

## Guidelines of MSE-CDP

### Background

- 1 The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. A cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area or a value chain that goes beyond a geographical area and producing same/similar products/complementary products/services, which can be linked together by common physical infrastructure facilities that help address their common challenges. The essential characteristics of enterprises in a cluster are (a) Similarity or complementarity in the methods of production, quality control & testing, energy consumption, pollution control, etc., (b) Similar level of technology & marketing strategies/practices, (c) Similar channels for communication among the members of the cluster, (d) Common market & skill needs and/or (e) Common challenges & opportunities that the cluster faces.
- 2 In October 2007, the erstwhile Cluster Development scheme ‘Small Industries Cluster Development Programme (SICDP)’ was renamed as ‘Micro and Small Enterprises Cluster Development Programme (MSE-CDP)’. It was also decided that the ‘Integrated Infrastructural Development (IID)’ Scheme shall be subsumed in MSE-CDP for providing developed sites for new enterprises and upgradation of existing industrial infrastructure. A comprehensive MSE-CDP is being administered by the Office of Development Commissioner (MSME), Ministry of MSME since then.
- 3 These guidelines of MSE-CDP are issued in supersession of the previous guidelines and encompasses, inter-alia, the procedure and funding pattern for following admissible components:
  - (i) **Common Facility Centers (CFCs):** This component would cover creation of tangible “assets” as Common Facility Centers (CFCs) like Common Production/Processing Centre (for balancing/correcting/improving production line that cannot be undertaken by individual units), Design Centres, Testing Facilities, Training Centre, R&D Centres, Effluent Treatment Plant, Marketing Display/Selling Centre, Common Logistics Centre, Common Raw Material Bank / Sales Depot, Plug & Play facility, facilities that can support marketing systems, collective Geographical Indications (GI), development of common production & product standards, development of new product designs, improved systems for better hygiene & working conditions for workers, systems for higher overall productivity & capacity utilization of the cluster, systems for skill upgradation of the cluster, as well as supporting diversification activities of enterprises and startups in the cluster, etc. Backward/Forward linkages for value addition in bi-product/waste of cluster units would also be admissible for enhancing productivity/profitability of individual units subject to condition that CFC itself would not sell/market products/bi-products directly.
  - (ii) **Infrastructure Development:** This component would cover development of land, provision of water supply, drainage, power distribution, non-conventional sources of energy for common captive use, construction of roads, common facilities such as first aid centre, canteen, any other need based infrastructural facilities in new industrial (multi-product) areas/estates or existing Industrial Areas/Estates/Clusters. Development of Flatted Factory Complexes can also be undertaken under this component.
  - (iii) **Marketing Hubs/Exhibition Centres by Associations:** The GoI assistance to Associations for establishing Marketing Hubs/Exhibition Centres at central places for display and sale of products of Micro and Small Enterprises.

- (iv) **Thematic Interventions:** This component would provide GoI financial assistance for implementation of Thematic Interventions in approved/completed CFCs for following activities:
  - (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.
- (v) **Support to State Innovative Cluster Development Programme:** A few State Governments such as Haryana, Maharashtra, Bihar, etc. 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.

#### 4 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.

5. **Strategy and Approach:** Given the diverse nature of the MSEs in terms of both geographical spread and sectoral composition, the MSE-CDP scheme aims at addressing needs of the enterprises, in identified clusters and geographical areas. This will enable achieving the economies of scale in terms of deployment of resources as well as focusing on the specific needs of similar enterprises. The capacity building of enterprises, formation of Special Purpose Vehicles (SPVs) to set up Common Facility Centres (CFCs) are integral part of the scheme and would enable the MSEs to leverage their resources and also to have better access to public resources, linkages to market so as to enhance their competitiveness. For sustained capacity building and hand holding, SPV may collaborate with reputed Technical Institutions, Engineering Colleges and National Research Institutes from conceptualization till implementation/operation phase. A Detailed Project Report (DPR) is required to be prepared for a technically feasible and economically viable Project for availing assistance under the scheme. The Government of India will not give any grant for preparation of DPR. However, a sum equivalent to 4% of Project Cost not exceeding Rs.50.00 lakh (fifty lakh) will be considered as a contribution by the Special Purpose Vehicle (SPV) / State Government, as the case may be, towards this purpose, including consultancy charge to Technical Institution etc from conceptualization stage to operational handholding support under the Project, with the approval of State Level Steering Committee (SLSC).

#### (i) Identification of Potential Clusters:

- (a) Identification of potential clusters in consultation with MSME-DIs and other stakeholders would be undertaken by Programme Management Unit (PMU), once they are on board. This list can be expanded based on inputs received from various stakeholders including enterprises, industry associations, State Government

departments, institutions/agencies engaged in promotion and development of MSMEs.

- (b) Diagnostic Study of identified clusters would be undertaken by PMU to identify issues/challenges/opportunities.
- (c) Presentation on findings of Diagnostic Study by PMU would be made before Techno Economic Appraisal Committee (TEAC).
- (d) PMU would prepare Preliminary Project Report (PPR) of clusters approved by TEAC based on Diagnostic Study findings.
- (e) Potential cluster details including findings of Diagnostic Study and PPR would be uploaded on MSE-CDP portal.
- (f) Micro & Small Enterprise (MSE) Clusters from the identified list can submit proposal for availing assistance under scheme by submitting Concept Note / Detailed Project Report (DPR) by suitably modifying the PPR available on MSE-CDP portal as per their specific requirements.
- (g) In case, the cluster is not in the identified list, on the request of cluster members or any other stakeholders, the process of Diagnostic Study, approval of TEAC and preparation of PPR as mentioned above would be followed and the cluster would be added in admissible list of identified clusters to be covered under MSE-CDP, if approved by TEAC.

**(ii) Detailed Project Report (DPR):**

- (a) A Detailed Project Report (DPR) is required to be prepared for a technically feasible and economically viable Project. The indicative format for preparation of DPR is at Annexure-1. The DPR should include first of all a cluster level value chain analysis reflecting the key problems associated with the functioning of the value chain of the cluster and how the proposed project intends to bring in the desired change in overall functioning of the cluster. The DPR must also include financial analysis like Internal Rate of Return, Break-even Point, Debt-service Coverage Ratio, Sensitivity Analysis, etc., using basic templates such as Projected Profit & Loss Account, Projected Balance Sheet, etc. clearly reflecting the need for viability gap funding by the public sources linking up with the conceptual rationale behind the same.
- (b) DPR, after its recommendation by TEAC, needs to be appraised by a Central/ State Government Financial Institution/Bank/SIDBI/independent Technical Consultancy Organization/Agency/Institution empanelled by Office of DC, MSME (as per standard appraisal format), before the project is considered for approval.

- (iii) Common Facility Centres (CFCs):** This component would cover creation of tangible “assets” as Common Facility Centers (CFCs) like Common Production/Processing Centre (for balancing/correcting/improving production line that cannot be undertaken by individual units), Design Centres, Testing Facilities, Training Centre, R&D Centres, Effluent Treatment Plant, Marketing Display/Selling Centre, Common Logistics Centre, Common Raw Material Bank/Sales Depot, Plug & Play facility, facilities that can support marketing systems, collective GI, development of common production & product standards, development of new product designs, improved systems for better hygiene & working conditions for workers, systems for higher overall productivity & capacity utilization of the cluster, systems for skill upgradation of the cluster, as well as supporting diversification activities of enterprises and startups in the cluster, etc. Backward/Forward linkages for value addition in bi-product/waste of cluster units would also be admissible for enhancing productivity/profitability of individual units subject to condition that CFC itself would not sell/market products/bi-products directly.

