SCHEME FOR DEVELOPMENT OF AYUSH CLUSTERS

(1) Background

(a) The Ayurveda, Yoga and Naturopathy, Unani, Siddha & Homeopathy (AYUSH) industry represents the traditional form of Indian medicine, and has been part of India’s socio-cultural heritage. The industry, that has approximate annual turnover of Rs.12000 Crore is essentially dominated by micro, small and medium enterprises (MSMEs) which account for more than 80% of the enterprises that are located in identifiable geographical clusters.

(b) The market for traditional health medicine has been increasing steadily, the world over. Although AYUSH industry has been one of the most traditional form of medicine, it has not been able to exploit the emerging market opportunities, primarily due to constraints such as: fragmentation of the industry, lack of standardization of raw material and the finished products, inadequate R&D, slow pace of modernization of production processes and technology, absence of focused marketing and branding, inadequate emphasis on HRD and others due to which AYUSH Sciences are not recognized as Medical & Health Care Sciences.

(c) AYUSH industry has the potential to contribute positively to national health programme by providing traditionally and historically proven healthcare solutions.

(d) Cluster based approach is increasingly being recognized as an effective and sustainable strategy for competitiveness enhancement of MSMEs. Such an approach, which leverages the geographical proximity of the enterprises on ‘collaborating while competing’ principle is participatory, cost effective and provides critical mass for customization of interventions.

(e) It is in this context that this scheme for AYUSH clusters’ development was introduced during the XIth plan and is being implemented during the XII Five Year Plan.

(2) The Scheme Objectives:

(a) To fill in the critical gaps in the sector especially related to standardization, quality assurance and control, productivity, marketing, infrastructure and capacity building through a cluster based approach preferably for classical ASU and Homoeopathic drugs.

(b) To encourage the level of organisation in the sector thereby creating social capital for sustainability of collective initiatives.

(c) The ‘Scheme for Development of AYUSH Clusters’ is a Central Sector Scheme and would be co-terminus with the 12th Five year plan.
(d) Department of AYUSH would allocate Rs 121.75 Crores in the 12th five year plan to fund the projects under the scheme.

(e) The Scheme would be implemented on a Support from Department of AYUSH and support would be by the way of grant to the Special Purpose Vehicle (SPV), formed by group of entrepreneurs from AYUSH sector.

(3) **Eligibility**

(a) The assistance under the scheme would be available to units operating in the following sectors; located in existing clusters i.e. a group of AYUSH enterprises located in close proximity:

(i) Ayurveda  
(ii) Siddha  
(iii) Unani  
(iv) Homeopathy  
(v) Yoga and naturopathy  

(b) SPV formed by at least 15 enterprises located in an existing cluster i.e. a group of AYUSH enterprises located in close proximity: shall be eligible for funding under the scheme. Out of 15 participating units, at least 75% should be manufacturing units having valid GMP certificates for manufacture of AYUSH drugs. Out of which 5 participating units should have Annual turnover of at least Rs.20 lakhs and another 5 participating unit should have Rs.50.00 lakhs turnover to ensure viability of the cluster. The cluster for the purpose of this scheme would be an area covering a radius of 100 kms and at least 15 participating enterprises should be located in this cluster. Minimum two acres land is required for a SPV and the land should preferably be an industrial estate/zone/park/area so designated by the competent authority of the State. In case the land is not available in an industrial estate/zone/park/area the proposals with land in the name of the SPV in a non-industrial zone can also be considered with the condition that certificate of industrial land used should be produced by the SPV at the time of final approval. As a special case dispensation for N.E. and Hilly states and backward states may be given and they can be exempted from the present turnover existing under the Scheme and on the basis of recommendations of PMC and decision of Screening Committee.

(c) Current account should be opened in the name of SPV and all the members should contribute at least Rs 20 lakhs as a corpus fund to demonstrate their commitment towards the projects.

(4) **Scope and Coverage**

The Scheme would cover two types of interventions namely Core intervention and Add on intervention
(i) Core Interventions such as those related to setting up of common facilities for testing, certification, standardization, quality control and other capacity building measures

(ii) Add on Interventions such as those related to marketing/branding, provision of general infrastructure to support production units etc.

