

No. 1(834)/CDD/Guidelines/2018
Government of India
Office of the Development Commissioner (MSME)
Ministry of Micro, Small & Medium Enterprises
Infrastructure and Common Facilities Division

Nirman Bhawan, New Delhi
Dated 11th October, 2019

OFFICE MEMORANDUM

Subject: Guidelines of Micro & Small Enterprises Cluster Development Programme (MSE-CDP).

The Government has approved revisions to the Guidelines of Micro and Small Enterprises Cluster Development Programme (MSE-CDP). The same are in supersession of the guidelines issued vide O.M. No. 1(17)/SICDP/Cluster/TM/2006 dated 10th February, 2010 for cluster development including subsequent clarifications / orders in these regards.

2. Objectives of the Scheme

- (i) To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills & quality, market access, etc.
- (ii) To build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.
- (iii) To create/upgrade infrastructural facilities in the new/existing Industrial Areas/Clusters of MSEs.
- (iv) To set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc).
- (v) Promotion of green & sustainable manufacturing technology for the clusters so as to enable units switch to sustainable and green production processes and products.

3. Common Facility Centers (CFCs): The GoI grant will be restricted to 70% of the cost of Project of maximum Rs.20.00 crore. GoI grant will be 90% for CFCs in NE & Hill States, Island territories, Aspirational Districts/LWE affected Districts, Clusters with more than 50% (a) micro/ village, (b) women owned, (c) SC/ST units. The cost of Project includes cost of Land (subject to maximum of 25% of Project Cost), building, pre-operative expenses, preliminary expenses, machinery & equipment, miscellaneous fixed assets, support infrastructure such as water supply, electricity and margin money for working capital.

4. Infrastructure Development: The GoI grant will be restricted to 60% of the cost of Project (Rs.10.00 crore for Industrial Estate & Rs.15.00 crore for Flatted Factory Complex). GoI grant will be 80% for Projects in NE & Hilly States, Island territories, Aspirational Districts / LWE affected Districts, industrial areas / estates / Flatted Factory Complex with more than 50% (a) micro/ village, (b) women owned, (c) SC/ST units. For existing clusters, upgradation proposals will be based on actual requirements.

5. Marketing Hubs / Exhibition Centres by Associations: The GoI grant will be restricted to 60% of the cost of Project of maximum Rs.10.00 crore for Product Specific Associations with BMO rating of Gold Category and above from NABET (QCI) and 80% for Associations of Women Entrepreneurs. Remaining project cost is to be borne by SPV / State Government. The GoI contribution will be towards construction of building, furnishings, furniture, fittings, items of permanent display, miscellaneous assets like generators, etc.

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6. Thematic Interventions: The GoI grant will be restricted to 50% of total cost of maximum 5 Thematic Interventions not exceeding Rs.2.00 lakh for each in approved / completed CFC for activity mentioned below. As such the maximum GoI grant under this component for each CFC would be Rs.10.00 lakh. Remaining cost would be borne by SPV / State Government.

- (a) Training Programmes.
- (b) Exposure Visits.
- (c) Strengthening the Business Development Service (BDS) provision through a panel of service providers.
- (d) Any other activity related to creating business eco-system in cluster mode.

7. Support to State Innovative Cluster Development Programme: A few State Governments have initiated State funded Cluster Development Programme to support soft and hard interventions in clusters with limited funding support. In order to strengthen this activity, this component would provide co-funding of the CFC projects of State Cluster development Programme on matching share basis. The GoI fund would be limited to State Government share or Rs.5.00 crore whichever is lower. The GoI assistance would be 90% of project cost not exceeding Rs.5.00 crore in respect of CFC projects in North East/Hilly States, Island territories, Aspirational Districts/LWE affected Districts, as well as for projects where beneficiaries are SC/ST/Women owned enterprises, as per the scheme guidelines of State Cluster Development Programme.

