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Scheme of Funds for Regeneration of Traditional Industries (SFURTI)

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About SFURTI

- SFURTI is Scheme of Fund for Regeneration of Traditional Industries.
- Ministry of Micro Small and Medium Enterprises (MSME), Govt. of India has launched this scheme in the year 2005 with the view to promote Cluster development.
- As per the revised guidelines, the following schemes are being merged into SFURTI:
 1. The Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans
 2. The Scheme for Product Development, Design Intervention and Packaging (PRODIP)
 3. The Scheme for Rural Industries Service Center (RISC) and
 4. Other small interventions like Ready Warp Units, Ready to Wear Mission, etc.
- This scheme will support MSMEs in provisioning of Infrastructure for their development through following 2 components:
 1. Scheme of Funds for Regeneration of Traditional Industries (SFURTI).
 2. Micro and Small Enterprises-Cluster Development Programme (MSE- CDP).

Objectives of Scheme

- To organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability and economy of scale;
- To provide sustained employment for traditional industry artisans and rural entrepreneurs;
- To enhance marketability of products of such clusters by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure;
- To equip traditional artisans of the associated clusters with the improved skills and capabilities through training and exposure visits;
- To make provision for common facilities and improved tools and equipment for artisans to promote optimum utilization of infrastructure facilities;
- To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities and respond to them in a coherent manner;
- To build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public - private partnerships, so as to gradually replicate similar models of cluster - based regenerated traditional industries
- To look for setting up of multi-product cluster with integrated value chain and a strong market driven approach for viability and long term sustainability of the cluster;
- To ensure convergence from the design stage with each activity of the cluster formation and operations thereof.
- To identify and understand cluster's target customers, understand their needs and aspirations and develop and present product lines to meet the requirement. Substantial

focus should be on the buyer segment that places a premium on natural, eco-friendly, ethically sourced and the uniqueness of the Khadi and VI products.

- To develop specific product lines out of the currently offered diversified basket of heterogeneous products based on the understanding of the target consumer segment. A brand unification exercise also needs to be done to maximize the value.
- To make a paradigm shift from a supply driven selling model to a market driven model with the right branding, focus product mix and correct positioning and right pricing to make the offering holistic and optimal for each of the focus categories.
- To tap the E-Commerce as a major marketing channel given the outreach and the growing market penetration of E-Commerce, there is a need to devise a quick strategy to make its presence felt in the E - Retail space.
- To make substantial investment in the area of product design and quality improvement. There is a need to standardise the quality of inputs and processes so that the products meet the quality benchmarks. Research need to be done to develop new textures and finishes to cater to the prevailing market trends.

Target Sectors and Potential Beneficiaries

The target sectors and potential beneficiaries will include:

- Artisans, workers, machinery makers, raw material providers, entrepreneurs, institutional and private business development service (BDS) providers.
- Artisan guilds, cooperatives, consortiums, networks of enterprises, self-help groups (SHGs), enterprise associations, etc.
- Implementing agencies, field functionaries of Government institutions/organisations and policy makers, directly engaged in traditional industries.

Criteria for Selection of Clusters

The selection of clusters will be based on their geographical concentration which should be around 500 beneficiary families of artisans/micro enterprises, suppliers of raw materials, traders, service providers, etc., located within one or two revenue sub-divisions in a District (or in contiguous Districts). The clusters would be from khadi, coir and village industries, including leather and pottery. The potential for growth in production and generation of employment opportunities will also be considered in selecting clusters under SFURTI. The geographical distribution of the clusters throughout the country, with at least 10 per cent located in the North Eastern region, will also be kept in view while selecting clusters.

Project Interventions

The Scheme covers three types of interventions namely "soft interventions", 'hard interventions' and 'thematic interventions'.

- Soft interventions - General awareness, counselling, motivation and trust building; Skill development and capacity building; Institution development; iv. Exposure visits; v. Market promotion initiatives; vi. Design and product development; vii. Participation in seminars, workshops and training programmes on technology up-gradation, etc.
- Hard Interventions - Creation of facilities such as Multiple facilities for multiple products and packaging wherever needed; Common facility centres (CFCs); Raw material banks (RMBs); Up-gradation of production infrastructure; Tools and technological up-gradation; Warehousing facility; Training center; Value addition and processing center
- Thematic interventions - cross - cutting thematic interventions at the sector level including several clusters in the same sector with emphasis on both domestic and international markets . These will primarily include : Brand building and promotion campaign; New media marketing; e-Commerce initiative; Innovation

Financial Assistance

The financial assistance provided for any specific project shall be subject to a maximum of Rs 8 (eight) crore.

Project Intervention	Scheme Funding	Financial Limit	IA Share
A. Cluster interventions			
Soft Interventions including skill trainings, capacity building, design development	100 %	10% of the amount of Hard Intervention (HI) or Rs. 25 lakh, whichever is less.	--
Hard Interventions (HI) including CFCs, RMBs, training centres, etc. *	90 %	--	10% of Hard Intervention as own contribution in cash.
B. Cost of TA	100 %	8% of the amount of Hard Intervention (HI) or Rs. 30 lakh, whichever is less.	--
C. Cost of IA/SPV including CDE #	100%	8% of the amount of Hard Intervention (HI) or Rs. 20 lakh, whichever is less	--

Maximum Rs.5 crore per project (A+B+C)

* 95%:5% in case of North Eastern Region (NER), J&K and hilly states

This includes remuneration of Cluster Development Executive (CDE) and other expenses incidental for a period of 3 years.

Scheme Steering Committee (SSC)

The Ministry of Micro, Small and Medium Enterprises (MSME) will be the coordinating Ministry providing overall policy, coordination and management support to the Scheme. A Scheme Steering Committee (SSC) will be constituted under the chairmanship of Secretary (MSME).

Nodal Agencies (NAs)

The following agencies shall be designated as the Nodal Agencies for the Scheme:

1. Khadi and Village Industries Commission - for Khadi and Village Industry clusters
2. Coir Board - Coir based clusters

Technical Agencies (TAs)

Established national - level institutions, with proven expertise in artisanal and small enterprise cluster development shall be engaged as Technical Agencies (TAs) to provide close handholding and implementation support to the SFURTI clusters.

Implementing Agencies (IAs)

Implementing Agencies (IAs) would be non-Government organizations (NGOs), institutions of the Central and State Governments and semi - Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), etc. with suitable expertise to undertake cluster development. One IA will be assigned for only one cluster (unless it is an agency with State - wide coverage). The selection of IAs, based on their regional reputation and experience of working at the grass - roots level, will be done by the Nodal Agencies (NAs), on the basis of transparent criteria.