(i) Core Interventions

a. First Level Processing facilities such as cleaning, drying, sorting, storing, extracting, packaging etc

b. Testing facilities such as Analytical Lab, Toxicology Centre, Process & Product Validation Laboratory, Raw Material Testing, Standardisation laboratory etc which will enable better Quality Assurance & Control. Any proposal prepared under the scheme should necessarily have a testing laboratory while other interventions are optional and need based The testing laboratory should be as per standard of National Accreditation Board for Testing and Calibration of Laboratories (NABL).

c. Manufacturing facilities of tablets, capsules, syrups, ointments, pills, powders, bhasmas etc. including Packaging and Labeling of raw materials and other inputs. This will supplement the members production capacity in case of need.

d. Product Display Centre

e. Quality and productivity improvement

f. Standardisation of raw materials and finished products

g. Development of references and standards

h. Adoption of new technologies and processes

i. Application of ERP and other IT tools

j. Assistance for ISO, WHO GMP, GLP, US FDA, EU GMP, Australian TGA and other standards and Compliances

k. Development of Drug Master File for the purpose of registration with regulatory bodies overseas

l. Studies/surveys

m. Preparation of DPRs

n. Sensitisation/Awareness creation/Skill development

- Entrepreneurial Level
- Managerial Level
• Worker Level
  o. Setting up subcontracting exchange
  p. Hiring of Cluster Development Executives (CDEs)

(ii) Add on Interventions

  a. Common Marketing Brochure for classical formulations
  b. Common Website
  c. Joint Participation in National and International Exhibitions
  d. Business Delegations Abroad
  e. Brand development and promotion
  f. Infrastructure to support the production units such as water supply, roads, sewerage, effluent treatment, power supply, boundary wall etc
  g. AYUSH parks with necessary infrastructure
  h. Raising of common nursery
  i. Support for cultivation
  j. Need based Infrastructural support for collection, sorting, grading etc along the value chain
  k. Provision of warehousing/storage godowns

Note: These interventions are indicative in nature and the project may cover any of the other felt needs of the cluster (as approved by Project Approval Committee (PAC)), that will enable the cluster enterprises in improving their competitiveness.

5. Financial Assistance

(a) The assistance would be restricted to 60 % of the Project Cost subject to a maximum of Rs. 15.00 crores. The remaining 40% would be required to be arranged by the SPV through equity, borrowings from Banks / Financial Institutions and other sources. The assistance from the Department of AYUSH will be utilized only for physical infrastructure, civil works, construction of building, plants & machinery and equipments, All remaining expenses on purchase of land of SPV salary of cluster development executive, joint participation in national and international exhibition, business delegations abroad and brand development etc. will be borne by SPV.

(b) Project cost for the purpose of the scheme shall mean the total cost of proposed interventions as mentioned in Section 4

(c) The scheme would be modular in nature with a provision to add interventions to the approved project DPR while implementation is on. The addition however should be in conformity to the over all project and the scheme objectives and subject to approval by PAC.

(d) SPVs may dovetail funds from other sources as well for the project, provided there is no duplication of funding for the same component/intervention. However, in cases of such dovetailing, it shall be ensured that the
contribution of the participating units of SPV is at least 10% of the overall project cost.

(e) The project cost of the components of a common facility (such as those mentioned under core interventions), for the purpose of this Scheme, shall include Land, Building, Plant and machinery, Support infrastructure such as water supply, electricity supply, roads etc subject to the condition that it shall be the responsibility of the SPV to bring in land as its contribution.

(f) While the funding under the scheme is generally for development of Greenfield facilities, PAC may also consider the proposal of SPV for upgrading/ strengthening of any existing facility into a common facility based on the merit of such proposal.

(g) The cost of professional experts engaged by SPV will be part of the project cost.

(h) The cost incurred by SPV on services, expenses incurred on trainers fee, logistics of trainers, training material, exposure visits, IT support for SPV, salary of CDE (Cluster development executive), Resource centre, designing and printing of brochure, stall space rent, design and hosting of website, cost of hiring PR Agency, advertising and promotion etc are the components for project cost.

(i) The interventions listed under heading scope and coverage are indicative in nature, any other need based intervention subject to approval by the PAC is eligible to be funded under the scheme. Nature of such an intervention, whether core or add on would be decided by the PAC.

