

Frequently Asked Questions (FAQ)

Coir Udyami Scheme (CUY) Scheme

1. What is CUY Scheme?

Government of India has approved a new credit linked subsidy scheme called Rejuvenation, Modernization and Technology Upgradation of the Coir Industry to facilitate sustainable development of the Coir Industry in the country which in turn generate more employment opportunities especially for women and the weaker sections of people in rural areas. CUY Scheme will be a Central Sector Scheme to be administered by the Ministry of Micro, Small and Medium Enterprises.

2. Who are the Implementing and Nodal Agencies for the implementation of CUY Scheme?

The Scheme will be implemented by Coir Board, a statutory organization under the Ministry of MSME as the Nodal Agency at the national level. At State level the scheme will be implemented through Board's Regional Offices, Sub Regional Offices, Coir Mark Scheme Office and District Industries Centre, Coir Project Offices, Banks and such other offices from time to time.

3. How are CUY scheme projects implemented, in general?

The Government subsidy under the scheme released to Coir Board will be routed through the identified banks for the eventual distribution to the beneficiaries/entrepreneurs in their bank accounts. The Implementing Agencies viz. Coir Board Offices, DIC, Coir Project Offices etc will associate with reputed Non Governmental Organizations (NGOs)/reputed Autonomous Institutions/National Small Industries Corporation/Panchayathi Raj Institutions and other relevant bodies in the implementation of the Scheme especially in the area of identification of beneficiaries, area of specific viable projects and providing training in Entrepreneurship Development, verification of units established under the Scheme.

4. Quantum of Financial Assistance under CUY Scheme?

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5. Eligibility norms for CUY Scheme Beneficiaries

- i) Any individual above 18 years of age with Indian Citizenship.
- ii) Only one person from one family is eligible for obtaining financial assistance for setting up of projects under CUY Scheme. The 'family' includes self and spouse.
- iii) There will be no income ceiling for assistance for setting up of project under CUY Scheme.
- iv) Assistance under the Scheme is only available for projects for the production of coir fibre /yarn/products etc. coming under coir sector.
- v) Assistance under the Scheme will be made available to individuals, Companies, Self Help Groups, Non Governmental Organizations, Institutions registered under Societies Registration Act 1860, Production Co-operative Societies, Joint Liability Groups and Charitable Trust. However the units that have already availed Govt. subsidy under

any other Scheme of Govt. of India or State Govt. for the same purpose are not eligible to claim subsidy under the scheme.

Other eligibility conditions

- i) Certified copy of the caste/community certificate issued by the competent authority in the case of other special categories, is required to be produced by the beneficiary along with the application form.
- ii) A certified copy of the bye laws of the institution is required to be appended along with the application wherever necessary
- iii) The project cost will include capital expenditure i.e. Building and Machinery.
- iv) The applicants will have the option to include one cycle of working capital also in the project proposal. However the working capital will not be considered for subsidy. The bank can consider approval of the project and loan shall be given to the working capital also without considering any grant for the same. The loan for working capital shall be sanctioned and released only after setting up of the unit. In no case the working capital included in the project shall exceed more than 25% of the project cost.
- v) If the beneficiary is already having the work shed the component of required machinery will alone constitute the project cost as per the scheme.

6. List of documents to be submitted by the Applicant

Sl.No.	Documents
1	Prescribed Application Form for Scheme assistance

2	Copy of Title Deed of the property on which the unit is proposed to be set up/already located
3	Proof of Coir Industry experience
4	Proof of training availed from Coir Board
5	Machineries proposed to be purchased along with Invoice
6	Industrial Establishment Certificate issued by DIC
7	Plan & Estimate for construction of work shed duly certified by Chartered Engineer
8	Project Profile of the proposed project
9	In case of SC/ST, copy of Caste Certificate
10	Any other supporting documents

7. Implementing Agencies

The Scheme will be implemented by **Coir Board, Coir House, MG Road, Kochi – 682016**, a statutory body under Ministry of MSME which will be a single Nodal Agency at the national level. At the state level the Scheme will be implemented through the Field Offices of the Board viz. Regional Offices / Sub Regional Offices / Coir Mark Scheme Office / Showroom & Sales Depots. The Regional Offices will coordinate with State District Industries Centres, Coir Project Offices, Panchayati Raj Intuitions and other NGOs of repute and such others for the identification of the beneficiaries under the Scheme.