- (a) 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 or (b) women owned or (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.
- (b) The entire cost of land and building for CFC shall be met by SPV/State Government concerned. In case existing land and building is provided by stakeholders, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of Central/State Govt. Departments/FIs/Public Sector Banks. Cost of land and building may be taken towards contribution for the Project. CFC can be set up in leased premises. However, the lease should be legally tenable and for a fairly long duration (say 15 years). In case CFC is established on leased land the Lease Period should be more than 30 years.
- (c) Adaptive reuse of the unutilized/partially utilized buildings and assets under Public & Private Sector would be encouraged under the scheme.
- (d) It is necessary to form an SPV prior to setting up of and running the proposed CFC. An SPV should be a Section 8 company (as per Companies Act 2013). The SPV should have a character of inclusiveness, wherein, provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility should be provided. In addition to the contributing members of the SPV, the organizers should obtain written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged. Bylaws of SPV should have provisions for one Central Government and one State Govt. official as members of the SPV.
- (e) There should be a minimum of 20 MSE cluster units serving as members of the Special Purpose Vehicle (SPV). There is no ceiling on the maximum number of members. In special cases, where considerations of investments, technology or small size of the cluster warrant lesser number of units, a minimum of 10 MSE units may be considered for the SPV.
- (f) In order to instill transparency, inclusiveness and to maximize the benefits of facilities being created through Common Facility Centres, the SPVs of above CFCs, shall communicate (through appropriate means - email, letter etc) with all the beneficiaries of the cluster, clearly intimating all details of facilities being created, expected services and benefits to the members of the clusters (SPV and non SPV) and seek their commitments and interest / intention to utilize the facilities proposed to be created. The communication should also clearly mention that SPV membership is open ended and any unit in the cluster beneficiary can become SPV member as and when they desire, however the facilities of CFC can be availed by all the units of the cluster (SPV and non SPV members). Preferably, they may also organize workshop of beneficiaries of the cluster in order to bring more clarity and awareness amongst them.
- (g) The contribution of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of CFC. State Government contribution will be considered as gap funding. However, proposals with higher State Government funding would be given preference. All the participating units should be independent in terms of their financial stakes and management. No single unit will hold more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV.

- (h) Large mother manufacturing firms (whether in the public or private sector), Central or State Government Autonomous Bodies such as MSME Technology Centres, other major buyers of the MSE cluster products, commercial machinery suppliers, raw material suppliers and Business Development Service (BDS) providers will be eligible to contribute up to 49 per cent of SPV contribution, provided management of SPV remains clearly with the intended beneficiary SPV. In case, contribution is made by MSME Institutions, they may represent Government of India in the management/ Governing body. The SPV may also raise loans from banks to take care of any shortfall, expansion, etc. on the condition that the plant and machinery in the CFC purchased with Government assistance will not be hypothecated and the first right thereto will rest with the Government.
- (i) Contribution by the SPV and matching share by State Government should be made upfront. Necessary infrastructure like land, building, water and power supply, etc. must be in place or substantial progress should have been made in this regard before GoI assistance is released. Where bank finance is involved, written commitment of the bank concerned to release proportionate funds will also be necessary before release of GoI assistance.
- (j) The CFC may be utilized by the SPV members and as also others in the cluster.
- (k) The Project (setting up of CFC) should be completed and operational within two years from the date of approval. If Project could not be completed in two years, an extension upto a period of one year can be considered and approved by State Level Steering Committee. Further extensions if needed, beyond three years would be granted for a period of six months by Steering Committee based on the justification provided by State Government. The extension is, however, subject to a reduction of 10% of GoI share which is to be borne by the SPV as additional contribution, if delays are due to reasons attributable to SPV. Escalation in the cost of Project above the sanctioned amount, due to any reason, will be borne by the SPV/State Government. However, escalation in Project Cost due to variation in statutory levies on part of Government of India would be considered appropriately for the purpose of modification in means of finance/funding pattern. The Central Government shall not accept any financial liability arising out of operation of any CFC.
- (l) The SPV shall be exclusively responsible for the day-to-day running of the CFC. The aim of running the CFC shall be to provide common services to the enterprises in the Cluster at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be borne or kept by the SPV only.
- (m) User charges for services of CFC shall be so designed as to ensure at least meeting all the running expenses with reasonable growth close to prevailing market prices, as decided by the management of the SPV. The SPV members may be given reasonable preference in user charges.
- (n) The SPV shall adopt standard accounting procedures as per Government of India guidelines.
- (o) The CFC with cost higher than ceiling limit i.e. Rs.20.00 crore may also be considered under MSE-CDP. However, the GoI grant will be calculated with Project cost ceiling of Rs.20.00 crore.
- (p) Funds will be released in three/four installments (after approval) depending upon the implementation plan, progress made, requirements of funds, etc.

- (q) A Tripartite Agreement among the GoI, the State Government concerned and the SPV shall be signed for CFC Projects. The format of the agreement is given at Annexure-2A.
- (iv) **Infrastructure Development:** Infrastructure Development Projects under the scheme would cover Projects for infrastructural facilities like power distribution network, water, telecommunication, drainage and pollution control facilities, roads, banks, raw material storage and marketing outlets, common service facilities and technological backup services for MSEs in the new/ existing industrial estates/areas. Development of Flatted Factory Complexes can also be undertaken under this component.
- (a) 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 or (b) women owned or (c) SC/ST units. Details of components for new site development are given at Annexure-3A&3B. For existing Industrial Estates/Industrial Area/Flatted Factory Complex, up-gradation proposals will be based on actual requirements.
- (b) The State/UT Governments will provide suitable land for the Projects. The remaining amount over and above GoI grant may be loan from SIDBI/ Banks/Financial Institutions or equity from State/UT Government. The State/UT Governments will also meet the cost in excess of Rs.10.00 crore/ Rs.15.00 crore or any escalation in cost.
- (c) A variation of 10% max. is admissible in component-wise cost subject to keeping overall Project cost unchanged.
- (d) Adaptive reuse of the unutilized/partially utilized buildings and assets under Public & Private Sector would be encouraged under the scheme.
- (e) The Project should be completed within two years from the date of approval, unless extended with the approval of Steering Committee. The extension would be granted for a period of six months by Steering Committee based on the justification provided by State Government. The extension is, however, subject to a reduction of 10% of GoI share which is to be borne by the State Government/Implementing Agency as additional contribution. Second/subsequent Project in a district will be considered only if earlier approved Project is completed in all respects.
- (f) Any change in the layout plan should be got approved by DC (MSME).
- (g) Funds will be released on reimbursement basis or on matching share basis (Implementing Agency will deposit its share in the dedicated bank account in the name of Project and submit a bank certificate). 1<sup>st</sup> installment (in case of advance) would be limited to Rs.2.00 crore only.
- (h) State/UT Governments would constitute State Level Committees to coordinate and monitor the progress of implementation of the Projects, with representatives from Office of DC (MSME), SIDBI, Lead Bank, etc.
- (v) **Marketing Hub/Exhibition Centres by Associations:** The GoI assistance to Associations for establishing Marketing Hub/Exhibition Centres at central places for display and sale of products of Micro and Small Enterprises.
- (a) 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.
- (b) Cost of construction of Marketing Hub/Exhibition Centre (Not exceeding Rs.4.00 crore/built-up area of 2000 sq meter) would be eligible activity for GoI grant under this component.
  - (c) Association desirous of availing GoI assistance under this component needs to form an SPV (comprising of at least 20 member units of association). An SPV should be a Section 8 company (as per Companies Act 2013). The SPV should have a character of inclusiveness, wherein, provision for enrolling new members to enable prospective entrepreneurs in the cluster/association to utilize the facility should be provided. In addition to the contributing members of the SPV, the organizers should obtain written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged. Bylaws of SPV should have provisions for two office bearers including President of the Association, one Central Government and one State Government official as members of the SPV.
  - (d) Creation of market linkages for such collectives / groups in association with existing forward linkages who must also invest or reflect a clear commercial interest in strengthening the supply chain would be encouraged.
  - (e) There is no ceiling on maximum number of members.
  - (f) The SPV contribution should be as high as possible but not less than 10% of project cost, State Government contribution will be considered as gap funding. All the participating units should be independent in terms of their financial stakes and management. No single unit will hold more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV.
  - (g) The cost of land (not exceeding 25% of project cost) can be taken as SPV/State Government contribution. The entire cost of land for Hub shall be met by SPV /State Government concerned. In case existing land is provided by stakeholders, the cost of land will be decided on the basis of valuation report prepared by an approved agency of Central/State Govt. Departments/FIs/Public Sector Banks. Hub can be set up in leased land/premises. However, the lease should be legally tenable and for a fairly long duration (say 30 years).
  - (h) Adaptive reuse of the unutilized / partially utilized buildings and assets under Public & Private Sector would be encouraged under the scheme.
  - (i) Large mother manufacturing firms (whether in the public or private sector), other major buyers of the cluster/association MSE products, commercial machinery suppliers, raw material suppliers and Business Development Service (BDS) providers will be eligible to contribute up to 49 per cent of SPV contribution, provided management of SPV remains clearly with the intended beneficiary SPV. The SPV may also raise loans from banks to take care of any shortfall, expansion, etc. on the condition that the asset created with Government assistance will not be hypothecated and the first right thereto will rest with the Government.
  - (j) Contribution by the SPV and matching State Government share should be made upfront. Necessary infrastructure like land, water, power supply, etc must be in place or substantial progress should have been made in this regard before GoI assistance is released. Where bank finance is involved, written commitment of the bank concerned to release proportionate funds will also be necessary before release of GoI assistance.
  - (k) The Marketing Hub including Exhibition Centre may be utilized by the SPV members and also other members of the association/cluster.
  - (l) The Project should be completed and operational within two years from the date of approval. Further, extension would be granted for a period of six months by Steering Committee based on the justification provided by State Government. The extension is, however, subject to a reduction of 10% of GoI share which is to be borne by the SPV as additional contribution, if delays are due to reasons attributable to SPV. Escalation in the cost of

Project above the sanctioned amount, due to any reason, will be borne by the SPV / State Government. The Central Government shall not accept any financial liability arising out of operation of Marketing Hub.