6. Time Frame

The timeframe for implementation of the project is 3 years from the date of approval.

7. Implementation framework and Role of Screening Committee (SC), Special Purpose Vehicle (SPV), Project Management Consultant (PMC), State Government and Project Approval Committee (PAC).

(a) Screening Committee

The scheme would be implemented by the department and the screening committee may be constituted for appraisal the DPR submitted by SPV / PMC under the Chairpersonship of Joint secretary

The constitution of the screening committee is as under

i. Joint Secretary (AYUSH) Chairman
ii. Concerned Adviser, Ayurveda, Siddha, Unani
iii. Member from concerned PMC
iv. Nodal Officer of Cluster Scheme and Drugs Control Cell
v. Representative from Ministry of MSME
(b) Special Purpose Vehicle

(i) The scheme would be implemented on a PPP basis through project specific Special Purpose Vehicles (SPV) formed, owned and managed by the user Industry. An SPV shall ordinarily be a Company registered under Companies act 1956. Any other structure of SPV would require prior approval of PAC

(ii) SPV should represent the cluster as a whole and should have a minimum of 15 enterprises of AYUSH as its shareholders, of them at least 75% should have been manufacturers with valid GMP certificates and license for manufacturing of AYUSH products under Drugs & Cosmetics Act 1940 for 3 years preceding to incorporation of SPV. In case the SPV members/manufacturing AYUSH units have applied for renewal of manufacturing license and GMP certificates within the time limit to the concerned State Government authority the same will also be considered as valid GMP, manufacturing license. The Renewed GMP Certificate/manufacturing license has to be submitted within one year after final approval of the project. In case the GMP Certificate/manufacturing license is not granted and the SPV fails to submit the GMP certificate manufacturing license / within one year after sanction of the project, the SPV will substitute with a eligible member.

(iii) AYUSH enterprises shall hold at least 51% equity of the SPV and remaining may be held by any Government agency, Financial Institution/Bank, strategic partners like buyers, ASU colleges etc as the case may be.

(iv) The shareholding/member enterprises taking/holding stake in the SPV shall be legally independent entities without any related party relationship with each other as described under Accounting Standard (AS) 18 of the Companies (Accounting Standard) Rules, 2006.

(v) There shall be one nominee of the Department of AYUSH and one nominee of State Medicinal Plant Board on the Board of Directors of SPV in perpetuity and one nominee of PMC on the Board of Directors of the SPV till completion of the project.

(vi) The SPV will encourage the production of classical ASU and Homoeopathic drugs.

(vii) The SPV as the Project Implementing Agency would play the following role:

   a. Prepare the Detailed Project Report covering the technical, financial, institutional and O&M aspects of the projects. Broad areas to be covered under the DPR are given in Annexure II
b. Raise rest of Project cost (balance of Department of AYUSH Contribution) through debt/ equity

c. Obtaining any statutory approvals/ clearances including release of funds

d. Recruit suitable functional professionals in order to ensure that the project is executed smoothly

e. Implement various interventions as outlined and approved in DPR

f. O&M of assets created under the project by way of user services

g. Responsible for furnishing regular progress reports to Department of AYUSH in the prescribed formats

h. The facilities created under the SPV will be open for all Ayush enterprises irrespective of whether the enterprises are part of the SPV or not. The SPV will fix the fee/cost of the common facility services as per prevailing market rates.

i. **The SPV shall furnish a Surety Bond before release of any installment. The Surety Bond shall have to specifically incorporate clause 9 (a) (b) & (c) under the heading of O&M and Assets of the Scheme Guidelines and that the grant-in-aid shall be used only for the purpose for which it has been sanctioned. The specimen for the Surety Bond at Annexure – V.**

(c) **Project Management Consultant (PMC)**

(i) Recognizing the fact that the projects of the proposed nature would require very extensive project development efforts, Department of AYUSH would engage the services of an agency that has experience in developing, financing and executing the cluster development projects and as Advisor in implementation of similar PPP based Schemes, from the stage of conceptualization to commissioning. PMC would act as a link between the Department and the industry and would help in speedy implementation of the projects in a transparent manner.