The technical interventions, wherever necessary, will be provided by Central Coir Research Institute (CCRI), Kalavoor and Central Institute of Coir Technology (CICT),

Bangalore and other institutions engaged in development and promotion of the Coir Sector. The Scheme will be regularly monitored by the Ministry of Micro, Small and Medium Enterprises.

8. Nodal Agencies

The details of other agencies to be associated as Nodal Agencies in the implementation of CUY Scheme are as under:

- i) Field Offices of Coir Board viz. Regional Offices / Sub Regional Offices / Coir Mark Scheme Office / Showroom and Sales Depots and all other sub offices of the Coir Board situated in different parts of the country.
- ii) District Industries Centres of all State Governments and State owned Coir Fed/Coir Corporations.
- iii) Banks
- iv) Panchayati Raj Institutions
- v) NGOs run by persons having adequate experience and expertise in Project Consultancy in Small Agro & Rural Industrial Promotion and Technical Consultancy Services, Rural Development, Social Welfare having requisite infrastructure and manpower and capable of reaching village and taluk level in the State or Districts. NGOs should have been funded by State or National Level Government Agency for any of its programmes in the preceding 3 years period.

9. Financial Institutions which are empowered to provide CUY Scheme Assistance

- i) All the Scheduled Commercial Banks listed in the 2nd schedule of the RBI Act
- ii) All Regional Rural Banks

- iii) Co-operative Banks who are Member Lending Institutions (MLIs) of the Credit Guarantee Trust Fund for MSME as well as through SC/ST/OBC Finance and Development Corporations.

10. How are Beneficiaries identified?

The identification of beneficiaries at different regions will be done by a committee consisting of representatives of the Coir Board, DIC, Coir Project Office, Banks, Panchayati Raj Institutions etc. The committee will be headed by the Industries Commissioner / Director of Industries / Officer-in-charge of coir activities in the State. The Banks, DICs, Project Offices, Panchayati Raj Institutions will refer the applications to the Selection Committee Convenor, who is the Officer-in-charge of the respective Coir Board Field Offices, for its consideration. Cases of inflated costing on machinery/building and other elements of a project with a view to availing higher amount of subsidy will not be allowed and such applications will be summarily rejected or the committee will have the authority to consider such applications by reducing the cost of the project. The selection process should be a thorough, transparent, objective, just and fair process and the names of the selected application by the committee will be displayed in the website of the Coir Board.

11. Rate of Interest and Repayment Schedule

Rate of interest chargeable for the loans shall be at par with base rate. Repayment schedule may not exceed 7 years after an initial moratorium as may be prescribed by the concerned Bank/financial institution so as to enable the beneficiaries to complete this project.

The loan would be covered under Credit Guarantee Trust Fund Scheme under the O/o the Development Commissioner, Ministry of MSME. The guarantee fee for the coverage will be borne by the beneficiary or the Bank. The term loan would be without collateral / third party guarantee and under no circumstances such documents should be insisted upon by the banks.

12. Modalities of the operation of the Scheme

a) The project proposal will be invited by Coir Board from potential beneficiaries at State level through advertisement, Press, Radio and other multimedia and through DICs at periodical intervals. The Scheme will also be advertised / publicised through Panchayati Raj Institutions which will also assist in identification of beneficiaries.

b) The applications under the Scheme can be collected from Coir Board Offices, District Industries Centres, Coir Project Offices, Panchayati Raj Institutions and the Nodal Agencies approved by the Board for this purpose. The forms can also be downloaded from the Coir Board website and have to be submitted directly to the Coir Board Field Offices or through the DICs.

c) The applications received by the DICs will be referred to the Field Offices of the Coir Board. The Officer-in-charge of the following Field Offices are authorized for receiving the applications from the DICs coming under their jurisdiction:

Authorized Office	Jurisdiction
Coir Board Regional Office, Door No.103, Vallalar Street, Venkatesha Colony, Pollachi - 642001 Tel/Fax : 04259-222450	Tamil Nadu, Andaman & Nicobar Islands, Pondicherry
Coir Board Regional Office, Swaraj Nagar.A.C. Gardens Rajahmundry-533 101 Phone:0883-2432065	Andhra Pradesh
Coir Board Regional Office, Near Attingal Municipal Town Hall, Attingal.P.O. Trivandrum - 695 101. Phone: 0470-2628624	Thiruvananthapuram, Kollam and Pathanamthitta Districts in Kerala
Coir Board Regional Office, No. 3A, Peenya Industrial Area, Near TVS Cross, Peenya, Bangalore - 560 058 Phone : 080 - 28375023	Karnataka, Maharashtra, Goa and Gujarat.

