

**COMPERHENSIVE HANDICRAFTS
CLUSTER DEVELOPMENT SCHEME
(CHCDS) GUIDELINES.**

Guidelines for implementation of projects under Comprehensive Handicrafts Cluster Development Scheme (CHCDS)

Introduction:

Integrated projects under CHCDS are intended to scale up the infrastructural and production chain at Handicrafts clusters which have remained unorganized and have not kept pace with the modernization and development that have been taking place so far. Consequently, there has not been any addition of fresh impetus of development and optimum realization of output in the handicrafts sector, which is not only the backbone of long traditional heritage and cultural linkages.

The prospect of this sector lies in infrastructural improvement, modernization of the tools, machinery, process, product development & diversification and creating strong brands. Innovative designs as well as technical know-how, furthered by brand building of the native products hold the key to creating a niche market for the products manufactured by the clusters. The proposed programme is expected to support the Up gradation/creation of infrastructural facilities coupled with market linkages and product development & diversification.

Handicrafts clusters are located in clearly identifiable geographical locations (clusters) that specialize in specific products, with close linkages and inter dependence amongst the key players in the cluster.

Further, during implementation of the projects it has been observed that in certain cases interventions are required to be implemented at “various places throughout the country in a particular craft” or “in scattered clusters practicing various crafts in a state/geographical region” for generating employment through skill up-gradation and also for increasing the market base of the craft within the country as well as in the International market. In such cases the CHCD Scheme would be flexible to reach all corners of the country wherever the selected craft exists. The activities may vary from soft to hard interventions. In short, projects under CHCDS can be implemented in a fixed geographical area as well as different places throughout the country in a particular craft or in a state where crafts are identified on block/cluster level.

The integrated projects will be taken up for development through Central/State Handicrafts Corporations/autonomous body-council-institute/registered co-operatives/producer company of artisans/registered SPV, having good experience in handicrafts sector as per requirement and as per the DPR prepared for the purpose.

1. OBJECTIVES AND STRATEGY

The objective is to develop these clusters with world-class infrastructure. The guiding principle behind the design of clusters would be to create world-class infrastructure that caters to the business needs of the local artisans & SMEs to boost production and export. In brief, the main objective of setting up these clusters is to assist the artisans & entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and human resource development inputs, coupled with market linkages and production diversification. SPV is designed in such a way, which will have Standard Models of units of SSI and SME with infrastructure that is customized to give a competitive edge and these centres have greater potential to become globally competitive.

The broad objectives of the proposed program are as follows:

- i. To enhance the competitiveness of selected clusters in terms of increased market share and ensuring increased productivity by higher unit value realization of the products.
- ii. To ensure effective integration of scattered artisans, building their grass roots enterprises and linking them to SMEs in the sector to build critical mass for customized interventions and ensure economies of scale in operations. This will build a supply system that is geared to responding to large-scale orders, adhering to quality and product standardization, which are pre-requisites of global markets.
- iii. To generate additional livelihood opportunities to the people through specific intervention in segmental sub sector industry and increase the incomes to the artisans/craftsmen already engaged in this sector.
- iv. To provide requisite support/ linkages in terms of adequate infrastructure, technology, product diversification, design development, raw material banks, marketing & promotion, social security and other components that are vital for sustainability of artisans/craftsmen engaged in the Handicrafts sector.
- v. The core elements of the strategy for the proposed program are given below:
- vi. Proactive and strong technical and program management assistance for capacity building, designing of the interventions and their implementation, through a competent professional agency.

2. Funding pattern

Funds to the tune of 2% (max.) of project cost upto a maximum of Rs. 5.00 Lakhs (whichever is less) per project shall be earmarked for establishing baseline data / DPR against which performance can be compared at the end of the project. The total fund requirement will be as per the Detailed project Report (DPR). 3% of Total project cost shall be provided for setting up of Project Monitoring Unit (PMU).

50% of the approved project cost will be released as advance/1st instalment. 2nd instalment @ 40% of the approved project cost will be released on utilization of 70% of 1st instalment. The last 10% amount will be released as reimbursement on completion of project and submission of utilization report etc.

3. Implementation Methodology & Framework

A project of this nature, which is need based, multi stakeholder driven, holistic and outcome oriented, would require institutional structure and processes that are capable and conducive to achieving the objectives of the program.

The following will be the methodology and process through which the project would be implemented: -

- i. Field survey/ viability study should be undertaken to identify the craft pocket/artisans of a particular location.

