

**SUBJECT : INTEGRATED DEVELOPMENT OF LEATHER SECTOR (IDLS) SCHEME – INSPECTION OF MACHINERY WHERE OUR BANK FINANCE IS NOT INVOLVED**

**SYNOPSIS**

- Inspection to be carried out by our branches where Bank finance is not involved
- Inspection to be carried out by the financing Bank where finance is extended by other Banks

Detailed guidelines on the implementation of the IDLS scheme have been advised vide HO Circulars 485/2014 dated 06.09.2014 and 162/2015 dated 27.03.2015. We had vide HO Cir. 162/2015 advised the branches to entertain only the proposals from entrepreneurs who are our customers and who intend to avail Term Loan from our Bank under the subject scheme. However as we are the nodal Bank for the implementation of the scheme we have been requested to undertake inspection of units in other cases also, i.e., in cases where our finance is not involved. We furnish below the procedure to be followed by the branches in such cases.

1. Footwear Design & Development Unit (FDDI) shall inspect the machinery at the factory site and on completion of the same advise the unit to visit the nearest branch of Canara Bank.
2. In case of units financed by other Banks, the financing branch of the other Bank has to prepare a checklist as per Ann.I and forward the same along with the required documents duly verifying the same to the identified branch of our Bank. Our branch shall forward the same to the Project Implementation Unit (PIU).
3. In case of units not availing finance from any Bank, Ann.I shall be prepared by our branch and forwarded to the Project Implementation Unit (PIU) directly along with the required annexures duly certified.
4. Tannery units must submit a valid NOC/Consent to operate from the State Pollution Control Board. Ann.I and the enclosures should be forwarded by Registered Post/Speed Post by our branch. Ann.I along with the documents should reach PIU within a maximum period of 15 days.
5. After satisfactory scrutiny of documents Inspection of the unit has to be carried out and an Inspection Report has to be submitted by the financing bank as per Ann.II. Based on the certificate of the financing bank on Ann.2, our branch shall countersign the same.
6. Where bank finance is not involved Ann.2 shall be prepared and signed by our branch, after completion of inspection.

7. The financing bank has to verify the purchase/delivery voucher/s of the machinery purchased and confirm the genuineness of the payment towards machinery. Copies of the purchase invoice/s and delivery challan/s need to be attested by the financing Bank.
8. Where bank finance is not involved our branch has to verify the purchase invoice/s and delivery challan/s and attest the copies.
9. Financing Bank to obtain an agreement got executed (as per Annexure III) by the borrower unit and send the same, duly signed, to us. Our branch shall countersign the agreement and submit to FDDI along with other certificates.
10. Wherever no bank finance is involved, agreement as per Annexure IV to be got executed by the beneficiary and our branch and submitted to FDDI.
11. The agreement should be signed by the Sole Proprietor, All Partners in case of Partnership firms and all the Directors, including Directors staying abroad, in case of firms. Signing of agreement cannot be delegated to any other person. Atleast 4 copies in original should be signed and one copy each should be retained by the borrower unit, financing bank, our branch and FDDI.
12. Where bank finance is not involved the branch handling the proposal shall recover out of pocket expenses including expenses incurred in visiting the unit and other out of pocket expenses from the unit applying for grant.
13. **The branches handling the above assignment are eligible for a fee of 0.5% of the grant amount.** Branches to note the same and invariably claim the same from DIPP through FDDI.

The above procedural guidelines have been issued to guide the branches for making inspection of the units in case of units financed by other Banks and units not availing finance from any Bank. All other terms and conditions advised earlier vide the above referred HO Circulars remain the same. Branches/Offices are advised to take note of the above and act accordingly.