Coir Board Regional Office, Jagamara (Udyogpuri), P.O.Khandagiri, Bhubaneswar-751 030, Odisha Phone:0674-2350078	Odisha, Bihar and Jharkhand
Coir Board Sub Regional Office, New Secretariat Building, C-Block, Ground Floor, 1 Kiran Sankar Roy Road, Kolkata-700 001 Phone:033-64586422	West Bengal
Coir Board Sub Regional Office, ASIDC Complex, Bhamuni Maidan, Guwahati-781022 Phone:0361-2556828	North Eastern Region
Office of the Coir Mark Scheme, Ababeel Complex, 1 st Floor, Near SBT Main Branch, CCSB Road Alleppey - 688 011 Phone: 0477 - 2254325	Lakshadweep, all Districts of Kerala except Thiruvananthapuram, Kollam and Pathanamthitta.
Coir Board Public Relation Office, Rajiv Gandhi Handicrafts Bhavan, II nd Floor, Baba Khadag Singh Marg, Cannought Place, New Delhi-110 001, Phone : 011-24337766	New Delhi, Uttar Pradesh, Jammu, Punjab, Chandigarh and other Northern States

d) The applications received will be referred to the Regional Level Selection Committee for its consideration. A Regional Level Selection Committee, consisting of the following members, will be set up to scrutinize the applications received by it.

- i) Industries Commissioner / Director of Industries /
Officer-in-charge of coir activities in the State - Chairman
- ii) Lead Bank Manager / SLBC Nominee - Member
- iii) Representatives (one each) from 3 major Banks
operating in the region - Member
- iv) One representative of SC/ST Corporation - Member

- v) Representatives of Zilla Panchayat - Member
- vi) General Manager, DIC - Member
- vii) One nominee of the State Industries Department of each
State of the region - Member
- viii) Officer-in-charge of the Field Office of Coir Board - Convenor

The venue may be the District Head Quarters where the Field Office of the Coir Board is located or at the place where the office of the Committee Chairman is located, whichever is convenient to the Chairman of the Committee.

e) The Regional Level Selection Committee will also review the status of the applications already forwarded to the Banks. Once the application is received by the Bank, the Bank shall intimate the sanction or otherwise to the beneficiary and Coir Board Field Office within sixty (60) calendar days.

f) Reputed NGOs/organizations will also be identified for extending handholding support to the beneficiaries for availing the loan from the Banks under the scheme and setting up of the units.

g) A Evaluation and Steering Committee under the chairmanship of the Chairman, Coir Board will review the implementation of the Scheme on all India basis. The Committee will meet as and when required according to the convenience of the Chairman, Coir Board. The committee will be consisting of the following:

- i) Chairman, Coir Board - Chairman
- ii) Secretary, Coir Board - Member
- iii) Representatives of SLBC / Lead Bank /
Implementing Banks - Member
- iv) Representative from State Government - Member
- v) Representatives from Coir Industry/Coir
Machinery Manufacturers - Member
- vi) Joint Director (Plg.), Coir Board - Convenor

13. Criteria for selection of Beneficiary

- i) The selection of beneficiary will be done on merit on 'first-come-first-served' basis.
- ii) Entrepreneurship Development Programme will be mandatory for all beneficiaries of the CUY Scheme. The applicants shall undergo EDP training either before submitting the application under CUY Scheme or after submitting the application but before the Regional Level Selection Committee recommends the applicants to the Bank. A certificate to the effect that the beneficiary has undergone the training has to be enclosed along with the application while it is recommending to the banks for consideration.
- iii) The Officer-in-charge of the Field Office of the Coir Board will scrutinize the applications and the applications which are complete in all respects will be placed before the Regional Level Selection Committee.
- iv) The Regional Level Selection Committee will scrutinize the application based on experience, skill and viability of the projects and also interview the applicants to assess their knowledge about the proposed project, aptitude, interest, skill and entrepreneurship abilities, market available, sincerity to repay and make the proposed project success.
- v) Thereafter the selected applications will be forwarded to the Banks.
- vi) The banks will take their own decision on the basis of the viability of each project. No collateral securities will be insisted by the banks in line with the guidelines of RBI for projects covered under CGTF Scheme.
- vii) If the applications are rejected by the Bank, the reasons for rejection shall be furnished by the banks in writing to the Coir Board Field Office and the applicants concerned.