- (m) The SPV shall be exclusively responsible for the day-to-day management of Hub. The aim of establishment of Hub shall be to provide common market place to the enterprises in the Cluster/Association at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be borne or kept by the SPV only.
- (n) User charges for services of Hub shall be close to prevailing market prices, as decided by the Governing Council of the SPV. The SPV members may be given reasonable preference in user charges.
- (o) The SPV shall adopt standard accounting procedures as per Government of India guidelines.
- (p) The projects with cost higher than ceiling limit i.e. Rs.10.00 crore may also be considered under MSE-CDP. However, the GoI grant will be calculated with Project cost ceiling of Rs.10.00 crore.
- (q) Funds will be released in two/three installments (after approval) depending upon the implementation plan, requirements of funds.
- (r) A Tripartite Agreement among the GoI, the State Government concerned and the SPV shall be signed for Marketing Hub Projects. The format of the agreement is given at Annexure-2B.

(vi) **Thematic Interventions:** This component would cover GoI financial assistance for implementation of Thematic Interventions in approved/completed CFCs for following activities:

- (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.

The GoI grant will be restricted to 50% of total cost of maximum 5 activities not exceeding Rs.2.00 lakh for each activity. 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.

(vii) **Support to State Innovative Cluster Development Programme:** A few State Governments such as Haryana, Maharashtra, Bihar, etc. 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 assistance would be 90% of project cost 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.



**6. Implementing Agencies:**

<b>Admissible Activity</b>	<b>Implementing Agency</b>
Setting up of CFC	<ul style="list-style-type: none"> <li>• Institutions of Ministry of MSME</li> <li>• Organizations of State Governments</li> <li>• National and international institutions engaged in development of the MSE sector.</li> <li>• Any other institution/agency approved by the Ministry of MSME</li> </ul>
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"> <li>• Institutions of Ministry of MSME</li> <li>• Organizations of State Governments</li> </ul>

**7. 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:

1.	ACS/Principal Secretary/Secretary (Industries/MSME)/ Commissioner/Director of Industries/MSME.	Chairman
2.	Managing Director or Representative of Implementing Agency	Member
3.	Representative of Finance Department	Member
4.	Director, MSME-Development Institute	Member Secretary/ Convener
5.	General Manager, District Industries Centre concerned	Member
6.	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), Office of DC(MSME)	Member
(iii)	ADC (Tech), Office of 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. Representative of SIDBI	Member
7. Representative(s) of concerned Industry Association(s)	Member
8. Special Invitees (Representatives from Financial Institutions, Programme Management Service Provider, Appraisal Agencies etc.)	
9. Additional Development Commissioner (CD)	Member Secretary

**8. Project Approval Procedure**

- (a) Beneficiaries desirous of availing the financial assistance under the scheme for CFC & Marketing Hub/Exhibition Centre would apply online by submitting application along with a Concept Note (Format annexed at Annexure-4) and necessary supporting documents at MSE-CDP online portal. A system generated e-mail will be received by MSME-DI concerned and Cluster Division of Office of DC (MSME). The Concept Note would be made available for public view.
- (b) Based on the Concept Note, a newspaper advertisement would be released by MSME-DI in local newspapers inviting proposals from any other group of enterprises from the same cluster/location, if they wish to submit a fresh proposal or join the group which has already submitted the proposal.
- (c) On receipt of response(s), group(s) would be advised to submit Detailed Project Report (DPR) along with expected outcomes of cluster as given below, which would be part of score card (to be decided by SLSC based on local geographical & economic conditions and priorities of State Government) while selecting the proposals:
- (i) No. of enterprises to be benefitted
  - (ii) Percentage increase in production
  - (iii) Percentage increase in exports
  - (iv) Value of import substitutions
  - (v) Percentage of project cost sought as GoI grant
  - (vi) Increase in value of annual turnover
  - (vii) Percentage increase in profit
  - (viii) No. of patents expected / aimed
  - (ix) Quality & Green certifications aimed
  - (x) Social parameters such as: No. of MSMEs in the cluster, No. of enterprises represented by women as well as SPV, No. of enterprises represented by SC/ST entrepreneurs, No. of enterprises ready to join SPV, additional employment generated, cluster representing traditional/rural/agro based industries, increase in supplier base through forward/ backward linkages, No. of ZED certified member units , etc.
- (d) The proposal would be then examined by MSME-DI, keeping in mind technological advancements in the sector as well as appropriateness of investments (in order to avoid obsolescence of machinery & equipment and to ensure proper utilization of GoI grant).

- (e) The evaluation should also incorporate parameters such as expected growth of the cluster on various parameters, green economy and inclusion of all stakeholders.
- (f) In case MSME-DI does not have Technical Officer of the concerned trade, officer available in nearby MSME-DI may be involved in examination of proposal.
- (g) While examining the proposal, the senior most technical officer of the concerned trade in MSME-DO shall invariably be consulted by MSME-DI and his / her report should be made part of recommendations.
- (h) Economic Division Officer available at MSME-DI or nearby MSME-DI shall be involved to examine economic viability of the proposal. Once, Programme Management Unit (PMU) is on board, Economic Appraisal would be done by PMU.
- (i) In case of any query, the necessary clarification/additional documents would be obtained from SPV concerned.
- (j) On receipt of complete information, the examination of the proposal shall be completed by MSME-DI within a period of 1 month and a Focus Report covering all the above aspects shall be uploaded on MSE-CDP portal. A system generated e-mail will be issued to SPV and Cluster Division in Office of DC (MSME).
- (k) The group (s) would then be advised thereafter to make presentation before SLSC.
- (l) SLSC, based on the presentations and evaluation of proposals and Focus Report received from MSME-DI would award score as per above pre-defined criteria/score card.
- (m) Highest marks scored proposal would be recommended and other groups, if any, would be advised to be part of the selected group of industries in order to enhance inclusiveness and effectiveness of the project.
- (n) The selected proposal would then be forwarded online at MSE-CDP portal by MSME-DI along with Minutes of SLSC meeting. A system generated e-mail will be received by SPV and Cluster Division in Office of DC (MSME).
- (o) Based on the Focus Report and recommendations of SLSC, a presentation would be made by MSME-DI concerned and PMU (once on board) to the TEAC within 4 weeks.
- (p) In case of any advisory for rectification by TEAC (including those needed for carrying out DPR appraisal), the same would be communicated to MSME-DI and SPV with an advice to submit the rectified Project Report within 2 weeks. In case the proposal is recommended by committee without any rectifications/observations, the proposal would be placed before NLSC for consideration and approval.  
In case of non-recommendation of proposal by TEAC, the proposal would be returned to concerned State Government/IA/SPV with approval of AS&DC indicating reasons for not recommending.
- (q) In case of Infrastructure Development Projects, no technical examination would be needed for placing the proposal before TEAC for making recommendation to NLSC for approval. However, it has to be recommended by SLSC, based on submitted proposal on MSE-CDP portal. Economic appraisal would be undertaken by Economic Division Officer available at MSME-DI or nearby MSME-DI to make suitable recommendations to TEAC on the project proposal. Once, Programme Management Unit (PMU) is on board, Economic Appraisals would be done by PMU.
- (r) The recommendation of TEAC for CFC and Marketing Hub/Exhibition Centre would be accorded on fulfilling following conditions:
  - (i) The cluster/association must have formed SPV as a Section 8 Company.
  - (ii) It must have identified the land for implementation of project.
  - (iii) State Government should submit certificate for compliance of GFR/CVC guidelines (Format annexed at Annexure-5).

In case of ID Projects, documents as at S.No. (ii) and (iii) above would be needed to place the proposal before TEAC.

Recommendation of TEAC for all projects shall be valid for a period of 6 months to complete pre-approval requirements.

**Approval of projects:**

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.

#### **D. Thematic Interventions**

Thematic Interventions would be approved 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.