**R MADHUSUDAN  
GENERAL MANAGER**

### ANNEXURE – I

Integrated Development of Leather Sector (IDLS) Scheme

(Check List for Nodal banks)

- To be presented by beneficiary units to the nodal bank

S No	Particulars	
1	Name of the Beneficiary Unit	
2	Working capital / current A/c/ Loan Account of beneficiary in which IDLS grant to be credited	
3	Product / Sub-sector (Tannery / Footwear and Footwear components / Saddlery / Leather Goods, Leather garments) As per IDLS form –I)	
4	Constitution of the unit [Proprietor, Partnership, Pvt. Ltd.] (Enclose certified Partnership deed / Memorandum of association/ Change of Constitution if any)	
5	Category of unit (Micro/SSI / non-SSI) (Enclose certified updated SSI certificate from DIC and CA certified about clubbing norms if applicable)	
6	Date of approval of technical appraisal by the PIU (Enclose <b>certified</b> copy of PIU approval with all enclosure forwarded to PIU like affidavit, Purchase orders performa invoice, Three years Balance sheet, updated NOC from PCB for Tanneries etc.)	
7	DIPP sanction letter no and date	
8	Amount of investment eligible for investment grant under the IDLS scheme (Rs.)	
9	Amount of Investment grant calculated by FDDI/CLRI after inspection	
10	Certificate from unit certifying that the modernization programme as envisaged in the last application has been fully implemented (if the present application is add-on application)	

<b>For Self Financed Proposals</b>		
1	Date of Bankability Appraisal Note with identifying the beneficiary with adequate KYC norms. (enclose <b>certified</b> copy)	
2	Appendix I & Ia	
3	Bank Visit Report & Date	
4	CIBIL Report	
5	Project Completion Report (For Add-on Application)	
6	Project Viability Certificate	
7	Bank mandate form	

<b>For Bank Financed Proposals</b>		
1	Name of Bank (Branch) which has sanctioned loan under IDLS	
2	Appendix I ,Ia,	
3	Loan Sanction Letter & Date	
4	Loan Appraisal Memorandum	
5	Project Completion Report (For Add-on Application)	
6	Project Viability Certificate	
7	Current NOC for operation by Pollution Control Board for Tanneries	
8	Bank mandate form	

The visit would be conducted and upon obtaining these documents. The agreement to be signed by the Nodal bank for self financed cases.

**ANNEXURE – II**

**IDLS**  
**PRE DISBURSAL BANK INSPECTION REPORT**

**Name of the Unit: M/S. \_\_\_\_\_ (Registration No. \_\_\_\_\_)**

Name of the visiting officer/ Designation	Shri /Smt
Product Line (Tick as appropriate)	Tannery/Footwear & Component/Leather Goods/ Garments/Saddlery/Leather
IDLS approved grant amount	`
Purpose	Expansion & Modernization
Date of Contact at the Nodal Bank	
Mode of finance	Bank financed/self financed (Tick as applicable)
Name and designation of the Proprietor, Partner/s, Director/s met during visit	Shri/Smt.
Date of Visit by the financing Bank	
Date of verification by the Nodal Bank	

M/S. \_\_\_\_\_ was sanctioned an amount of ` \_\_\_\_\_ by Department of Industrial Policy & Promotion (DIPP) vide sanction letter no. \_\_\_\_\_ dated \_\_\_\_\_.

The machines for which subsidy has been claimed by M/s \_\_\_\_\_ are installed in its unit located at (factory addresses as per IDLS Form 1). The invoices of the approved machines enlisted have been checked and the payments against the said invoices have been verified as per the mode of finance (Bank financed/Self-financed). It is further confirmed that the unit did not avail subsidy of any kind from any other source for the aforementioned approved items proposed under IDLS scheme. Shri.

(Name & Designation) of the unit was present during the physical verification of documents.

Submitted for information.

Prepared by:

Verified by:

Coordinator (disbursal)

Bank official (Seal)

Bank official (Seal)

FDDI

## ANNEXURE – III

### Agreement for Financial Assistance (Investment grant) under Integrated Development of Leather Sector Scheme (IDLS) (For Bank Financing cases)

THIS AGREEMENT made at \_\_\_\_\_ on this dated \_\_\_\_\_ between M/s \_\_\_\_\_, a sole proprietary/Partnership/Pvt. Ltd concern of Mr/Ms/Mrs \_\_\_\_\_ son/Daughter/wife of \_\_\_\_\_ aged \_\_\_ years, having its office and factory at \_\_\_\_\_ hereinafter referred to as “the Borrower” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns of the FIRST PART and

AND

\_\_\_\_\_ (hereinafter referred to as financing bank) [which expression shall unless repugnant to the context or meaning thereof include its successors and assigns] of the other part.