8. Implementing Agencies:

Admissible Activity	Implementing Agency
Setting up of CFC	<ul style="list-style-type: none">• Institutions of Ministry of MSME• Organizations of State Governments• National and international institutions engaged in development of the MSE sector.• Any other institution / agency approved by the Ministry of MSME
Infrastructure Development Projects	State / UT Governments through an appropriate State Government / UT Agency with a good track record in implementing such Projects.
Marketing Hub / Exhibition Centres	State Government / UT Agency with a good track record in implementing such Projects.
Thematic Intervention	<ul style="list-style-type: none">• Institutions of Ministry of MSME• Organizations of State Governments

9. Steering Committees:

(a) State Level Steering Committee (SLSC)

Each State Government is required to constitute a State Level Steering Committee under the Chairmanship of Principal Secretary / Secretary (Industries/MSME)/Commissioner/Director of Industries/MSME and consisting of representatives of all stakeholders. The State Level Steering Committee would recommend and monitor implementation and operation of approved Projects in the State to ensure satisfactory and time-bound implementation of the activities and operations thereafter. The State Level Steering Committee shall consist of:

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1.	ACS / Development Commissioner	Chairman
2.	Principal Secretary, Planning	Member
3.	Managing Director or Representative of Implementing Agency	Member
4.	Representative of Finance Department	Member
5.	Director, MSME Development Institute	Member Secretary/ Convener
6.	General Manager, District Industries Centre concerned	Member
7.	Special invitees (if any)	

The proposal once recommended by State Level Steering Committee, would be forwarded by concerned MSME-DI online with its recommendations before the same is considered in Office of DC, MSME.

(b) Techno Economic Appraisal Committee (TEAC)

The following Techno Economic Appraisal Committee (TEAC) under the Chairmanship of Additional Secretary & Development Commissioner (MSME) will consider, appraise and recommend the proposals forwarded by MSME-DI for approval of NLSC.

(i)	AS&DC (MSME)	Chairman
(ii)	ADC (CD), O/o DC(MSME)	Member
(iii)	ADC (Tech), O/o DC(MSME)	Member
(iv)	JS (ARI), Ministry of MSME	Member
(v)	Representative of SIDBI	Member
(vi)	Representative of CSIR	Member
(vii)	Representative of NSIC / KVIC	Member
(viii)	Director, MSME-DI concerned	Member
(ix)	Director (CD)	Member Secretary

(c) National Level Steering Committee (NLSC)

Hard Interventions such as Common Facility Centres (CFCs), Infrastructure Development Projects and Marketing Hub / Exhibition Centres, recommended by TEAC will be approved by the National Level Steering Committee of the MSE-CDP (under the Chairmanship of Secretary, (MSME), whose composition is as given below:

1.	Secretary (MSME)	Chairman
2.	AS&DC(MSME)	Member
3.	AS&FA	Member
4.	Adviser (VSE), Niti Aayog	Member
5.	Joint Secretary, Ministry of MSME	Member
6.	Additional Development Commissioner (Divisional Head)	Member
7.	Representative of SIDBI	Member
8.	Representative(s) of concerned Industry Association(s)	Member
9.	Special Invitees (Representatives from Financial Institutions, Programme Management Service Provider, Appraisal Agencies etc.)	
10.	Additional Development Commissioner (CD)	Member Secretary

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10. Project Approval Procedure

The Projects which have been recommended by TEAC shall be considered for approval by NLSC on fulfillment of following conditions:

A. Common Facility Center (CFC)

- (a) Transfer / procurement of land in the name of SPV (In case of leased premises, the lease should be legally tenable in the name of SPV, for a fairly long duration i.e. at least 15 years. In case of leased land, the lease period should be at least for a period of 30 years).
- (b) Formation of SPV, details of SPV members in prescribed format defining its Roles & Responsibilities.
- (c) Submission of shareholding pattern.
- (d) Compliance of all requirements/provisions/columns of online application as per guidelines including conditions imposed by TEAC while recommending the proposal for approval by NLSC.
- (e) Uploading of SPV members details on MSE-CDP Portal.
- (f) Opening of Project specific Bank Account in Schedule A Bank by IA.
- (g) Appraisal of DPR (as per prescribed format) on recommendation of TEAC on fulfillment of all the above conditions {(a) to (f)} by SPV.

B. Infrastructure Development Projects

- (a) Submission of appraised DPR with approved layout plan.
- (b) Confirmation of availability of suitable land of the requisite size endowed with infrastructural facilities like water, electricity, communication etc. The land should be in the name of the Implementing Agency (IA) with Clear Title and complying with Zoning regulations and non-agricultural conversion etc.
- (c) Compliance of all requirements/provisions/columns of online application as per guidelines including conditions imposed by TEAC while recommending the proposal for approval by NLSC.
- (d) Approval of Competent Authority for Flatted Factory Complex (FFC) layout and building plan.