### **9. Release of Funds**

#### **(a) Common Facility Centre (CFC)**

- (i) Funds would be released in three/four installments to the Implementing Agency (State/UT Government Agency) on the basis of the physical progress, actual expenditure incurred and requirement of funds for the Project.
- (ii) Once the Plant & Machinery (P&M) are approved in the Steering Committee of the MSE-CDP, the same would not be considered for changes, unless they are going for higher version or adopting new technologies with due approval of National Level Steering Committee. Any escalation in the cost of Project above the sanctioned amount, due to any reason will be borne by the SPV/ State Government.
- (iii) Contribution by the SPV or the beneficiaries share should be upfront. However, State Government may release their complete share either in one go or proportionately in the ratio of 40:30:30 and the same should be released prior to request for release of GoI grant is made by IA. In case the State share release is high, the GoI grant will be released proportionately, but not more than 50% as first installment. All the members of the cluster and their details such as Mobile Number, Udyog Aadhaar Memorandum (UAM) Number, etc. to be uploaded on

MSE-CDP Portal before request for release of 1<sup>st</sup> installment of GoI grant is made by IA.

- (iv) Necessary infrastructure like land, building, water and power supply, etc must be in place or substantial progress should have been made in this regard before GoI assistance is requested. Where bank finance is involved, written commitment of the bank concerned to release proportionate funds will also be necessary before release of GoI assistance.
- (v) State Government/IA would submit request for 1<sup>st</sup> installment of GoI grant (maximum 40%) along with Original Tripartite Agreement (if not submitted earlier), State Government order regarding Constitution of Purchase Committee, copy of minutes of Purchase Committee finalizing the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter, status of procurement of Plant & Machinery, proof of release of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government/IA, SPV & MSME-DI), Undertaking, component-wise expenditure statement as per approval, certified by CA and certificate from IA that all the conditions prescribed in appraisal report & approval letter have been fulfilled.
- (vi) On utilization of 1<sup>st</sup> installment of GoI grant, State Government/IA would submit request for 2<sup>nd</sup> installment of GoI grant (30%) along with Utilization Certificate (UC) in respect of utilization of 1<sup>st</sup> installment of GoI grant, copy of minutes of Purchase Committee finalizing the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter (in case any new machinery & equipment in addition to those mentioned in earlier GoI grant request), status of procurement of Plant & Machinery indicating utilization of 1<sup>st</sup> installment of GoI grant, proof of release / utilization of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government/IA, SPV & MSME-DI), Undertaking, component-wise expenditure statement as per approval certified by CA.
- (vii) On utilization of 2<sup>nd</sup> installment of GoI grant, State Government/IA would submit request for 3<sup>rd</sup> installment of GoI grant (retaining 10% to be released as final installment) along with Utilization Certificate (UC) in respect of utilization of 2<sup>nd</sup> installment of GoI grant, copy of minutes of Purchase Committee finalizing the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter (in case any new machinery & equipment in addition to those mentioned in earlier GoI grant request), status of procurement of Plant & Machinery indicating utilization of 2<sup>nd</sup> installment of GoI grant, proof of release/utilization of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government/IA, SPV & MSME-DI), Undertaking, component-wise expenditure statement as per approval certified by CA.
- (viii) On completion of project, State Government / IA would submit request for Final installment of GoI grant (10%) on reimbursement basis, along with Completion Report in prescribed format duly signed by IA & SPV and countersigned by MSME-DI, Utilization Certificate (UC) in respect of utilization of previous installment of GoI grant, proof of utilization of State Government complete contribution, details of interest accrued on GoI grant, Undertaking, component-wise expenditure statement certified by CA.

**(b) Infrastructure Development Projects (Industrial Estate, Flatted Factory Complex)**

- (i) Funds will be released on reimbursement basis or on matching share basis (Implementing Agency will deposit its share in the dedicated bank account in the name of Project and submit a bank certificate). 1<sup>st</sup> installment would be limited to Rs.2.00 crore only.
- (ii) State Government / IA would submit request for 1<sup>st</sup> installment of GoI grant (maximum Rs.2.00 crore) along with Physical and Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilization of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per approval certified by CA and certificate from IA that all the conditions prescribed in appraisal report & approval letter have been fulfilled.
- (iii) On utilization of 1<sup>st</sup> installment, State Government/IA would submit request for 2<sup>nd</sup> installment of GoI grant along with Utilization Certificate (UC) in respect of utilization of 1st installment of GoI grant, Physical & Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilization of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per approval certified by CA.
- (iv) On completion of project, State Government/IA would submit request for 3rd & Final installment of GoI grant on reimbursement basis along with Completion Report in prescribed format duly signed by IA and countersigned by MSME-DI, Utilization Certificate (UC) in respect of utilization of previous installment of GoI grant, proof of utilization of State Government complete contribution, details of interest accrued on GoI grant, Pre-receipt bill & Undertaking, component-wise expenditure statement certified by CA.

**(c) Marketing Hub including Exhibition Centre**

- (i) Funds would be released to the Implementing Agency (State/UT Government Agency) on the basis of the physical progress and actual expenditure incurred on Project.
- (ii) Contribution by the SPV or the beneficiaries share should be upfront. However, State Government may release their complete share either in one go or proportionately in the ratio of 40:30:30 and the same should be released prior to request for release of GoI grant is made by IA. In case the State share release is high, the GoI grant will be released proportionately, but not more than 50% as first installment.
- (iii) State Government/IA would submit request for 1<sup>st</sup> installment of GoI grant along with Physical and Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilization of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per approval certified by CA and certificate from IA that all the conditions prescribed in appraisal report & approval letter have been fulfilled.
- (iv) On utilization of 1<sup>st</sup> installment, State Government / IA would submit request for 2<sup>nd</sup> installment of GoI grant along with Utilization Certificate (UC) in respect of utilization of 1st installment of GoI grant, Physical & Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilization of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per approval certified by CA.

- (v) On completion of project, State Government / IA would submit request for 3<sup>rd</sup> & Final installment of GoI grant on reimbursement basis along with Completion Report in prescribed format duly signed by IA and countersigned by MSME-DI, Utilization Certificate (UC) in respect of utilization of previous installment of GoI grant, proof of utilization of State Government complete contribution, details of interest accrued on GoI grant, Pre-receipt bill & Undertaking, component-wise expenditure statement certified by CA.

**(d) Thematic Interventions**

- (i) 50% of approved GoI grant would be released to Implementing Agency/MSME-DI (as the case may be) as advance along with approval letter.
- (ii) Balance GoI grant would be released on submission of report along with expenditure statement duly certified by SPV, Implementing Agency and MSME-DI jointly.

**(e) Support to State Innovative Cluster Development Programme**

- (i) State Government would submit their annual fund requirement projections in the month of December, for the coming financial year to the Office of DC (MSME) for making suitable budgetary allocation.
- (ii) State Government would release the funds to Implementing Agency in installments as per procedure prescribed in their scheme guidelines. A copy of Sanction Order would also be endorsed to respective MSME-DI and Office of DC (MSME).
- (iii) While endorsing copy of Sanction Order on each occasion, State Government would also request for release of matching share from GoI, with a copy of request letter endorsed to MSME-DI.
- (iv) MSME-DI, based on Joint Verification of project would recommend release of GoI share.
- (v) Based on MSME-DI recommendations, GoI grant would be released to Implementing Agency.
- (vi) While submitting subsequent GoI grant request based on progress of project, State Government would submit Utilization Certificate (UC) as per GFR-2017.
- (vii) Final GoI grant would be released on reimbursement basis, based on Completion Report to be jointly signed by SPV, IA and MSME-DI.

**10. 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. The PMU shall report directly to the Office of DC (MSME). Service charges for the PMU shall be paid from within the approved budget outlay of the scheme.

The PMU will have the following responsibilities:

- (i) Sensitization and awareness creation about the scheme.
- (ii) Create database of Clusters across the country.



- (iii) Identification of potential clusters, diagnosis to identify the need for interventions and preparation of Preliminary Project Report for the identified clusters.
- (iv) Assist state governments/ industry associations/groups of entrepreneurs/other stakeholder/agencies in conceptualizing projects and preparing comprehensive proposals/DPRs.
- (v) Assist the identified entrepreneurs in establishment and structuring the project specific SPV.
- (vi) Assist Office of DC (MSME) in examining the proposals to be placed before TEAC for recommending the same for approval by NLSC.
- (vii) Assist SPVs in selection of agencies/experts for various services and in developing suitable operational framework for CFC.
- (viii) Assist in periodical monitoring of the progress of the projects and disbursement of funds.
- (ix) Assist in periodic monitoring of completed and ongoing projects in order to ensure financial and organizational sustainability of SPVs and CFCs.
- (x) Develop strategy for creating coordinated approach in promoting MSME Clusters amongst other line-Ministries/Departments.
- (xi) Development and maintenance of online portals under MSE-CDP.
- (xii) Development of strategy for concurrent evaluation and monitoring of scheme.
- (xiii) Provide need based advisory services to the Office of DC (MSME) and assist in strategy formulation for effective implementation of the scheme.
- (xiv) Any other activity related to implementation of MSE-CDP.