AND

Canara bank, a body corporate constituted under banking Companies (Acquisition & Transfer of Undertakings) Act 1970 having its Head office at 112, J.C.Road, Bangalore 560002( hereinafter referred to as Nodal Bank which term and expression shall, unless it be repugnant to the context of meaning thereof , mean its successors –in-interest and assigns)

#### **WHEREAS**

1. FDDI appointed Canara Bank as the Nodal Bank for channelising Investment grant for Modernisation and Technology Upgradation of the Industrial Units in the Leather Sector under **Integrated Development of Leather Sector Scheme** launched by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India (**hereinafter referred to as the Scheme**) and permitting the financial institution / Bank under the Scheme for claiming investment grant on the cost of specified plant & machinery under the Scheme financed by the financing institution/bank to the beneficiary.

2. The beneficiary has requested financial institution/bank for providing investment grant under the Scheme to the extent of **Rs.** \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for undertaking modernization/ technology upgradation vide DIPP sanction letter no \_\_\_\_\_ dated \_\_\_\_\_ the technical appraisal of which was cleared by the Project Implementation Unit (PIU) \_\_\_\_\_ after which the financing/Lending institution / Bank has agreed to lend in proportion to the investment made or to be made in purchase of machineries for technology up gradation/modernization programme by the Beneficiary as per the terms and conditions provided in the Agreement executed between the financing institution/Bank and the Beneficiary (for the loan component of Means of Finance) and as per the terms and conditions stipulated by Government of India under the Scheme (investment grant component portion of the means of finance).

3. Canara Bank has agreed to act as the Nodal Bank for Government of India for channelizing disbursement of investment grant sanctioned to the Beneficiary by the Steering committee

under the Scheme, and the parties hereto desire to enter into an agreement for the said purpose, being these presents providing for the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:-

1. The Beneficiary, hereby, covenants:

a) That the Beneficiary will comply with and faithfully observe all the terms and conditions of the said Scheme and also all the subsequent amendments and modifications and additions thereto together with the conditions of the sanction of the said financial assistance.

b) That the Beneficiary will allow the officers of Canara Bank (nodal bank) and / or the Government of India or any other person or persons authorized, by FDDI or by Government of India to inspect the work for which the investment grant has been granted and also the machines, plant appliances, tools, equipment, etc., for the procuring of which the investment grant has been sanctioned and will furnish such information concerning the machines, plant, implements, etc., for procuring of which the investment grant has been granted or concerning the matters connected with the investment grant or incidental thereto as Canara Bank (nodal bank) or the FDDI or their nominees may, from time to time require.

c) That the Beneficiary will not change the place or location of the industrial unit entirely or partly, nor enter into partnership with any one, or change its constitution by merger, amalgamation or in any manner nor the Beneficiary effect disposal of fixed capital investment nor change its bank account without the express prior permission of **Canara Bank** in writing.

2. It is further hereby agreed and declared by and between the parties thereto, that in any of the following cases namely,

a) where at any time it is found that the Beneficiary has obtained the investment grant by misrepresentation as to an essential fact, or by furnishing of false information; or,

b) where the Beneficiary fails to furnish the prescribed statement or information which it is called upon to furnish including the quarterly Report in **Form IDLS-III** as prescribed under the Scheme or

c) where the industrial unit becomes non-operational within two years of the receipt of investment grant from Government of India,

or

If the Beneficiary commits breach of any one of the covenants herein contained or of the terms and conditions of the Scheme as amended from time to time, the Beneficiary shall refund the investment grant under the Scheme forthwith to the Nodal bank together with interest **from the date of disbursement/date of closure to the date of refund (as the case may be)** at the then prevailing prime lending rate of Financial institute/Bank.

d) In case at any time it is found that the Grant has been availed of on the basis of any false information, **the Nodal Bank, and FDDI, shall jointly initiate action** for recovery of the Grant in accordance with the extant laws.

3. It is hereby further agreed and declared that the stamp duty chargeable on these presents shall be paid and borne by the Beneficiary and that the Beneficiary will also be liable to bear the expenses, if any, incurred by enforcing the terms and conditions of these presents.