14.. Sanction of Applications

After receiving the applications duly recommended by the Regional Level Selection Committee, the Financing Branch will take their own credit decision for sanction the project under CUY Scheme. Once sanction, a sanctioning order will be issued in favour of beneficiary under intimation to Filed Offices of the Board from whom the Govt. subsidy will be availed and also to Coir Board, Head Office, Kochi.

15. Entrepreneurship Development Programme (EDP)

The objective of EDP is to provide orientation and awareness pertaining to various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, book keeping etc. The EDP will be conducted by Coir Board either directly or through the nodal agencies approved by the Coir Board or Ministry of MSME, Rural Development and Self Employment Training Institutes (RUDSETI) reputed NGOs, and other organizations / institutions, identified by Coir Board from time to time. The duration of the EDP shall be 5 days. EDP will be mandatory for all CUY beneficiaries.

16. Release of Bank Loan

As soon as the financing branch receives the EDP training completion certificate the Bank will release loan as per the Scheme and copy of the release order should be endorsed to the concerned Coir Board Field Offices and to Coir Board, Head Office at Kochi. Before release of Bank Loan the beneficiary has to execute a **Letter of Undertaking** for the loan sanctioned under the CUY Scheme of the Coir Board in the prescribed format.

17. Release of Margin Money (Subsidy)

After receipt of the Bank loan by the beneficiary, the beneficiary will submit the Margin Money Claim format to the financing branch of the Bank within a period of seven days.

The financing branch with their recommendation will forward the claim format to respective nodal branch where Coir Board Margin Money (subsidy) is placed with within a period of 15 days.

As soon as the claim is received by the Nodal Branch, the Nodal Branch will release the Margin Money (subsidy) to financing branch within one month and forward the claim papers to respective Field Offices of the Board for further necessary action. The Field Office shall acknowledge receipt of the Margin Money Claim in the prescribed format.

The financing branch of the Bank, after receipt of the margin money (subsidy) from the nodal branch will place the said amount under Term Deposit Receipt (TDR) in the name of the beneficiary in the financing branch itself for a period of two years. During this period, no interest will be paid on the TDR and no interest will be charged on the corresponding amount of TDR.

18. Physical Verification of CUY Units

100% physical verification of the actual establishment and working status of each of the units, set up under CUY, will be done by Coir Board through the agencies of State Government and / or, if necessary by outsourcing the work to professional institutes / agencies having expertise in this area, following the prescribed procedures as per General Financial Rules (GFR) of Government of India. Banks will coordinate and assist Coir Board in ensuring 100% physical verification.

19. Adjustment of Margin Money (Subsidy)

After receipt of satisfactory physical verification report, the Field Offices of the Coir Board will issue the adjustment letter if the unit is fulfilling all the parameters of the Scheme. Final adjustment of subsidy will be made only after updated photograph of the unit along with the beneficiary has been uploaded on the e-tracking system after joint physical verification by the Coir Board and Bank. If not, the financing branch will be advised to remit the Margin Money (subsidy) to nodal branch account which was kept under TDR.

20. Awareness Camps

Coir Board will organize awareness camps in the coconut producing states to popularize CUY Scheme and to educate potential beneficiaries about the Scheme. The awareness camps will involve participation from the men and women, engaged in coir sector, with special focus on special category i.e, SC, ST, OBC, Minorities, Women etc. The requisite information / details in this regard will be obtained by Coir Board from DICs, State Level organizations like SC/ST Corporation, reputed NGOs, Nodal Agencies etc. From the awareness camp the beneficiaries will be short listed and sent for training.

21. Mandatory activities to be undertaken in the awareness camps

- i) Publicity through banners, posters and press advertisements in local newspapers etc.
- ii) Presentation of the Scheme by Coir Board officials
- iii) Presentation by Lead Bank of the area
- iv) Presentation by the successful CUY entrepreneurs
- v) Press Conference
- vi) Collection of data from the potential beneficiaries which will include information like profile of beneficiary, skill possessed, background and qualification, experience, project interested etc.

vii) A shelf of projects in coir activities prepared by Coir Board will be circulated for consideration under CUY Scheme to the implementing offices of the Board, Banks, DICs etc. Further inclusion of the projects will also be made by the Board in consultation with DICs, Banks, other stakeholders etc. Beneficiary will also have the freedom to prepare coir projects as per their requirements. The projects prepared by the beneficiaries will be considered after analyzing the viability of the project.

viii) Marketing support for the products of CUY units through the marketing outlets of Coir Board may be provided as far as possible. Coir Board reserves the right to provide such support based on quality, pricing and other parameters from time to time.