## **11. 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.

## **12. Miscellaneous Provisions**

### **A. Implementation, Monitoring and Management Expenses:**

At present, interventions are being undertaken in various clusters across the country. Project Implementation, Monitoring and Management @ 5% of the total budget outlay for the sanctioned funds will be utilized, mainly at the Office of DC (MSME) and MSME-DIs for:

- (i) On-site monitoring for implementation and operation of Projects.
- (ii) Engagement of PMU.
- (iii) Development of customized software for data management, specialized reports and monitoring & evaluation.
- (iv) MSE-CDP related communication and stationery expenses.
- (v) Expenses towards communication, travel/exposure visits of the clusters by officers from Office of DC (MSME) and MSME DIs for monitoring MSE-CDP activities.

- (vi) Organizing of meetings including steering committee.
- (vii) Purchase of office automation equipment like photocopier, laptop and their maintenance, etc.
- (viii) Outsourcing of data management services.

**B. National Level Miscellaneous Activities:**

Activities such as organizing training of officers/national workshops of stakeholders, publishing of cluster related material, preparation of study material, deputation of officers from headquarters/MSME-DIs, within India and outside the country, special studies, etc., setting up of and supporting Resource Centers, to be set up or improved upon by any public/private organization with prior track record and mandate which are not part of cluster specific action plans, but are directly connected with the promotion of the scheme and duly approved by the Steering Committee subject to 5% of the total cluster development budget in a particular year, will also be permitted. These may among others include national information portals, training of trainers' programmes, organization of special programmes, setting up of dedicated cells in existing institutions that help integrate efforts of the public & private institutions working towards public cause as given the objectives above. Collaborations with international organisations that bring in new knowledge will also be encouraged. Training will also be imparted to the Implementing Agencies, SPVs, and other stakeholders as and when required.

**C. Cluster development through International Agencies:**

The interventions, criteria/proposal format for cluster development through International agencies like UNIDO, GIZ, DFID etc do not match with that of the MSE-CDP. However, at times, it is required to join hands with such agencies/organizations with necessary international expertise for development of clusters at national/regional level. Contribution towards such programmes may be considered by the Steering Committee by relaxing prescribed norms.

**D. Saving Clause:**

Relaxation to the provisions of guidelines, in exceptional cases, with reasons to be recorded can be given by Steering Committee under the Chairmanship of Secretary, MSME with the concurrence of IF Wing.

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## Format of Detailed Proposal for CFC

1. **Proposal under consideration**
2. **Brief particulars of the proposal**

Name of applicant, contact details, etc	As CFC Registered address / administrative address may be different from CFC facilities address, the same may be provided
Location of Common Facility Centre	Address where facilities are proposed may be provided
Main facilities being proposed	Details of facilities to be provided

### 2.1. Introduction: brief about

- 2.1.1. General scenario of industrial growth/ cluster development in the state
- 2.1.2. Sector for which CFC is proposed to be set up
- 2.1.3. Cluster and its products, future prospects of products, Competition scenario, Backward and forward linkages  
Basic data of cluster (Number of units, type of units [Micro/Small/Medium], employment [direct /indirect], turnover, exports, etc):
- 2.1.4. How the proposed CFC is relevant to the growth of the concerned cluster/ sector

### 3. Information about SPV

S.No.	Description	Details/ Compliance
(i)	Name and address	
(ii)	Registration details of SPV	
(iii)	Names of the State Govt and MSME officials in SPV	
(iv)	Date of formation of the company	
(v)	Date of commencement of business	
(vi)	Number of MSE Member Units <sup>1</sup>	
(vii)	Bye laws or MoA and AoA submitted	
(viii)	Main objectives of the SPV <sup>2</sup>	
(ix)	SPV to have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility	
(x)	Clause about 'Profits/ surplus to be ploughed back to CFC' included or not	

<sup>1</sup> Should be more than 20 cluster MSEs (and not individuals) as members in the SPV

<sup>2</sup> Main objective of the SPV should rotate around cluster development

(xi)	Authorized share capital	
(xii)	Shareholding Pattern <sup>3</sup> (Annexure-1 to be filled in)	
(xiii)	Commitment letter for SPV Upfront contribution <sup>4</sup>	
(xiv)	Project specific A/c in schedule A bank	
(xv)	Clause about 'CFC may be utilised by SPV members as also others in a cluster and Evidence for SPV members' ability to utilise at least 60% of installed capacity'	
(xvi)	Main Role of SPV	
(xvii)	Trust building of SPV <sup>5</sup> so that CFC may be successful	

#### 4. Details of Project Promoters /Sponsors

- (i) Brief bio-data of Promoters
- (ii) The details of the promoters are as under :

<b>Name of the Office bearers of the SPV</b>							
Age (years)							
Educational Qualification							
Relationship with the chief promoter							
Experience in what capacity/ industry/ years							
Income Tax / Wealth Tax Status (returns for 3 years to be furnished)							
Other concerns interest / in which capacity /financial stake							

- (i) Brief about Compliance with KYC guidelines
- (ii) Details of connected lending - Whether the directors / promoters of SPV are having any directorship on any bank etc.
- (iii) Adverse auditors remarks, if any – to be culled out from audit report, in case available. If SPV is new, it can be indicated as not applicable

<sup>3</sup> No single unit will hold more than 10 % in the equity capital (or equivalent capital contribution) of SPV.

<sup>4</sup> Share of the cluster beneficiaries should be as high as possible but not less than 10% of cost of CFC

<sup>5</sup> Evidence of collective programme / initiative, soft intervention, discussions with the SPV members, informal channels may be used as an evidence for Trust building.

- (iv) Particulars of previous assistance from financial institutions / banks - If SPV is new, it can be indicated as not applicable
- (v) Pending court cases initiated by other banks/FIs, if any - - If SPV is new, it can be indicated as not applicable
- (vi) Management Set-up
- (vii) To indicate details regarding who will be the main persons involved in running of CFC, its operations etc.

#### 5. Eligibility as per guidelines of MSE-CDP

S.No.	Eligibility Criteria	Comments
1.	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 or more than 10% SC/ST units.	
2.	Cost of project includes cost of Land (subject to max. 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.	
3.	The entire cost of land and building for CFC shall be met by SPV/State Government concerned.	
4.	In case existing land and building is provided by stakeholders, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of Central/State Govt. Departments/FIs/Public Sector Banks. Cost of land and building may be taken towards contribution for the project.	
5.	CFC can be set up in leased premises. However, the lease should be legally tenable and for a fairly long duration (say 15 years).	
6.	Escalation in the cost of project above the sanctioned amount, due to any reason, will be borne by the SPV/ State Government. The Central Government shall not accept any financial liability arising out of operation of any CFC.	
7.	DPR should be appraised by a bank (if bank financing is involved) / independent Technical Consultancy Organization/ SIDBI.	It can be indicated that the proposal is being submitted to SIDBI
8.	Proposals approved and forwarded by the concerned state government.	
9.	Evidence should be furnished with regard to SPV members ability to utilize at least 60% of installed capacity.	

## 6. Implementing Arrangements

	Description	Compliance
a.	Name of Implementation Agency	
b.	Role of Implementing Agency (e.g. implementation and monitoring of project, sending regular progress reports, issuing proper UCs, )	
c.	Implementation Period <sup>6</sup>	
d.	Commitment of State Government upfront contribution	
e.	Commitment of Loans (Working capital and/ or term loan)	

## 7. Management and shareholding details:

### 8. Technical Aspects:

- (i) Scope of the project (including components/ sections of CFC)
- (ii) Locational details<sup>7</sup> and availability of infrastructural facilities
- (iii) Technology
- (iv) Raw materials / components
- (v) Utilities
  - (a) Power
  - (b) Water
- (vi) Effluent disposal
- (vii) Manpower

The details of the manpower are as under :

S.No.	Description of the employee	Number
1		
2		
3		
4		
5		
6		
7		
8		
9		

<sup>6</sup> CFC should be operationslised within two years from the date of approval

<sup>7</sup> Minimum and maximum distance of cluster units from the place of CFC to be specifically mentioned so that CFC is accessible to the units.

