submit performance-cum-achievement report before applying for the next instalment as grant.
- ix. The SPV shall maintain separate account of the grants-in-aid received from the Government.
- x. The SPV shall arrange additional funds, if any required, to meet time and cost overruns.

- x. The SPV shall seek compliance with statutory approvals and clearances as applicable before implementation.
- xi. The SPV shall undertake all procurement of goods, equipment & services or any other item through a transparent and competitive procurement process as per State/ Government of India norms.
- xii. The SPV shall undertake audit of its accounts to the satisfaction of GOI, independent auditor and cooperate in the audit.
- xiii. The SPV shall complete process for transfer of the roads and Right of Way as per proposal to Govt. of India for this project.

D. Assets

- i. The assets acquired out of Government assistance should not, without the prior sanction of the Government, be disposed of, encumbered or utilised for the purpose other than for which the funds have been released.
- ii. A register of permanent and semi-permanent assets acquired wholly or mainly out of the funds be maintained on the basis of Form GFR – 19.
- iii. A return of such assets acquired during a financial year should be furnished in the Form-GFR-19.

E. Monitoring

- i. The Government of India shall appoint an independent auditor, independent engineer or an independent monitoring agency to ensure that the funds released by it are utilised for the purpose for which these are sanctioned.
- ii. The grant so paid to The SPV shall be open to inspection by the sanctioning authority/CAG/Internal Audit Party of the Chief Controller of Accounts, Ministry of Commerce & Industry, New Delhi wherever The SPV is called upon to do so.
- iii. The SPV shall report on the physical progress as well as the expenditure incurred in the project to the Government of India every quarter.
- iv. The project cost would be reviewed by GoI and the Monitoring Committee after all the quotations are obtained on competitive basis

and the grant would be suitably adjusted depending on the outcome of such review

8. Administrative Expenses:

- i. A sum of 3% of the Central Grant shall be kept for administrative expenses which shall be incurred by or under directions of the DIPP.
- ii. Expenses incurred towards development of project, appraisal of the project proposal, monitoring as well as evaluation of the scheme by a professional independent agency, best practices (transfer) within/outside the country, cluster networking within or outside the country and any other incidental expenses shall be charged under the administrative expenses.

9. Role of the State Government:

- i. All expenditures incurred by the SPV shall have to be verified and countersigned by the Secretary/Commissioner, Industries Department, Government of Tamil Nadu.
- ii. Secretary/Commissioner of Industries, Government of Tamil Nadu shall supervise and monitor the implementation of the project.

In case of any dispute, Secretary, Department of Industrial Policy & Promotion, Government of India, shall be the sole “Arbitrator” and his decision shall be binding on the implementing agency.

Yours faithfully,

(Arun Kumar Jha)
Director
Tel. No. 23014343

File No. 5/28/3/2004-DBA-I

Dated the 11th May, 2005

Copy to :

- 1) Pay & Accounts Officer, Ministry of Commerce and Industry, Deptt. of IPP.
- 2) Secretary, Industries Department, Govt. of Tamil Nadu, Chennai.
- 3) Secretary, Finance Deptt., Govt. of Tamil Nadu, Chennai
- 4) Director of Industries & Commerce, Govt. of Tamil Nadu, Chennai
- 5) Office of the Comptroller & Auditor General, New Delhi
- 6) Accountant General, Tamil Nadu, Chennai
- 7) Director of Audit, Commerce, Works & Misc., AGCR Building, New Delhi.
- 8) Finance-II Section, Deptt. Of IPP, Udyog Bhwan, New Delhi.
- 9) B&A Section, Deptt. of IPP, Udyog Bhawan, New Delhi.
- 10) SBI Capital Markets Limited, 202, Maker Tower 'E', Cuffe Parade, Mumbai – 400 005
- 11) Sanction file/Guard file.

(Arun Kumar Jha)
Director
Tel. No. 23014343