(ii) The PMC will report directly to Department of AYUSH and shall have the following responsibilities:

a. Assist Department in formulating a suitable strategy for implementation of the scheme

b. Need assessment through diagnostic studies in the clusters identified by PAC based on growth potential of such clusters

c. Identification of potential entrepreneurs and projects
d. Assist industry associations/ groups of entrepreneurs in preparation of Preliminary Proposals (PP) to be put up before PAC while seeking In-principle approval

e. Assisting the identified entrepreneurs in establishment and structuring the project specific SPV

f. Assist SPVs in preparing Detailed Project Reports (DPR) establishing the contours of the projects covering the components detailed in the scheme

g. Assisting the SPVs in mobilizing the balance funds to complete the project

h. Assisting the SPVs in obtaining all necessary statutory clearances/approvals

i. Appraisal of the DPRs

j. Submission of the financially viable projects/DPRs to the Department of AYUSH for final approval of the project and sanction of its share of grant funding

k. Assisting the SPVs in liasoning with the State Government agencies for land, external infrastructure like water supply, effluent disposal, connecting roads, power supply etc

l. Assisting the SPVs in selection of agencies/ experts for various services: capacity building, business development, technical, engineering, CDEs etc

m. Assisting the Department of AYUSH in periodical monitoring of the progress of the projects, and disbursement of funds to the SPVs and their utilization.

n. Assisting the SPV in developing suitable O&M framework

o. Providing other need based advisory services to the Department of AYUSH in effective implementation of the scheme

(iii) The fee payable to PMC by AYUSH will be separate from the grant in-aid being given to the SPVs

(d) State Governments

(i) The Scheme envisages pro-active involvement of the State Governments in the following areas:

a. Providing requisite land to the project, wherever needed, in appropriate mode, to the project
b. Providing necessary external infrastructure to the such as power, water supply, roads, effluent disposal etc, wherever needed

c. Providing necessary project related clearances on expeditious basis

d. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects

e. Extending incentives available under related industrial promotional policies

(ii) The process of implementation of the projects under the scheme is outlined in **Annexure III**

(e) **Project Approval Committee (PAC)**

(i) The Department of AYUSH will be the coordinating department providing overall policy, coordination and management support to the Scheme. A **Project Approval Committee (PAC)** will be constituted under the Chairmanship of Secretary (Department of AYUSH). The constitution of the committee is detailed in **Annexure I**

(ii) The PAC may induct representatives of industry associations, R&D institutions and other private sector expert organisations as members or special invitees

(iii) The PAC without affecting the basic objectives and structure of the Scheme may make intrasectoral adjustments of activities and corresponding allocation of funds

(iv) The PAC, to the extent possible would facilitate synergies of this Scheme with other schemes of the Department in general and proposed herbal medicinal processing zones initiative of National Medicinal and Plant Board in particular

(v) The PAC may consider relaxing the eligibility conditions depending upon the merit of the project on case to case basis.

8. **Project Approval and Funding Pattern**

(a) **Project Approval**

(i) The PAC shall be responsible for approval of the projects and monitoring of their implementation. There would be two-stage process for approval of the projects: In-principle approval and final approval

(ii) **In-principle approval**: In-principle approval for a project will be accorded by the PAC based on recommendation of PMC and Screening Committee on the preliminary Proposal submitted by PMC /major registered SPV promoted by 15
Ayush manufacturing enterprises of whom at least 05 should have an annual turnover of Rs.20.00 and another 05 participating unit should have Rs.50.00 lakhs and above covering the major features of the proposed project and availability of land. A current account should have been opened in the name of SPV and all the members collectively should have contributed to a corpus of at least Rs 20 lakhs to demonstrate their commitment towards the projects. Such In-principle approval will be valid for a period of 6 months from the date of approval, and before that it is expected that the project would be ready for final approval. In case final approval is not accorded to the project, within 6 months, the in-principle approval will automatically lapse, unless it is specifically extended by the PAC.

(iii) **Final Approval:** A project will be accorded final approval by the PAC if the following conditions are fulfilled

1. Establishment of project specific SPV
2. Execution of shareholders agreement and other related agreements between the SPV and the members
3. Procurement of requisite land by the SPV in terms of registered sale or lease deed in the SPV’s name
4. Preparation of DPR by SPV and its appraisal by PMC/Screening Committee
5. Establishment of project specific Trust and Retention Account (TRA), with Schedule A Commercial Banks, by the SPV, into which funds could be released by Department of AYUSH
6. Tying up of sources of funds: In case SPV is mobilizing funds through borrowings, an in-principle sanction letter based on DPR appraisal by the lending institution for loans, should be there. However the SPV shall obtain formal sanction letter, before the release of second installment. In case of SPV is not borrowing 30% of the proposed equity contribution including cost of land, should have been brought in by the SPV and the DPR shall be duly approved by the PMC and project viability certified.