## 9. Implementation Schedule:

Activities	Start Date	Completion Date
Preparation of Project Report		
Sanction of Grant from Government of India		
NOC from Pollution Control Board		
Site Development		
Building up-keep		
Placement of order to equipment supplier		
Supply of equipments by suppliers		
Installation of equipments at site		
Sanction of power connection		
Trial Run		
Commercial Production		

## 10. Project components:

(i) Estimated Project Cost (Rs. in lakh):

S.No.	Particulars	Amount
1	Land and Building	
2	Plant & Machinery including MFA, Installation, Taxes/duties, Contingencies, etc.	
3	Preliminary & Pre-operative expenses <sup>8</sup>	
4	Margin money for Working Capital <sup>9</sup>	
	<b>Total</b>	

(ii) Details of Land, Site Development and Building & Civil Work

(iii) Plant & Machinery:

**(Rs. in lakh)**

S.No.	Description	No.	Amount
1			
2			
3			

(iv) Comments on Plant and Machineries from O/o DC, MSME:

(v) Misc. fixed assets

(vi) Preliminary expenses

(vii) Pre-operative expenses

(viii) Contingency Provisions:

(ix) Margin money for Working Capital

(x) Proposed Means of Financing:

<sup>8</sup> Maximum - 2% of project cost

<sup>9</sup> Based on actual, but less than 25% of working capital requirements for 1<sup>st</sup> Year

(Rs. in lakh)

S.No.	Particulars	percentage	Amount
	<b>Total</b>		

(xi) SPV contribution:

(xii) Grant-in-aid from Govt. of India under MSE-CDP

(xiii) Grant-in-aid from the State Government

(xiv) Bank Loan/ others

(xv) Arrangements for utilization of facilities<sup>10</sup> by cluster units:

### 11. Usage Charges:

### 12 Comments on Commercial viability:

### 13 Financial Economic viability:

Assumptions underlying the profitability estimates, projected cash flow statements and projected balance sheet are placed at Annexure and the summary of key parameters for the first 5 years are given below:-

(Rs. in lakh)

S.No.	Particulars	FY 1	FY 2`	FY3	FY4	FY5
1	Net Block					
2	Current Assets (incl. cash/bank balance)					
3	Current Liabilities (incl. principal installment falling due during the year)					
4	Long term borrowings					
5	Capital					
6	Reserves and Surplus					
7	Unsecured loan					
8	Net Worth (incl. GoI Subsidy as Quasi-equity)					
9	Income					
10	Gross profit					
11	Depreciation					

<sup>10</sup> User charges for services of CFC shall be close to prevailing market prices, as decided by the Governing Council of the SPV



12	Profit after tax					
13	Gross Cash Accruals					

The projected revenue of SPV is based upon the following major assumptions:

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**14 Projected performance of the cluster after proposed intervention (in terms of production, domestic sales / exports and direct, indirect employment, etc.)**

	<b>Before Intervention</b>	<b>After Intervention</b>
Particulars	Qty. / Outcome	Qty. / Outcome
Units		
Employment		
Production		
Exports		
Investment		
Turnover		
Profit		
Quality		
Certification		
Any others		

**15 Status of Government approvals**

- (i) Pollution control
- (ii) Permission for land use (conversion for industrial purpose)

**16 Favorable and Risk Factors of the project : SWOT Analysis**

**17 Risk Mitigation Framework**

Key risks during the implementation and operations phase of the Project and the mitigations measures thereof could be as below:

During implementation:

During operations:

**18 Economics of the project**

- (a) Debt Service coverage ratio (Projections for 10 years)

$$DSCR = \frac{Net\ Profit + Interest(TL) + Depreciation}{installment(TL) + Interest(TL)}$$

- (b) Balance sheet & P/L account (projection for 10 years)

$$(c) \quad BreakEvenPoint = \frac{FixedCost}{Contribution(Sales - VariableCost)}$$

**Commercial Viability:** Following financial appraisal tools will be employed for assessing commercial viability of the Project:

- (i) **Return on Capital Employed (ROCE):** The total return generated by the project over its entire projected life will be averaged to find out the average yearly return. The simple acceptance rule for the investment is that the return (incorporating benefit of grant-in-aid assistance) is sufficiently larger than the interest on capital employed. Return in excess of 25% is desirable.
- (ii) **Debt Service Coverage Ratio:** Acceptance rule will be cumulative DSCR of 3:1 during repayment period.
- (iii) **Break-Even (BE) Analysis:** Break-even point should be below 60 per cent of the installed capacity.
- (iv) **Sensitivity Analysis:** Sensitivity analysis will be pursued for all the major financial parameters/indicators in terms of a 5-10 per cent drop in user charges or fall in capacity utilisation by 10-20 per cent.
- (v) **Net Present Value (NPV):** Net Present Value of the Project needs to be positive and the Internal Rate of return (IRR) should be above 10 per cent. The rate of discount to be adopted for estimation of NPV will be 10 per cent. The Project life may be considered to be a maximum of 10 years. The life of the Project to be considered for this purpose needs to be supported by recommendation of a technical expert/institution.

## 19 Conclusion

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**Format for Tripartite Agreement among Special Purpose Vehicle (SPV), State Government and Government of India under MSE-CDP**

This agreement is made at ..... on this the .....th day of ..... 20.... between (1) the President of India, acting through and represented by Joint Development Commissioner /Director in the Office of the Development Commissioner (MSME), the Ministry of Micro, Small & Medium Enterprises (MSME), New Delhi / Director, MSME-DI, ..... (hereinafter after referred to as the 'GoI'), (2) Governor/Lt. Governor of the State/Union Territory of ..... acting through and represented by Secretary (Industries), State/UT Government of ..... (hereinafter referred to as the 'GoS') and (3)..... Special Purpose Vehicle (SPV) having its registered Office at..... represented by its Managing Director/Chief Executive Officer (hereinafter referred to as the 'SPV').

**WHEREAS** the GoI has introduced a scheme named as "Micro and Small Enterprises- Cluster Development Programme (MSE-CDP)" with the objective of capacity building of micro and small enterprises (including small scale service and business entities) and their collectives in the country;

AND WHEREAS the SPV has been created and constituted as a Section 8 company (as per Companies Act 2013), *inter alia*, to create, establish, run and maintain a Common Facility Centre at .....(the CFC) for the use and benefit of its members and of other units engaged or coming up in the same industry, trade or vocation in the .....of .....(the Cluster);

AND WHEREAS the SPV has submitted a Project for approval of the GoI under the MSE-CDP;

AND WHEREAS the GoI has approved the Project submitted by the SPV subject to the conditions mentioned in the sanction letter no..... dated ..... (or to be issued) which shall be deemed to be a part of this Agreement and the GoS has also agreed to contribute towards the cost of establishment of the CFC;

AND WHEREAS for binding the Parties to their respective obligations and to ensure long term use of the CFC by the enterprises in the Cluster, the Parties are desirous to enter into an agreement;

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. The SPV shall set up the CFC at..... on a piece of land to be provided by it free of all encumbrances and charges.
2. The SPV shall contribute to the cost of establishment of the CFC from its resources to the extent and in the form as laid down in the Sanction Letter.
3. The GoI and the GoS shall, on satisfactory proof of the contribution by the SPV, make their respective contributions towards the cost of establishment of the CFC, at such time, in such manner and to such extent as laid down in the Sanction Letter.
4. The establishment of the CFC, including civil works, if any, shall be completed by the SPV within stipulated time period as per the Sanction Letter, or such extended time as the GoI may, on its satisfaction as to the reasons of delay, grant.
5. The SPV shall be exclusively responsible for the day-to-day running of the CFC. The aim of running the CFC shall be to provide common services to the enterprises in the Cluster at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be kept or borne by the SPV only.
6. The disbursement of funds by the GoI will be made only after the upfront contribution to be made by the SPV, the State Government or the beneficiaries.