22. General Conditions and Execution of a Bond

The beneficiary availing of the grant under the scheme shall not mortgage the assets except to the financial institutions from which he might have taken the loan for establishing the unit.

No transfer of assets, partially or wholly, which are obtained pursuant to the grant of approval under the scheme can be transferred, mortgaged, or sold under any circumstances.

The beneficiary availing the grant will have to execute a bond with the Coir Board, Kochi to the effect that:

- a) The machinery/equipment will be maintained properly
- b) Will be used for running coir unit
- c) Will not be shifted from the premises
- d) Will not be disposed off without the prior approval of the Coir Board

- e) Will be insured for an amount not less than the amount of grant granted by the Coir Board.
- f) Make available the unit at any time for inspection by the officers of the Coir Board or officers of the Government of the State in which the unit is located.
- g) Operate the unit for a minimum of 5 years
- h) Abide by any/all the instruction issued by Coir Board, Central and State Governments in regard to the working of the unit, from time to time.
- i) If the conditions laid down are violated in any manner, the beneficiary is liable to repay the entire amount of assistance with interest as may be applicable at the rate decided by the Coir Board, failing which action will be taken against the defaulters.
- j) The beneficiary seeking the grant under the scheme should make available to the committee all relevant records relating to the construction of the shed, and purchase of machinery so as to enable it to determine the quantum of grant admissible.
- k) The grant received under the scheme would be recovered from the beneficiary
- l) Where the assistance under the scheme has been obtained by fraudulent misrepresentation as to the essential facts or by furnishing false information;
- m) Where the unit goes out of production within 5 years from the date of commencement of production except in case where the unit remains out of production for short period extending to a maximum of 6 months due to reasons beyond its control.

23. Marketing Support Assistance to the beneficiaries of CUY Scheme

With a view to provide handholding support towards the marketing efforts of the CUY beneficiaries the following interventions will be made out of the allocation of Rs.10 Crores earmarked for the purpose.

- a) Providing financial assistance for establishing Marketing Consortium of CUY

- beneficiaries. The assistance will be disbursed towards reimbursement of expenditure incurred for formation of the Consortium, the fee paid to the Consultant engaged for forming Consortium, the expenses towards registration of the Consortium and the preliminary expenses thereof. The ceiling of assistance will be Rs.1.00 lakh per Consortium based on the claims supported by the statement of expenditure certified by the Chartered Accountant.
- b) Reimbursement of expenditure incurred for participation in fairs/exhibitions towards space rent, to and fro transportation of goods and travel expenses of the functionaries of the Consortium limited to sleeper class charges by rail between places connected with rail or actual bus fare whichever is less for two persons. This assistance will be limited to a maximum of 5 fairs a year and will be admissible during the initial 5 years after commencement of marketing activity by the Marketing Consortium. The claims will be supported with the statement of accounts of expenditure and sales made duly certified by the Chartered Accountant.
- c) The Marketing Consortium will be permitted to hire spaces in the showrooms of other parties / depots for exhibiting / selling their products. 50% of the rent provided to the owner of the Showroom / Sales Centre will be reimbursed under the scheme. The claims in this regard shall be supported with copies of the agreement with the shop owner / showroom owner together with statement of accounts, copies of rent receipt certified by the Chartered Accountant. This assistance will be provided upto a maximum of 25 cases of hiring premises in respect of one Consortium and upto 5 years after commencement of activity.
- d) The Consortiums will be eligible for assistance for hiring premises for office showroom and godown for its functioning and for employment of personnel for managing the office as under for a period of 5 years after its establishment.
- e) Reimbursement of rent of office showroom and godown subject to a ceiling of 1000 Sq. Ft. area. The assistance will be subject to a upper ceiling of Rs25/- per Sq.Ft. to be disbursed as follows:

First year	-	75%
Second Year	-	50%
Third Year	-	40%
Fourth Year	-	25%
Fifth Year	-	10%

f) Reimbursement of salary of personnel employed in the Consortium

- a) One Manager subject to a ceiling of Rs.5,000/- per month
- b) One Accounts Clerk subject to a ceiling of Rs.3,000/- per month

The claims will have to be supported with statement of accounts certified by the Chartered Accountant.

All the assistance under the Marketing Support Assistance to the beneficiaries of CUY Scheme will be reimbursed to the Consortiums based on their claims to the bank account opened in the name of the Consortium. The Marketing Support Assistance will be however subject to the budgetary outlays and availability of funds for a particular year. The claims shall be submitted by the beneficiary on a quarterly basis.