**(b) Release of Funds by Department of AYUSH**

(i) *No fund will be released without obtaining Surety Bond from the SPV, as mentioned in sub-para (i) of para 7(b) (vii) above. The following schedule will be adopted for release of Department of AYUSH share to the SPV:*

a. 20% as mobilization advance, on Final Approval of the project by PAC
b. 40% as II nd installment

c. 40% as III rd installment

Note: The 1st installment will be released only after final approval accorded to the project by the PAC. However 2nd and 3rd installments may be released after obtaining approval of Secretary (AYUSH) on file and based on the recommendation of Screening Committee headed by Joint Secretary (AYUSH).

(ii) IIInd Installment would be released only after the utilisation of at least 75% of the 1st installment* and after the proportionate expenditure has been incurred by the SPV and proof of obtaining financial closure from Financial Institute / Bank

(iii) IIIrd installment would be released in two installments i.e 90% and 10%. Part of IIIrd installment as decided by PAC would be released after the utilization of 100% of first and 75% of second installment* and after the proportionate expenditure has been incurred by the SPV. The remaining of the IIIrd installment would be released upon completion of the project and after entire contribution from the SPV (debt and equity) has flown into the project and after considering actual expenditure on the project.

*Note: It is clarified that 2nd and 3rd installments may be released based on UC of 75% of grant within 12 months from closure of financial year, otherwise grant will be released only on receipt of UC of full amount. For example, for a grant released on 10.12.2012, grantee institution, will be eligible for release of next installment based on 75% of UC before 31st March, 2014. However, if grantee institution submits UC after 31st March, 2014 then next installment will be released only after receipt of UC of full amount as per GFR.

(iv) The SPVs shall submit the Utilisation Certificate (UC) for the amounts utilized as per the format in accordance to GFR 19A is provided in Annexure IV

(v) Accounts of SPV shall be subject to audit by the Comptroller & Auditor General of India.

(vi) The SPV shall have to mortgage the land to the Government before release of 1st installment.

9. O&M of Assets

(a) SPV shall be responsible for O&M of assets created under the scheme by way of collecting user charges from the members/ users

(b) SPV shall ensure that the services of the facilities created under the scheme are extended to the cluster in general, in addition to the member enterprises

(c) In case of dissolution of SPV within 10 years from the date of sanction of assistance by the Government under the Scheme, the assets created with such assistance shall be vested with the Government. The Memorandum of Association & Articles of Association of the SPV shall incorporate this condition.
10 Monitoring

The Department of AYUSH may constitute a monitoring committee comprising of following: (i) One representative from Department of AYUSH / Council (ii) Drug Control Cell and (iii) Finance / Budget / IFD / Administration.

The Committee will monitor the approved SPV projects on half yearly basis and submit a report to the Department of AYUSH.
## Constitution of Project Approval Committee (PAC)

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<td>1</td>
<td>Secretary, Department of AYUSH</td>
<td>Chairperson</td>
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<td>Addl. Secretary &amp; F.A.</td>
<td>Member</td>
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<td>3</td>
<td>Representative of Planning Commission</td>
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<td>DCG (I), Ministry of Health &amp; Family Welfare</td>
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<td>5</td>
<td>Representative of Department of Science &amp; Technology (DST)</td>
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<td>6</td>
<td>Department of Bio-technology</td>
<td>Member</td>
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<td>7</td>
<td>Director, PLIM/ HPL, New Delhi</td>
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<td>8</td>
<td>Representative of Ministry of MSME</td>
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<td>9</td>
<td>Representative of Ministry of Chemical &amp; Petrochemical</td>
<td>Member</td>
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<td>10</td>
<td>Representative of Dept of Industrial Policy &amp; Promotion</td>
<td>Member</td>
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<td>11</td>
<td>Representative of a related R&amp;D Institution</td>
<td>Member</td>
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<td>12</td>
<td>Secretary (AYUSH)/ Industries of the State Govt of concerned cluster</td>
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<td>13</td>
<td>Adviser (Ayurveda/ Unani/ Homeopathy)</td>
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<td>14</td>
<td>CEO, NMPB</td>
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<td>15</td>
<td>Joint Secretary (AYUSH)</td>
<td>Member</td>
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<pre><code>                                  | Secretary  |
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Indicative list of points to be covered in the Detailed Project Reports under the Scheme for Development of AYUSH clusters

