

# **I Guidelines for Sustainable Technology and Environmental Promotion (STEP) sub-scheme of Indian Footwear and Leather Development Programme**

## **1. Background**

(i) Leather Industry and tanning activity in particular, all over the World is linked to environmental concerns. The environmental issues are slowly gaining ground and extensive measures would need to be put in place for industries to cope with the stringent norms. Tanneries have taken considerable steps to address the issue of wastewater treatment. Tanneries are connected to wastewater treatment mechanisms, which could render the wastewater amenable to discharge. Zero wastewater discharge or Zero liquid discharge is also made mandatory in some States and the tanneries have installed adequate amenities in place to attain these standards. However, as the environmental issues continue to exert significant force of down pulling; this is one issue that is directly connected to the sustainability of the industry.

(ii) The assistance would be provided for

- I. Establishment or Upgradation of Common Effluent Treatment Plants (CETPs)**
- II. Preparation of vision document for Footwear and Leather Industry**

## **Component wise Guidelines**

### **(I) Establishment or Upgradation of Common Effluent Treatment Plants (CETPs)**

#### **(A) Objective**

1. This component would provide financial support to Leather Clusters to meet the prescribed pollution control discharge norms. This would cover establishment / expansion / up gradation of CETPs, developing Secure Land Fills and any other techniques for hazardous waste management.
2. In addition to general provision for up-gradation of existing CETPs, additional project requirements will also be considered in handling the salinity aspects including alternative option of disposal into saline stream/sea after required treatment, sludge utilization / management in all the CETPs taking into account the current regulations on hazardous waste management. Thus, the scheme would broadly cover the following activities:-

- i. Establishment/expansion /up gradation of CETPs
- ii. Upgradation of constituent Primary Effluent Treatment Plants(PETPs) connected to concerned CETP
- iii. Developing secure landfills
- iv. Conversion of waste into some by- products
- v. Any other techniques for hazardous waste management
- vi. No provision shall be made by SPV for upgradation of individual tanneries. The project scope should only for common infrastructure.

**(B) Implementation Methodology**

1. The benefits under the scheme would be available to a group of entrepreneurs that are engaged in leather business and intent to set up/upgrade the infrastructure for environment protection. The Special Purpose Vehicle (SPV), promoted by such entrepreneurs for setting up such infrastructure shall be the recipient of the assistance under the scheme. CETP companies already established by group of leather entrepreneurs can also be the SPV for implementation of the scheme. Any SPV which has already availed assistance for this purpose under Mega Leather Footwear and Accessories Cluster sub-scheme would not be considered for the same purpose under this sub-scheme. There shall be one nominee each of the Government of India (DPIIT) and State Government on the Board of Directors of the SPV.
2. The SPV would submit the DPR for the approval of the DPIIT. The projects upto Rs. 15 crore would be submitted for approval to the Steering Committee to be notified by the Department. The proposals above Rs.15 crore would be submitted for approval to the Empowered Committee to be notified by the Department.
3. Central Leather Research Institute (CLRI) would act as Appraising Agency and also as Project Monitoring Consultant (PMC) for monitoring and concurrent evaluation, etc. The PMC would be responsible for carrying out mid-term and terminal evaluation of each project sanctioned under this component.
4. A multi-partite agreement shall be made by CLRI in consultation with DPIIT and the same shall be signed among CLRI, CETP, SPV, DPIIT and State Government, if involved, with respect to the project implementation laying clear responsibilities, outcomes and timelines. SPV shall provide an undertaking about availability of their funds and compliance of project timelines with clear milestones.
5. CLRI shall ensure that the individual tanneries are complying with the environmental norms for effluent.
6. CLRI shall ensure appropriate arrangement for salt management at each approved project.
7. The CETPs will ensure the compliance of standards for emissions and discharge under Environment (Protection) Rules, 1986.

### (C) Pattern of Assistance

1. The Central Government assistance under this component would be 80% of the total project cost for North Eastern Areas and 70% of the total project cost for other areas subject to a limit of Rs.200 crore while the share of the industry/beneficiary would be 20% for North Eastern Areas and 30% of the project cost for other areas respectively.
2. SPV may receive the contribution from State Government, if involved, within their share of the project cost.
3. GOI assistance would be provided as one time grant-in-aid (not equity) for capital expenditure for the infrastructure. No recurring cost would be provided by the department. The entire operation and maintenance costs would be borne by the industry. The contribution of other stakeholders must be in the form of cash and not in kind like the cost of land/existing building.
4. In case of downward revision of approved project cost, the central government grant would be reduced proportionately. Higher expenditure in the approved project cost due to time and cost-overruns have to be borne by the CETP/SPV.
5. The fee for PMC will be paid @1% of the GOI assistance.