C. Marketing Hub/Exhibition Centres

- (a) Transfer/procurement of land in the name of SPV (In case of leased premises, the lease should be legally tenable in the name of SPV, for a fairly long duration i.e. at least 30 years).
- (b) Formation of SPV, details of SPV members in prescribed format defining its Roles & Responsibilities.
- (a) Submission of shareholding pattern.
- (c) Compliance of all requirements/provisions/columns of online application as per guideline including conditions imposed by TEAC while recommending the proposal for approval by NLSC.
- (d) Uploading of SPV members details on MSE-CDP Portal.
- (e) Opening of Project specific Bank Account in Schedule A Bank by IA.
- (f) Appraisal of DPR (as per prescribed format) on recommendation of TEAC on fulfillment of all the above conditions {(a) to (e)} by SPV.

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D. Thematic Interventions

Thematic Interventions would be approved in single stage by AS&DC, MSME on the recommendation of Principal Secretary / Secretary, MSME / Industry of respective State Government.

- (a) Proposal for Thematic Interventions would be prepared by SPV in consultation with Implementing Agency and MSME-DI.
- (b) The proposal would be submitted to Office of DC (MSME) by Implementing Agency (in case of approved CFCs) or by Implementing Agency/MSME-DI (in case of completed CFCs) duly recommended by Principal Secretary/Secretary, MSME/Industry of respective State Government.
- (c) AS&DC (MSME) would approve the proposal.

E. Support to State Innovative Cluster Development Programme:

- (a) SPV desirous of availing assistance under the State Cluster Development Programme would submit the proposal to State Government and also a copy to the respective MSME-DI.
- (b) State Government on receipt of proposals from SPVs would examine the proposal for establishment of CFC as per their extant guidelines, a copy of the proposal would also be forwarded to Office of DC (MSME) by State Government under intimation to concerned MSME-DI.
- (c) Programme Management Unit (PMU)/MSME-DI will examine the proposals received and make a presentation to the Techno Economic Appraisal Committee (TEAC) to assess techno economic viability of the project proposals. The observations/recommendations of TEAC would be communicated by MSME-DI concerned to State Government for consideration and approval of such Projects.
- (d) Copy of approval letter would be forwarded to Office of DC (MSME) by concerned State Government along with details of GoI grant required with projected timelines, seeking approval of NLSC.
- (e) Proposal would be placed before NLSC along with recommendations of MSME-DI for approval.

11. Programme Management Unit (PMU)

Considering the vertical and horizontal spread of micro and small enterprises and the need for very extensive project development efforts, especially for industrially backward regions, office of DC (MSME), may appoint competent Programme Management Unit (PMU) for facilitating formation of various proposals & their implementation including concurrent monitoring of the scheme. PMU would act as a link between DC (MSME), the industry and State Government/Agencies and would help in efficient and speedy implementation of the Scheme.

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12. Monitoring and Evaluation:

- (i) The National Level Steering Committee under the Chairmanship of Secretary, MSME will be the Apex body to monitor progress of scheme.
- (ii) The Development Commissioner (MSME) will be responsible for coordinating and overseeing the progress of the Projects.
- (iii) State Level Steering Committee constituted under the Chairmanship of Principal Secretary/Secretary/Commissioner (Industries/MSME) of concerned State Government would ensure satisfactory and time-bound implementation of the Projects approved under the scheme as well as operation of completed projects. PMU will also assist in developing strategy for concurrent evaluation and monitoring of scheme.

13. Guidelines of the Scheme: The revised guidelines of the scheme are available on the website of Office of DC (MSME) i.e. <http://www.dcmsme.gov.in/schemes/New-Guidelines.pdf>



(Piyush Srivastava)

Additional Development Commissioner

Copy to:

1. The Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
2. All Ministries / Departments of the Central Government
3. CEO, NITI Aayog, New Delhi
4. Chief Secretary (States / UTs)
5. SS & FA, IF Wing, Ministry of MSME
6. CCA, Udyog Bhawan, New Delhi
7. Joint Secretary to Government of India, Ministry of MSME, Udyog Bhawan, New Delhi
8. CEO, KVIC
9. Chairman, NSIC
10. CMD, SIDBI
11. Chairman, Coir Board
12. All Directors, MSME-DIs / Director, MSME Testing Centres / All Branch MSME-DIs
13. All Autonomous Bodies under DC, MSME
14. Director General, NIMSME, Hyderabad
15. Chairman / President, National Level Industry Associations
16. Chairman / President, State Level Industry Associations
17. PS to Hon'ble Minister, MSME
18. PS to Hon'ble Minister of State, MSME
19. PPS to Secretary (MSME)
20. PS to AS & DC (MSME)



(Piyush Srivastava)

Additional Development Commissioner