1. **Cluster Diagnostic Study**
   a. Demographics of the cluster: Number of units, category of units, Turnover, Employment, products, markets…
   b. SWOT analysis of the cluster
   c. Interventions proposed to overcome critical gaps
   d. Potential of the cluster

2. **Details of the Project**
   a. Rationale/ Objectives
   b. Proposed Project
   c. Project Location
   d. Project promoters/ Number and profile of Entrepreneurs
   e. Project SPV (Name, Date of Incorporation, Place of Registration, Board of Directors)

3. **Proposed Project Components**
   a. Common facility Centres
      a. Land requirement and its distribution (Facility-wise)
      b. Physical infrastructure
      c. Machinery and equipment details
      d. Proposed master plan
   b. Other components’ details

4. **Project Costs**
   a. Estimated Project cost with break ups and basis of estimation)
   b. Means of Finance (Promoters’ contribution, funding from Dept of AYUSH as per Scheme, State Govt/ banks etc.)

ANNEXURE II
5. **Financial Appraisal of the project**
   a. Appraisal Framework and Objectives
   b. Operational and financial Review of the Entrepreneurs
   c. Financial assessment of the SPV

6. **Project Implementation**
   a. Proposed Implementation framework
   b. Contractual arrangements
   c. Current status and proposed Implementation schedule
      ii. Availability of land & status of acquisitions.
      iii. Availability of requisite clearances.
      iv. Identification, agreement/ MoU with member/ beneficiary units.

7. **Project O & M**

8. **Risk analysis and Mitigation framework**

9. **Impact of the project**
   a. Estimated Employment Generated (Direct and Indirect)
   b. Expected production/sales/ exports
   c. Expected investments
## Project Implementation Process for projects under
### Scheme for Development of AYUSH Clusters

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<td>Diagnostic study/ Need- gap analysis in the identified clusters</td>
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<td>Preparation of Preliminary Proposals</td>
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<td>Agreements between the SPV &amp; members</td>
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<td>Establishment Trust and Retention Account (TRA)</td>
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<td>Raise promoter contributions (equity/ debt)</td>
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<td>DPR preparation</td>
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<td>Evaluation/ Appraisal of DPR</td>
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<td>Obtaining statutory approvals/ clearances</td>
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<td>Engagement of service providers/ experts</td>
<td>SPV assisted by PMC</td>
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<td>Overall monitoring of progress of works</td>
<td>PAC assisted by PMC</td>
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<td>Utilisation of advance given, and submission of UC and claims for further installments</td>
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<td>Release of further installments to SPV</td>
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<td>Execution and completion of the project</td>
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<td>Overall monitoring of implementation of projects</td>
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**PAC:** Project Approval Committee  
**PMC:** Project Management Consultant  
**SPV:** Special Purpose Vehicle  
**SC:** Screening Committee
Form of Utilization Certificate

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Certified that out of Rs………… of grants-in-aid sanctioned during the year……..in favour of………. under Department of AYUSH Letter No. given in the margin and Rs……….on account of unspent balance of the previous year, a sum of Rs……….has been utilised for the purpose of…………for which it was sanctioned and that the balance of Rs……….remaining unutilised at the end of the year has been surrendered to Government ([vide](#) No…………., dated………….)/will be adjusted towards the grants-in-aid/equity payable during the next year…………..

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid/equity was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised

1. 
2. 
3. 

Signature of Chartered Accountant with Seal.

Signature of Director/ Chairman of SPV with Seal…………………..