- ii. Undertaking a detailed diagnostic study of the cluster in order to identify the needs, gaps and also developing base line reference data. The number of beneficiary artisans for the project shall be more than 10000 or as per the availability of artisans in a craft concentrated area.
- iii. Preparation of a Detailed Project Report (DPR) covering technical, financial, institutional and implementation aspects, based on the diagnostic study. This DPR would clearly establish the expected outcomes of each of the interventions, which are measurable i.e. increase in income/wages, number of full-time artisans, production and exports etc.
- iv. Validation of the findings of the diagnostic study and the DPR by the key stakeholders of the cluster including representative associations, federations of the artisans, support institutions, service providers, State Government and Central Government agencies.
- v. Financial parameters of the projects shall be in consonance with the National Handicrafts Development Programme (NHDP) **as amended from time to time** and as per the approved DPR by PAMC.
- vi. The maximum duration of the project shall be 3 years, which can be extended upto next 1 year subject to the approval of PAMC.
- vii. Approval of the DPR by PAMC under Ministry of Textiles. All the activities of the DPR should be sanctioned in one stroke. There shall be only one implementing agency for one project. There shall be only one Cluster Management and Technical Agency (CMTA) for all projects under CHCDS.
- viii. Ownership of land wherever needed for any of the interventions of the DPR, prior to the sanction of project by the SPV. The land should be free from all litigations and should have all the necessary clearances.
- ix. Implementation of the interventions as per the phasing mentioned in the DPR. However, with the approval of PAMC, flexibility in the guidelines may be adopted to ensure successful implementation of the project.
- x. Special focus should be given to branding and marketing of handicrafts products under the project to enhance their sales in national and international market.
- xi. Disbursement of funds shall be done through Aadhar Enabled Payment System (AEPS) to ensure Aadhar authentication. Cashless and electronic transaction shall be adopted.
- xii. Regular monitoring and evaluation of the implementation of the interventions against the outcomes defined in the DPR at the level of field offices/Regional offices/Headquarters.
- xiii. Monitoring of infrastructure components like Common Facility Centre, Community Production Centre, Raw Material Bank, Resource Centre, Design Centre, Trade Facilitation Centre up to 10 years after the completion of the project at the level of field offices/Regional offices/Headquarters.

- xiv. Submission of monthly progress report (MPR) by Implementing Agency (IA)/SPV/Field Offices of DC(Handicrafts). IA/SPV to upload photographs/video of the event/interventions on their website under intimation to this office.
- xv. Engagement of designer will be provided for projects for a period not more than 3 years. Designer fee would be Rs. 55,000 per month including TA. Designer should be linked to outcome-based parameters in terms of number of new designs introduced and sales achieved for new designs. The NID and NIFT graduates will be given preference during selections of designers and the engagement should be through a transparent system.
- xvi. The Implementing Agencies of projects will be eligible for 3% administrative cost for setting up of project monitoring unit.
- xvii. All projects to be started/sanctioned in the first 3 years and they will remain in operation for the total scheme period.
- xviii. Convergence with the schemes of Ministry of social justice and empowerment for hand holding support to SC/ST/OBC artisans, with the schemes of Ministry of Tribal Affairs for financial assistance, bank linkages and sale & export of handicrafts of ST artisans and with the schemes of Ministry of Minority Affairs for various training and marketing events for minority artisans, may also be explored.

4. Project Approval and Monitoring Committee (PAMC)

The Detailed Project Report (DPR) shall be considered and approved by the Project Approval and Monitoring Committee (PAMC). The PAMC shall accord further approvals only after the comprehensive DPRs are in place. The implementation of the various projects should also be reviewed periodically by the PAMC.

The composition of the PAMC would be:

Secretary (Textiles)	Chairman
Development Commissioner (Handicrafts)	Member
Secretary/Director(Industries) of the Dept. dealing with Handicrafts in the state	Member
AS&FA/Representative of IFW	Member
District magistrate of the concerned District	Member
Representative of SFURTI, Ministry of MSME	Member
Additional Development Commissioner/Director (Handicrafts)	Member/Convenor

5. Deliverables/Advantages of the proposed Clusters

Social:

- i. Employment Generation;
- ii. Better living standards for the existing artisans.

Economic:

- i. Foreign Exchange earnings by export;
- ii. Substantial Increase in quality and value added Production;
- iii. Increase in the business of small entrepreneurs;
- iv. Savings in cost by manufacturers in the cluster due to better infrastructure and Government induced benefits;
- v. Revenue generation to local bodies and State & Central Governments;
- vi. Growth of industry in an organized form.
