

**Minutes of the Review Meeting of Industrial Infrastructure Upgradation
Scheme (IIUS) held on 30th March, 2005.**

A Review meeting was convened on 30th March, 2005 at 11 AM, in the Department of Policy and Promotion, Ministry Commerce and Industry, Udyog Bhawan, New Delhi under the Chairmanship of Shri S. Jagadeesan, Joint Secretary (IPP) and Member Secretary of the Apex Committee on Industrial Infrastructure Upgradation Scheme (IIUS), to review the progress of implementation of all the 16 sanctioned projects under IIUS to whom the first instalment of the IIUS grant was released.

The list of participants is annexed.

1. The Chairman welcomed all the officials of the SPVs as well as the nominee Directors of DIPP in the SPVs and explained the purpose of the meeting. He made general suggestions which are as follows:-
 - i. The SPV should submit the estimates for the items which have been approved for grant under the IIUS. For items pertaining to physical infrastructure, the estimates should be as per the Scheduled of Rates (SOR) of the respective State Governments.
 - ii. For the items which are not covered under the SOR for example interior decorations, furniture etc., the estimates should be compared with certain bench mark rates. The rates adopted by various State Government organizations for these items could be taken as bench mark rates.
 - iii. For Machine Tool and all machinery related to engineering industry, SPV should avail the expertise of the Central Government autonomous institute: Central Manufacturing Technology Institute (CMTI), Bangalore.

- iv. National Council for Cement and Building Material Ballabgharh, under the Department of IPP could be used for firming up of estimates for Cement and other building related items and machinery.
- v. Similarly, Textile Commissioner, Ministry of Textiles may be consulted for Textile Machinery and other Textile related items. Besides, autonomous institutes like the NIFFT under the Ministry of Textiles and the NID under DIPP may be consulted.
- vi. The Indian Institute of Foundry (IIF), Delhi could be consulted for technological support, cost estimates etc., for foundry cluster.
- vii. For chemical industry, IT industry and other industries not specified above, the name of appropriate institution would be identified and circulated.
- viii. After the approval of estimates from DIPP, SPV should invite tenders for procurement. All these above steps for certification or approval of estimates are safety measures which have been suggested to be adopted by SPV to enhance their comfort level and preventing any misuse of funds.
- ix. It was mentioned that accounts of utilisation of funds by SPVs would be subjected to audit by CAG as per the rules.

2. The progress reports of all the 16 sanctioned projects under IIUS were reviewed. Clarifications sought by representatives of the SPVs as well as the nominee Directors of DIPP in the SPVs were provided. The following issues emerged during the meeting:-

- i. Coir cluster, Allepy, Kerala was advised that cost estimates as approved by the Apex Committee cannot be enhanced. Secondly, any change in the cost/ nomenclature of the items as approved under IIUS need prior approval of Department of IPP.

- ii. Auto cluster, Pithampur, MP was advised to consult Tool Room, Indore under the Ministry of SSI for advice on setting up the proposed Tool Room in the private sector. Setting up of Tool room on Build-Operate-Transfer (BOT) system by a private agency does not seem to contravene any guidelines of the IIUS. However, since this is a new project, SPV were asked to protect their interest. Further, interests of SSI units present in the cluster need to be protected in general.
- iii. As a general thumb rule the SPVs were suggested to encompass all the available SSI units present in the cluster. One of the possible methods could be issuance of low value equity share so that all units can become members of the SPV.
- iv. Auto cluster, Chennai, Tamilnadu was advised that all activities as approved by the Apex committee have to be implemented. There can not be any addition of new activity in the approved cluster. No change of activity without prior permission of DIPP can be undertaken. However, the SPVs can replace the activities within the approved project cost.
- v. Foundry cluster, Belgaum, Karnataka was advised that in respect of Sand Reclamation Plant, a separate meeting of all concerned would be convened for judging the appropriateness of this activity as a common facility, validation of Technology/ size/ cost. The Institute of Indian Foundrymen (IIF), Delhi would submit a base paper on the above.
- vi. Further, the SPV was clarified that pro-rata industry contribution should be collected before incurring any expenditure. Regarding administrative cost, the SPV was advised to keep it within the 2% of the total project cost. This 2% cost is included in the cost of items granted under the IIUS. It was also advised that expenditure essential for operation of SPV should only be taken. All other expenses over and above of this 2% shall be borne by SPV out of their own resources.
- vii. It was clarified that for the purpose of obtaining loan from any financial institution, DIPP may be approached for issue of a No objection certificate (NOC) for mortgaging the assets created under IIUS grant.

- viii. It was also cautioned that assistance could not be sought from two or more Ministry/ organisations for the same activity. However, it was clarified that the grant of 75% from the IIUS, 15% contribution from firms through the SPV and 10% loan/ assistance from the FIs/ State Government for the same activity are not considered to be duplication.
- ix. Chemical cluster, Vapi, Gujarat, which had not shown any tangible progress in implementation of the project, was cautioned that the project would be liable for cancellation.
- x. The progress of implementation of Auto Cluster, Pune; Auto Cluster, Vijayawada; Cereal Cluster, Madurai; Chemical Cluster, Ankaleshwar; Gems & Jewellery Cluster, Surat; Marble Cluster, Kisangarh; Textile Cluster, Ludhiana; Textile Cluster, Panipat; Textile Cluster, Tirpur; Iron/Steel Cluster, Jajpur; Machine Tool Cluster, Bangalore were noted. The SPVs of these clusters were asked to expedite the process of implementation.

Finally, all the SPVs were asked to submit cost estimates at the earliest as well as implementation bar chart for proper monitoring by the DIPP.

The meeting ended with a vote of thanks to the Chair.