Name & Designation……………………

Date……………………………..
Annexure – V

Specimen of Surety Bond

On Fifty Rupees Non-Judicial Stamp Paper

BOND PRESCRIBED TO BE EXECUTED BEFORE GRANT IS RELEASED

KNOW ALL MEN BY THESE PRESENTS that we, M/s __________________, a company incorporated under the Companies Act and having its registered office at __________________________ (hereinafter called the “Obligors”) are held fully and firmly bounded to the President of India (hereinafter called the “Government”) for the sum of Rs. __________________________ (Rupees __________________________ only) well and truly to be paid to the Government on demand and without a demur for which payment we firmly bind ourselves and our successors and assigns by these presents.

Signed on the ____________________ day of _________________ in the year Two Thousand ___________.

WHEREAS on the Obligors’ request, the Government as per Department of AYUSH’s Sanction Order No. _______________ Dated _______________ (hereinafter referred to as the “Letter of Sanction”) which forms an integral part of these presents, and a copy whereof is annexed hereto and marked as Annexure-I, agreed to make in favour of the Obligors a grant of Rs. _______________ (Rupees _______________ only) for the purpose of setting up of Common Facility Centre at _______________ out of which the sum of Rs. _______________ (Rupees _______________ only) have been paid to the Obligors (the receipt of which the Obligors do hereby admit and acknowledge) on condition of the Obligors executing a bond in the terms and manner contained hereinafter which the Obligors have agreed to do.

NOW the conditions of the above written obligation is such that the Obligors shall fulfill and comply with all the conditions mentioned in the letter of sanction, instructions issued by Government of India/ Department of AYUSH from time to time, and scheme guidelines especially clause 9 under heading O&M of Assets i.e. (a) SPV shall be responsible for O&M of assets created under the scheme by way of collecting user charges from the members/ users, (b) SPV shall ensure that the services of the facilities created under the scheme are extended to the cluster in general, in addition to the member enterprises, (c) In case of dissolution of SPV within 10 years from the date of sanction (i.e. from the date of release of last and final instalment) assistance by the Government under the Scheme, the assets created with such assistance shall be vested with the Government. The Memorandum of Association & Articles of Association of the SPV shall incorporate the above conditions. The Obligors will abide by the terms & conditions of the grant by the target dates, if any, specified therein. This bond has been written in conscious state and it is irrevocable under any circumstances.

THAT the Obligors shall not divert the grants and entrust execution of the Scheme or work concerned to another institution(s) or organization(s).

THAT the Obligors shall abide by any other conditions specified in this agreement and in the event of their failing to comply with the conditions or committing breach of the bond, the Obligors and the sureties individually and jointly shall be liable to refund to the President of India, the entire amount of the grant with interest of 10% per annum thereon. If a part of the grant is left unspent after the expiry of the period within which it is required to
be spent, interest @ 10% per annum shall be charged upto the date of its refund to the Government, unless it is agreed to be carried over.

The Obligors agree and undertake to surrender/pay the Government the monetary value of all such pecuniary or other benefits which it may receive or derive/ have received or derived through/ upon unauthorized use of (such as letting out the premises on adequate or less than adequate consideration or use of the premises for any purpose other than that for which the grant was intended of the property) building created/acquired constructed largely from out of the Grant sanctioned by Government of India, Department of AYUSH or the administrative Head of the Department concerned. As regards the monetary value aforementioned to be surrendered/paid to the Government, the decision of the Government will be final and binding on the Obligors.

AND THESE PRESENTS ALSO WITNESS THAT

i) the decision of the Secretary to the Government of India in the Department of AYUSH on the question whether there has been breach or violation of any of the terms or conditions mentioned in the sanction letter shall be final and binding upon the Obligors and

ii) the Government shall bear the stamp duty payable on these presents.

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligors the day herein above written in pursuance of the Resolution/Board of Directors meeting _______________ Dated ___________ passed by the governing body of the Obligor, a copy whereof is annexed hereto as Annexure-II and on behalf of the sureties and by ______________________________ for and on behalf of the President on the date appearing below:-

FOR

______________________________
Signature of the AUTHOURISED SIGNATORY
Signed for and on behalf of
(=Name of the Obligor=)

1. Signature of witness
Name & Address

2. Signature of witness
Name & Address

______________________________
______________________________
______________________________
______________________________
______________________________
______________________________

TO BE FILLED UP BY THE DEPARTMENT

(ACCEPTED)
For and on behalf of the President of India

Designation____________________
Date:____________________