**IN WITNESS WHEREOF** the proprietor of Beneficiary have set their respective hands hereto and to a duplicate hereof on the day, month and year first hereinabove written and Bank has caused these presents and the said duplicate to be executed by the hand of Shri \_\_\_\_\_  
(Name and designation) of \_\_\_\_\_ (Bank), as hereinafter appearing.

SIGNED AND DELIVERED BY the within named \_\_\_\_\_, proprietor/Partners/Directors of M/s \_\_\_\_\_ the \_\_\_\_\_ within \_\_\_\_\_ named Proprietorship/Partnership/Private Limited firm.

SIGNED AND DELIVERED BY the within named \_\_\_\_\_ Bank by the hand of Shri \_\_\_\_\_, Assistant General Manager, an authorised official of \_\_\_\_\_ (Lending Bank).

SIGNED AND DELIVERED BY the within named Canara Bank by the hand of Shri. \_\_\_\_\_, Branch In-charge an authorised official of Canara Bank (Nodal Bank).

(name of all partners/Directors shall be included in case of partnership firm and companies.)

**Note**

1. *Relevant Board Resolution authorising the person(s) to execute the document on behalf of the Beneficiary has to be submitted \_\_\_\_\_ with the Agreement.*

2. *Please note that this agreement is to be stamped as an agreement under the Indian Stamp Act 1899 before execution by the \* beneficiary unit as per the rates of stamp duties applicable in concerned State.*

13. *Please ensure that all alterations/cancellations/overwriting erasures etc., are authenticated under the full signature of person/persons authorized to sign the document.*



**Annexure IV**

To be stamped as an Agreement

**Agreement for Financial Assistance (Investment grant) under  
Integrated Development of Leather Sector Scheme (IDLS)  
(For Self Financing cases)**

This Agreement made at \_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_ in the year  
\_\_\_\_\_ between

- A. Shri \_\_\_\_\_, S/O \_\_\_\_\_, age \_\_\_ years residing at  
\_\_\_\_\_.
- B. Shri \_\_\_\_\_, S/O \_\_\_\_\_, age \_\_\_ years residing at  
\_\_\_\_\_.
- C. Shri \_\_\_\_\_, S/O \_\_\_\_\_, age \_\_\_ years residing at  
\_\_\_\_\_.
- D. Shri \_\_\_\_\_, S/O \_\_\_\_\_, age \_\_\_ years residing at  
\_\_\_\_\_.
- E. Shri \_\_\_\_\_, S/O \_\_\_\_\_, age \_\_\_ years residing at  
\_\_\_\_\_.

carrying on business in proprietorship/Partnership/Directors in the firm name and style of \_\_\_\_\_ and having their office at \_\_\_\_\_ hereinafter referred to as 'Beneficiary' which expression shall, unless it be repugnant to the subject or context thereof include its/his/her/their legal representative, heirs, administration, successors and assign) of the One part

AND

Canara Bank (hereinafter referred to as Nodal bank) [which expression shall unless repugnant to the context or meaning thereof include its successors and assigns] of the Other part.

**WHEREAS**

1. Government of India appointed Canara Bank as the Nodal Bank for channelising Investment grant for Modernisation and Technology Upgradation of the Industrial Units in the Leather Sector under **Integrated Development of Leather Sector Scheme** launched by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India (**hereinafter referred to as the Scheme**)

2. The beneficiary has requested \_\_\_\_\_ bank for providing investment grant under the Scheme to the extent of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only.) for undertaking modernisation/ technology upgradation vide DIPP sanction letter no \_\_\_\_\_ dated \_\_\_\_\_, the technical appraisal of which was cleared by the Project Implementation Unit (PIU) \_\_\_\_\_ after which the (Current/working capital account holding bank) has agreed to carry out financial appraisal of the project for enabling the beneficiary unit in claiming investment grant on the cost of specified plant & machinery under the Scheme financed **by the unit without involving any loan from Bank/Financing Institution** as per the terms and conditions stipulated by Government of India under the Scheme.
3. Canara bank has agreed to act as the Nodal bank for Government of India for channelizing disbursement of investment grant sanctioned to the Beneficiary by the Steering committee under the Scheme, and the parties hereto desire to enter into an agreement for the said purpose, being these presents providing for the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:-

