



## India: Support to Scheme of Fund for Regeneration of Traditional Industries

Project Name	Support to Scheme of Fund for Regeneration of Traditional Industries				
Project Number	48352-003				
Country	India				
Project Status	Closed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2"><b>TA 8787-IND: Support to Scheme of Fund for Regeneration of Traditional Industries</b></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 225,000.00</td> </tr> </table>	<b>TA 8787-IND: Support to Scheme of Fund for Regeneration of Traditional Industries</b>		Technical Assistance Special Fund	US\$ 225,000.00
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Technical Assistance Special Fund	US\$ 225,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Knowledge solutions Partnerships				
Sector / Subsector	<b>Public sector management</b> - Reforms of state owned enterprises				
Gender Equity and Mainstreaming	Gender equity				
Description	<p>There are several areas that need further development before the scheme can take off, as these aspects were not studied when designing the original or expanded version of SFURTI:</p> <ul style="list-style-type: none"> <li>(i) there is no previous evidence of private equity interest in traditional sectors and no market scoping of potential private partners has been undertaken;</li> <li>(ii) the revenue model is uncertain as there has been no marketing outreach to determine strength of cash flows of the clusters;</li> <li>(iii) it is uncertain why and how private sector players will be interested in acquiring a minority stake in the cluster SPVs without a compelling business case;</li> <li>(iv) while potential interest might exist in a few cases where major players can integrate their value chain with the products (such as agricultural commodities) developed by the cluster SPVs, this is unlikely for all products;</li> <li>(v) it is unclear if the scale of interventions envisaged under the scheme would be adequate to meet intended objectives;</li> <li>(vi) the willingness of the private sector to commit to the task of functioning as nodal agencies is unclear as there does not appear, a priori, to be a strong business case; and</li> <li>(vii) given competing uses of land, for e.g., it is uncertain why private parties, as nodal agencies would commit land to this initiative where returns are uncertain, as is envisaged in the scheme.</li> </ul> <p>Given the above uncertainties, it is necessary to understand the sector and develop a strong business case for private sector participation, as well as to analyze if the current arrangements need modification in any way. The willingness of the private sector to commit CSR funds also needs to be examined. The revenue model also needs to be understood and a market assessment is required to determine the strength of cash flows under different scenarios. In light of the above, it may also be highlighted that there is likely limited understanding and appreciation of the rural artisans in operating commercially. In addition, ADB also has limited experience in supporting schemes in the rural and traditional sectors. A case in point is the Khadi Reform and Development Program that has significant implementation challenges.</p>				
Project Rationale and Linkage to Country/Regional Strategy	The development of traditional village industries holds significant potential for energizing the rural economy and the proposed scheme is designed to realize this potential by technology upgrade and marketing support. There has been a secular upward trend in employment generation and production by micro, small, and medium enterprises MSMEs and village industries. The number of MSMEs increased by 19.30% and the number of people employed increased from around 60 million to over 70 million during FY2007-FY2011. The scheme thus supports talent and creativity of mostly women rural artisans in food products, handicrafts, and leather goods.				
Impact	Appropriately designed project that supports the government SFURTI program in India				

### Project Outcome

Description of Outcome	A well prepared business case for a proposed project for SFURTI that reflects gender-based and market-related sector challenges
Progress Toward Outcome	
<b>Implementation Progress</b>	
Description of Project Outputs	1. Viable options for cluster SPV operations in traditional industries identified 2. Studies on cluster SPVs completed
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

## Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	

## Stakeholder Communication, Participation, and Consultation

During Project Design	
During Project Implementation	<p>The S-PPTA will be implemented over a one year period jointly by the South Asia Public Management, Financial Sector and Trade Division (SAPF) and India Resident Mission (INRM). It will require one international staff each from SAPF and INRM and one administrative staff either from SAPF or INRM. The consultancy will engage four individual consultants to work intermittently over the one-year period. The consultants will have expertise in the following areas: (i) rural and traditional industries, (ii) finance and private sector development, (iii) business strategy and marketing, and (iv) private sector participation including through public-private partnerships as may be possible in the rural sector of India. The outline terms of reference of consultants is provided in Appendix 3. All consultants will be engaged in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). All disbursements under the TA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The consultants will also be expected to hold a stakeholder consultation seminar to solicit feedback on options for business strategy and private sector participation.</p> <p>The consultant reports will be jointly reviewed by the EA and IAs of the ensuing project, namely: MMSME, and KVIC and Coir Board, respectively. The EA and IAs, along with the mission, will jointly design the ensuing project.</p>

## Business Opportunities

Consulting Services	ADB will recruit four individual national consultants, including a team leader, to carry out the consultancy over a 6-month period. The consultants will have expertise in the areas of (i) rural and traditional industries, (ii) finance and private sector development, (iii) business strategy and marketing, and (iv) public-private partnerships (PPP), as may be possible in the rural sector of India. The recruited consultants will also typically be required to have around 10 years of professional experience on the desired areas of expertise and a minimum masters' level education in finance, economics, rural development, and business strategy. To reduce administrative burden and improve economy and efficiency and value for money, all consulting services under the technical assistance would be engaged on output-based (lump-sum) contracts.
Procurement	not applicable

## Responsible Staff

Responsible ADB Officer	Rao, Vivek
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Ministry of Micro, Small and Medium Enterprises Rm. No. 275-D, Udyog Bhawan New Delhi 110011 India</i>

## Timetable

Concept Clearance	24 Feb 2015
Fact Finding	25 Feb 2015 to 14 Mar 2015

MRM	-
Approval	12 Dec 2014
Last Review Mission	-
Last PDS Update	21 Mar 2016

## TA 8787-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
12 Dec 2014	-	12 Dec 2014	31 Dec 2015	31 Mar 2016	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	12 Dec 2014	156,803.92

Project Page	<a href="https://www.adb.org/projects/48352-003/main">https://www.adb.org/projects/48352-003/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=48352-003">http://www.adb.org/forms/request-information-form?subject=48352-003</a>
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