### (D) Release of Fund

1. SPV shall maintain an exclusive project specific Trust and Retention Account (TRA) with any nationalized Bank, and the funds from the Government will be released into that account. After approval, the Government would release its share of assistance in 4 phases as per the following schedule:-
  - i. **First installment:** 25% of the assistance, as advance, on final approval of the project, after the financial closure of the project and after acceptance of award of contracts of the SPV by the contractor and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e. 25% of the share of SPV) deposited by SPV in the TRA.
  - ii. **Second Installment:** 25% of the assistance after the utilization of the previous installment as 2<sup>nd</sup> installment and on producing the statement of project specific TRA reflecting the proportionate contribution (i.e. 25% of the share of SPV as 2<sup>nd</sup> installment) deposited by SPV in the TRA.
  - iii. **Third Installment:** 25% of the assistance after the utilization of the previous installment as 3<sup>rd</sup> installment and on producing the statement of project specific TRA reflecting the proportionate contribution deposited by SPV in the TRA (i.e. 25% of the share of SPV as 3<sup>rd</sup> installment).
  - iv. **Fourth Installment:** 25% of the assistance after the utilization of the previous installment as 4<sup>th</sup> installment and on producing the statement of project specific

TRA reflecting the proportionate contribution deposited by SPV in the TRA (i.e. 25% of the share of SPV as 4<sup>th</sup> installment and 75% of the share of the State Government each).

**(E) Other conditions:-**

1. Appropriate performance guarantee should be built in the agreement to ensure timely completion of the project.
2. Procurement policy must be as per Government's GFR.
3. The assets acquired/created by the SPV/CETP out of government assistance shall not be disposed, encumbered or utilized for the purposes other than for which the funds have been released. GFR would be followed in this regard.
4. For the purpose of monitoring and verification of progress/proper utilisation of benefits, an appropriate system, including targets for physical verification by Group A/Class I officers will be set by the empowered committee.
5. Digital portal for beneficiaries in all sub-schemes enabling proper identification and monitoring of beneficiaries/benefits is being established.
6. Provision of these guidelines can be modified with the approval of Secretary, DPIIT.

**II. Preparation of vision document for Footwear and Leather Industry**

**(A) Background**

For the sustainable growth of the Footwear and Leather industry, it is important to consider the changes in the supply of raw material, demand for the end products, policy initiatives and societal relevance/acceptance over a reasonable period of time. Therefore, a vision document for the Indian Footwear and Leather Sector needs to be prepared. In addition there is also a need to assist and promote national Level body of stakeholders to ensure competitiveness of domestic players.

**(B) Objective**

The aim of this component is to prepare a vision document for the Indian Footwear and Leather Sector which would serve as a guideline for the technological developments and policy directives to be made in the sector. It is also an aim of the sub-scheme to extend support to national level industry body for ensuring focus on vision for the sector.

**(C) Implementation methodology**

The Development Council for Footwear and Leather Industry notified by DPIIT under IDR Act shall be entrusted with the responsibility of preparation of Vision Document. The Vision Document will be prepared in stakeholder consultations and views of various industry bodies would suitably be factored into the vision document.

The study submitted shall be considered by the Department and approved by the Empowered Committee.

**(D) Funding Pattern and Release of fund**

GOI assistance as 100% of the project cost would be made available, as one-time grant-in-aid under this component, subject to a maximum limit of Rs. 5 crore, for the preparation of the vision document. Funds would be released in two installments:-

- a. 50% of the total cost after approval of the project by Steering Committee
- b. 50% of the total cost after utilization of the previous release and completion / acceptance of the report by the Steering Committee.

**(E) Other Conditions:**

(i) For the purpose of monitoring and verification of progress/proper utilisation of benefits, an appropriate system, including targets for physical verification by Group A/Class I officers will be set by the empowered committee.

(ii) Digital portal for beneficiaries in all sub-schemes enabling proper identification and monitoring of beneficiaries/benefits is being established.

(iii) Provision of these guidelines can be modified with the approval of Secretary, DPIIT.

\*\*\*\*\*