7. Further, the SPV/implementing agency will ensure that necessary infrastructure like provisioning of land and building including water and power supply for CFC is completed before they approach GoI for release of its share.
8. Pending utilization of GoI grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.
9. GoI will reserve the right to carry out physical verification of the assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.
10. The SPV shall furnish utilization certificates for amounts released as grant-in-aid duly verified by the statutory auditors.
11. The GoS will act as a facilitator to supervise and evaluate the progress of the Project separately. The GoS will also inform the GoI about the status of the establishment or running of CFC and shall also report to the GoI for any discrepancies in its management or otherwise.
12. All plant, machinery, fixtures or equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be the exclusive property of the GoS / Ministry of MSME organization (to be decided by the Competent Authority), though in the custody and use of the SPV.
13. The SPV shall, at its own cost, insure and keep insured all the plant, machinery, fixtures and equipment of the CFC for a minimum period of 10 years. In case of loss of or damage to such plant, machinery, fixtures and equipment, etc., the insurance monies shall be payable to the GoS.
14. The SPV shall observe all the conditions and stipulations of the Sanction Letter.
15. The management of the SPV and the operation of the CFC shall be in accordance with the GoI Guidelines dated ....., which shall be deemed to be a part of this Agreement.
16. The SPV shall keep all monies not immediately required in interest bearing deposits with any Scheduled Bank in India.
17. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the SPV or any of its assets all plant, machinery, fixtures and equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be outside such proceedings and the GoI may assume the control and management of the SPV and appoint any of its officer or officer of the GoS or any semi-government or non-government body to run the CFC.
18. The SPV represents and warrants:
  - A. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.
  - B. That this agreement is binding upon it in all its provisions.
  - C. That it shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the CFC.
  - D. That it shall keep all the plant, machinery, fixtures and equipment in good working order and shall undertake all preventive and remedial maintenance and upkeep and maintain insurance.
  - E. That the plant, machinery, fixtures and equipment procured out of or with support of the GoI and GoS grant, is the property of GoS and the SPV shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said plant, machinery, fixtures and equipment or any part of it in favour of any person, for any reason or transaction.
  - F. That the SPV shall follow the directions of the GoI and GoS, as may be issued from time to time for better management of the SPV or the better running of the CFC.
  - G. That the SPV acknowledges that the MSE-CDP provides for only one time grant towards capital cost of establishing the CFC and no subsidy/grant/assistance is envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.

- H. In the event it is found that the SPV has not utilized the amount of grant, or any part of it, for the setting up of the CFC or has subsequently sold or otherwise disposed of any of the assets of the CFC acquired out of the grant, the GoI, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the SPV and / or persons connected with its management jointly and severally.
19. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the Secretary, Department of Legal Affairs, Government of India, New Delhi (the Law Secretary). The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceedings. Courts in Delhi shall have exclusive jurisdiction in all the matters.
20. In case of violation of the stipulated conditions or non observance of the Sanction Letter or the GoI Guidelines by the SPV which is not cured within 15 days of issue of notice by the GoI, the GoI in consultation with the GoS, may, for such time as it may think proper, assume the management of the SPV or delegate the same to the GoS, or a semi-government or non-government body, to assure proper functioning of the CFC. The decision of GoI in this regard will be final. In such event the SPV shall have no claims for any investment made in the CFC or its management.
21. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.
22. Failure or delay on the part of GoI in insisting upon strict performance by the SPV or in taking action against the SPV, or grant of time or any other indulgence by the GoI, shall not be deemed to be waiver of any breach nor waiver on any occasion of breach shall be deemed to be a waiver for other occasions or other breaches.
23. No amendment to this agreement shall be valid unless expressed in writing and duly signed by all the Parties.
24. This agreement does not constitute any partnership of the GoI or the GoS with the SPV and the GoI and the GoS shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim made by any person in respect of the working of the CFC.
- 1) Government of India, Represented by Shri.....  
2) State/UT Government, Represented by Shri.....  
3) Special Purpose Vehicle Represented by Shri...

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**Format for Tripartite Agreement among Special Purpose Vehicle (SPV), State Government and Government of India under MSE-CDP**

This agreement is made at ..... on this the .....th day of ..... 20.... between (1) the President of India, acting through and represented by Joint Development Commissioner /Director in the Office of the Development Commissioner (MSME), the Ministry of Micro, Small & Medium Enterprises (MSME), New Delhi / Director, MSME-DI, ..... (hereinafter after referred to as the 'GoI'), (2) Governor/Lt. Governor of the State/Union Territory of ..... acting through and represented by Secretary (Industries), State/UT Government of ..... (hereinafter referred to as the 'GoS') and (3)..... Special Purpose Vehicle (SPV) having its registered Office at..... represented by its Managing Director/Chief Executive Officer (hereinafter referred to as the 'SPV').

**WHEREAS** the GoI has introduced a scheme named as "Micro and Small Enterprises- Cluster Development Programme (MSE-CDP)" with the objective of capacity building of micro and small enterprises (including small scale service and business entities) and their collectives in the country;

AND WHEREAS the SPV has been created and constituted as a Section 8 company (as per Companies Act 2013), *inter alia*, to create, establish, run and maintain a Marketing Hub at .....(the Hub) for the use and benefit of its members and of other units engaged or coming up as a member of association in the .....of .....(the Cluster / Association);

AND WHEREAS the SPV has submitted a Project for approval of the GoI under the MSE-CDP;

AND WHEREAS the GoI has approved the Project submitted by the SPV subject to the conditions mentioned in the sanction letter no..... dated ..... (or to be issued) which shall be deemed to be a part of this Agreement and the GoS has also agreed to contribute towards the cost of establishment of the Hub;

AND WHEREAS for binding the Parties to their respective obligations and to ensure long term use of the Hub by the enterprises in the Cluster / Association, the Parties are desirous to enter into an agreement;

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. The SPV shall set up the Hub at..... on a piece of land to be provided by it free of all encumbrances and charges.
2. The SPV shall contribute to the cost of establishment of the Hub from its resources to the extent and in the form as laid down in the Sanction Letter.
3. The GoI and the GoS shall, on satisfactory proof of the contribution by the SPV, make their respective contributions towards the cost of establishment of the Hub, at such time, in such manner and to such extent as laid down in the Sanction Letter.
4. The establishment of the Hub, including civil works, if any, shall be completed by the SPV within stipulated time period as per the Sanction Letter, or such extended time as the GoI may, on its satisfaction as to the reasons of delay, grant.
5. The SPV shall be exclusively responsible for the day-to-day running of the Hub. The aim of running the Hub shall be to provide common market place to the enterprises in the Cluster / Association at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be kept or borne by the SPV only.

6. The disbursement of funds by the GoI will be made only after the upfront contribution to be made by the SPV, the State Government or the beneficiaries.
7. Further, the SPV/implementing agency will ensure that necessary infrastructure like provisioning of land and other facilities including water and power supply for Hub is completed before they approach GoI for release of its share.
8. Pending utilization of GoI grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.
9. GoI will reserve the right to carry out physical verification of the assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.
10. The IA / SPV shall furnish utilization certificates for amounts released as grant-in-aid duly verified by the statutory auditors.
11. The GoS will act as a facilitator to supervise and evaluate the progress of the Project separately. The GoS will also inform the GoI about the status of the establishment or running of Hub and shall also report to the GoI for any discrepancies in its management or otherwise.
12. All asset procured / created for the purpose of the Hub out of or with the support of the GoI or GoS grant shall be the exclusive property of the GoS / Ministry of MSME organization (to be decided by the Competent Authority), though in the custody and use of the SPV.
13. The SPV shall, at its own cost, insure and keep insured all the assets of the Hub for a minimum period of 10 years. In case of loss of or damage to such assets, the insurance monies shall be payable to the GoS.
14. The SPV shall observe all the conditions and stipulations of the Sanction Letter.
15. The management of the SPV and the operation of the Hub shall be in accordance with the GoI Guidelines dated ....., which shall be deemed to be a part of this Agreement.
16. The SPV shall keep all monies not immediately required in interest bearing deposits with any Scheduled Bank in India.
17. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the SPV or any of its assets procured for the purpose of the Hub out of or with the support of the GoI or GoS grant shall be outside such proceedings and the GoI may assume the control and management of the SPV and appoint any of its officer or officer of the GoS or any semi-government or non-government body to manage the Hub.
18. The SPV represents and warrants:
  - A. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.
  - B. That this agreement is binding upon it in all its provisions.
  - C. That it shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the Hub.
  - D. That it shall keep all the assets in good condition and shall undertake all preventive and remedial maintenance and upkeep and maintain insurance.
  - E. That the asset procured out of or with support of the GoI and GoS grant, is the property of GoS and the SPV shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said assets or any part of it in favour of any person, for any reason or transaction.
  - F. That the SPV shall follow the directions of the GoI and GoS, as may be issued from time to time for better management of the Hub.
  - G. That the SPV acknowledges that the MSE-CDP provides for only one time grant towards capital cost of establishing the Hub and no subsidy/grant/assistance is

envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.

H. In the event it is found that the SPV has not utilized the amount of grant, or any part of it, for the setting up of the Hub or has subsequently sold or otherwise disposed of any of the assets of the Hub acquired out of the grant, the GoI, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the SPV and / or persons connected with its management jointly and severally.

19. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the Secretary, Department of Legal Affairs, Government of India, New Delhi (the Law Secretary). The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceedings. Courts in Delhi shall have exclusive jurisdiction in all the matters.
20. In case of violation of the stipulated conditions or non observance of the Sanction Letter or the GoI Guidelines by the SPV which is not cured within 15 days of issue of notice by the GoI, the GoI in consultation with the GoS, may, for such time as it may think proper, assume the management of the SPV or delegate the same to the GoS, or a semi-government or non-government body, to assure proper functioning of the Hub. The decision of GoI in this regard will be final. In such event the SPV shall have no claims for any investment made in the Hub or its management.
21. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.
22. Failure or delay on the part of GoI in insisting upon strict performance by the SPV or in taking action against the SPV, or grant of time or any other indulgence by the GoI, shall not be deemed to be waiver of any breach nor waiver on any occasion of breach shall be deemed to be a waiver for other occasions or other breaches.
23. No amendment to this agreement shall be valid unless expressed in writing and duly signed by all the Parties.
24. This agreement does not constitute any partnership of the GoI or the GoS with the SPV and the GoI and the GoS shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim made by any person in respect of the management of the Hub.

- 1) Government of India, Represented by Shri.....
- 2) State/UT Government, Represented by Shri.....
- 3) Special Purpose Vehicle Represented by Shri.....

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**Details of Project Cost for Infrastructure Development for New Industrial Estates**

<b>S. No.</b>	<b>Items</b>	<b>Rs. in lakh</b>
<b>1.</b>	<b>Land Development and other overhead Infrastructure</b>	
i.	Cost of land filling/leveling including boundary wall / fencing	100
ii.	Cost of laying roads	200
iii.	Road side greenery & social forestry	10
iv.	Water supply including overhead tanks, and pump houses	110
v.	Water harvesting	10
vi.	Drainage	60
vii.	Power (Sub-Station and distribution net-work work including Street light etc), Generation of non-conventional energy	250
viii.	Others (Sanitary Conveniences etc.)	10
	<b>Sub Total</b>	<b>750</b>
<b>2.</b>	<b>Administrative and Other Services Complex</b>	
i.	Administrative Office Building	20
ii.	Telecommunication /Cyber Centre/ Documentation Centre	20
iii.	Conference Hall/ Exhibition centre	30
iv.	Bank/ Post Office	20
v.	Raw material storage facility, Marketing outlets	40
vi.	First Aid Centre, Crèche, Canteen facilities	20
	<b>Sub Total</b>	<b>150</b>
<b>3.</b>	<b>Effluent Treatment Facilities</b>	<b>80</b>
<b>4.</b>	Contingencies & Pre-operative expenses	<b>20</b>
	<b>Grand Total</b>	<b>1000</b>

Note: A variation of 10% max. is admissible in component-wise cost subject to keeping overall Project cost unchanged.

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**Details of Project Cost for Infrastructure Development for Flatted Factory Complex**

<b>S. No.</b>	<b>Items</b>		<b>Rs. lakh</b>
<b>1.</b>	<b>Land Development and other overhead Infrastructure</b>		
	i.	Cost of Construction of Flatted Factory including land filling/leveling including boundary ball / fencing	700*
	ii.	Cost of laying roads	100
	iii.	Road side greenery & social forestry	10
	iv.	Water supply including overhead tanks, and pump houses	110
	v.	Water harvesting	10
	vi.	Drainage	60
	vii.	Power (Sub-Station and distribution net-work work including Street light etc), Generation of non-conventional energy	250
	viii.	Others (Sanitary Conveniences etc.)	10
	<b>Sub Total</b>		<b>1250</b>
<b>2.</b>	<b>Administrative and Other Services Complex</b>		
	i.	Administrative Office Building	20
	ii.	Telecommunication /Cyber Centre/ Documentation Centre	20
	iii.	Conference Hall/ Exhibition centre	30
	iv.	Bank/ Post Office	20
	v.	Raw material storage facility, Marketing outlets	40
	vi.	First Aid Centre, Crèche, Canteen facilities	20
	<b>Sub Total</b>		<b>150</b>
<b>3.</b>	<b>Effluent Treatment Facilities</b>		<b>80</b>
<b>4.</b>	<b>Contingencies &amp; Pre-operative expenses</b>		<b>20</b>
	<b>Grand Total</b>		<b>1500</b>

- Based on State PWD / CPWD scheduled rates duly approved by competent authority of concerned department.
- Note: A variation of 10% max. is admissible in component-wise cost subject to keeping overall Project cost unchanged.

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## Format for Concept Note along with details to be furnished

S.No.	Particulars	Details																		
1	Name of the cluster																			
2	Location of cluster units: (a) Percentage of units within the radius of 5 Km- (b) Percentage of units within the radius of 10 Km-																			
3	Nature of activity and products of the cluster																			
4	Number and size of units in cluster: (a) Micro (b) Small (c) Medium (d) Large (e) Units belongs SC/ST entrepreneurs																			
5	Number of cluster units agreed to join as members of the Special Purpose Vehicle (SPV). <i>(There is no ceiling on maximum number of members but should be a min. of 20 MSEs in SPV. However, in special cases where considerations of investments, technology or small size of cluster, 10 MSEs may be considered in SPV)</i> (a) Micro (b) Small																			
6	Whether share holding pattern of SPV members has been provided? <i>{No single unit should hold more than 10 percent in the equity capital (or equivalent capital contribution) of the SPV}</i>																			
7	How many cluster units, other than SPV members, are willing to utilize the services of CFC. (a) Micro (b) Small																			
8	Whether Diagnostic Study of the cluster has been conducted, if yes, what are the main findings? If no, what is the methodology used to perceive the need of CFC in cluster?																			
9	Whether all the problems of the cluster have been addressed i.e. information on nature of critical gaps identified?																			
10	Please provide Process Flow Chart of the activities clearly indicating activities at CFC & unit level.																			
11	Is there any possibility with the proposed machinery to perform complete activities to manufacture a product (some activities are supposed to be performed at CFC level as well as Unit level, in such a case it would be a complete and independent manufacturing unit and cannot be a part of CFC).																			
12	Justification on point 11 above, if necessary.																			
13	What would be the expected outcomes of the CFC in terms of increase in cluster units, total turnover, export, profitability and employment generation of cluster? <table border="1" data-bbox="284 1563 1161 1787"> <thead> <tr> <th>Description</th> <th>Before Intervention</th> <th>After Intervention</th> </tr> </thead> <tbody> <tr> <td>No. of cluster units</td> <td></td> <td></td> </tr> <tr> <td>Cluster Turnover</td> <td></td> <td></td> </tr> <tr> <td>Cluster Profitability</td> <td></td> <td></td> </tr> <tr> <td>Employment generation</td> <td></td> <td></td> </tr> <tr> <td>Any other criteria</td> <td></td> <td></td> </tr> </tbody> </table>	Description	Before Intervention	After Intervention	No. of cluster units			Cluster Turnover			Cluster Profitability			Employment generation			Any other criteria			
Description	Before Intervention	After Intervention																		
No. of cluster units																				
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14	Is there any proposed activity for CFC which is being performed in cluster units? If yes, how many units are there and what is their production capacity (with due justification)?																			
15	Is there any adverse effect on existing cluster units due to proposed CFC? If yes, up to what extent? (w.r.t Point No.14 above)																			
16	Whether the proposed activities in CFC are technically feasible and viable? Backward linkages (like raw material availability etc.) and forward linkages (gap between production capacity of the cluster and particular proposed activity of CFC) may be judged.																			
17	Whether proposed machinery for CFC is advanced (at present) and																			

	adequate to fulfill the existing & near future needs of the cluster?	
18	Whether SPV members will be able to utilize 60% of proposed production capacity of CFC (justification if necessary)?	
19	Whether similar facilities (as proposed) are available in public or private sector in nearby area? If yes, justification for proposed facilities.	
20	Whether Technical viability, user charges and cost of machinery are ascertained?	

- Note:** (i) Details for the above mentioned points should be given with analytical reasoning.  
(ii) Use extra sheets wherever necessary to provide the desired information.  
(iii) In addition to the details to the above points, submit a brief write-up covering aspects such as background of cluster, backward & forward linkages, proposed facilities and expected impact.

\*\*\*\*\*

(From State Government on Letter Head)

No.

Date:

**CERTIFICATE**

This is to certify that Government of ..... has and would adhere to the General Financial Rules (GFRs) / relevant guidelines issued by Central Vigilance Commission (CVC) while forwarding the proposal and implementing the project, i.e. setting up of ..... under MSE-CDP.

Signature:  
Name & Designation:  
with Office Seal & Stamp

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