1. The Beneficiary, hereby, covenants:
- a) That the Beneficiary will comply with and faithfully observe all the terms and conditions of the said Scheme and also all the subsequent amendments and modifications and additions thereto together with the conditions of the sanction of the said financial assistance.
  - b) That the Beneficiary will allow the officers of Canara Bank and / or the Government of India or any other person or persons authorized, by FDDI or by Government of India to inspect the work for which the investment grant has been granted and also the machines, plant appliances, tools, equipments, etc., for the procuring of which the investment grant has been sanctioned and will furnish such information concerning the machines, plant, implements, etc., for procuring of which the investment grant has been granted or concerning the matters connected with the investment grant or incidental thereto as Canara bank or the FDDI or their nominees may, from time to time require.
  - c) That the Beneficiary will not change the place or location of the industrial unit entirely or partly, nor enter into partnership with any one, or change its constitution by merger, amalgamation or in neither any manner nor the Beneficiary effect disposal of fixed capital investment nor change its bank account without the express prior permission of Canara Bank in writing.

2. It is further hereby agreed and declared by and between the parties thereto, that in any of the following cases namely,

a) where at any time it is found that the Beneficiary has obtained the investment grant by misrepresentation as to an essential fact, or by furnishing of false information; or,

b) where the Beneficiary fails to furnish the prescribed statement or information which it is called upon to furnish including the quarterly Report in **Form IDLS-III** as prescribed under the Scheme or

c) where the industrial unit becomes non-operational within two years of the receipt of investment grant from Government of India,

or

If the Beneficiary commits breach of any one of the covenants herein contained or of the terms and conditions of the Scheme as amended from time to time, the Beneficiary shall refund the investment grant under the Scheme forthwith to the **Canara Bank** together with interest **from the date of disbursal/date of closure to the date of refund (as the case may be)** at the then prevailing prime lending rate of **Canara Bank**.

3. It is hereby further agreed and declared that the stamp duty chargeable on these presents shall be paid and borne by the Beneficiary and that the Beneficiary will also be liable to bear the expenses, if any, incurred by enforcing the terms and conditions of these presents.

**IN WITNESS WHEREOF** the partners of Beneficiary have set their respective hands hereto and to a duplicate hereof on the day, month and year first hereinabove written and Bank has caused these presents and the said duplicate to be executed by the hand of Shri. Assistant General Manager of Canara Bank, as hereinafter appearing.

SIGNED AND DELIVERED BY the  
Within named \_\_\_\_\_ Shri  
\_\_\_\_\_ Proprietor/Partner/Director of  
\_\_\_\_\_ the within named partnership  
firm.

SIGNED AND DELIVERED BY the  
Within named Shri \_\_\_\_\_, Partner/Director  
of \_\_\_\_\_ the within named partnership  
firm.

SIGNED AND DELIVERED BY the  
Within named Shri \_\_\_\_\_, Partner of

\_\_\_\_\_ the within named partnership firm.

SIGNED AND DELIVERED BY the Within named Shri\_\_\_\_\_, Partner of \_\_\_\_\_ the within named partnership firm.

SIGNED AND DELIVERED BY the Within named Shri\_\_\_\_\_, Partner of \_\_\_\_\_ the within named partnership firm.

SIGNED AND DELIVERED BY the within named Canara Bank by the hand of Shri.

Branch in-charge, an authorized official of Canara Bank.

**Note**

1. *Relevant Board Resolution authorising the person(s) to execute the document on behalf of the Beneficiary has to be submitted with the Agreement.*
2. *Please note that this agreement is to be stamped as an agreement under the Indian Stamp Act 1899 before execution by the \* beneficiary unit as per the rates of stamp duties applicable in concerned State.*
3. *In case of Partnership firm/HUF/Company, it is mandatory for all the members to sign the agreement including members residing abroad.*
3. *Please ensure that all alterations/cancellations/overwriting erasures etc., are authenticated under the full signature of person/persons authorized to sign the document.*