

# **Micro & Small Enterprises Cluster Development Programme (MSE-CDP)**

# Basic Features of a Cluster (What is a Cluster?)

- ❖ **Group of enterprises** within an identifiable, contiguous area and producing same/similar products/services.
- ❖ **Similarity** in the methods of production, quality control and testing, energy consumption, pollution control, etc.
- ❖ **Similar level** of technology and marketing strategies /practices.
- ❖ **Similar Channels** for communication among the members of the cluster.
- ❖ **Having Common** challenges and opportunities.

# Why are Cluster Development Programme ?

- ❖ **To support** sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.
- ❖ **For enhancing** competitiveness of the MSE units to ensure self sustainability, growth & employment generation
- ❖ **To build capacity** of MSEs for common supportive action through self help group, consortia, etc.
- ❖ **To create/upgrade** infrastructural facilities in the new/existing industrial areas/ clusters of MSEs
- ❖ **To set up common facility centres** (for testing, training centre, raw material depot, effluent treatment, etc).

## **Admissible activities for GoI Grant/support:**

- ❖ Diagnostic Study Reports (DSRs)
- ❖ Soft interventions
- ❖ Detailed Project Report
- ❖ Hard Intervention/Common Facility Centres (CFCs)
- ❖ Infrastructure Development

- ❖ **First & foremost activity** in the cluster development process
- ❖ **Objective is to map** all the business processes of cluster units to find out its strengths, weaknesses, threats & opportunities (SWOT), problems etc. & thereby:
- ❖ **Propose/suggest for a well-drawn action plan** for enhancing competitiveness of the units to ensure self sustainability, growth & employment generation
- ❖ **Focus on** technology upgradation, best manufacturing practices, marketing , employment generation etc.
- ❖ **Gol grant** : Max. ` 2.5 Lakhs / cluster- prepared by end users  
Max. ` 1.0 Lakh / cluster – prepared by MSME-DIs
- ❖ **Time frame** 3 months

# Soft Interventions

- ❖ **Activities which leads to** general awareness, counseling, motivation and trust building, exposure visits, market development, participation in seminars, workshops and training programmes on technology upgradation, etc.
- ❖ **Critical mass** should be max. but not less than 25 units participating in cluster development activities.
- ❖ **Gol grant:** 75% of the project cost of max. ` 25 Lakhs / cluster  
90% for NE & Hill States, >50% micro/village, women, SC/ST units
- ❖ **Share of cluster beneficiaries** should be as high as possible but not less than 10 per cent of the total cost
- ❖ **State Govt. contribution** is considered as gap funding
- ❖ **Duration of soft interventions** maximum 18 months.

# Hard Interventions (Setting up CFCs)

- ❖ **Common Facility Centres** like Testing Facility, Design Centre, Production Centre, Effluent Treatment Plant, Training Centre, R&D Centre, Raw Material Bank/sale depot, Display Centre, Information Centre, etc.
- ❖ **Gol grant** : 70% of project cost of max. ` 15 crore / CFC  
90% for NE & Hill States, > 50% micro/village, women, SC/ST units
- ❖ **Cost of land and building** (max. 25% of the project cost) shall be met by SPV/State Govt.. CFC can be set up in leased (15 Yr.) premises
- ❖ **SPV formation is must prior to setting up & running of CFC & SPV should be:**
  - A clear legal entity (Cooperative/Regtd. Society, Trust or a Company)
  - Min. 20 MSE cluster units as members & provision for new members
  - Should have provisions for CDE/CDA & State Govt. official as member
- ❖ **A Tripartite Agreement** among the Gol, State Government and SPV is signed.
- ❖ **CFC should function** within 2 years from date of final approval, if not extended .

# Infrastructure Development

- ❖ **Scheme consists of projects** for infrastructural facilities like Development of land, power distribution n/w, water supply, drainage & pollution control facility ,construction of roads, telecom, raw material, storage, common facilities such as First Aid Centre, Canteen, other need based infrastructural facilities in new/existing industrial (multi- product) areas/estates/clusters.
- ❖ **The location of the Projects** should have access to basic facilities like Proximity to railway stations / state highways, Availability of water supply, power, telecommunication facilities etc.
- ❖ **Gol grant:** 60% of the project cost of max. ` 10 Crore / ID  
80% for NE & Hill States, >50% micro/village, women, SC/ST units
- ❖ **The State govt./UT will provide suitable land** for the project.
- ❖ **Project to be completed** within 2 years from the date of final approval.



# Project Cost and Gol Grant

Intervention	Project Cost (` in lakh)	Gol Grant in %	
		Normal cluster	#
<b>DSR</b>	2.5 *1.00	100	100
<b>DPR for i) CFC / ii)ID</b>	5	100	100
<b>Soft interventions</b>	**25.00	75	90
<b>Hard Interventions</b>	1500	70	90
<b>Infra Dev</b>	1000	60	80

\* For MSME-DI : 50% released after the approval, 50% after acceptance of report.

\*\* Moderated as per size/ turnover of the cluster. Max Rs 25 lakh per cluster

# NE & Hill States, Clusters/Industrial Estates with more than 50% (a) micro/ village (b) women owned (c) SC/ST units

# Implementing Agencies

Activity	Implementing Agency
Diagnostic study	<ul style="list-style-type: none"><li>• Offices of the Ministry of MSME</li><li>• Offices 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>
Soft Interventions	
Setting up of CFC	
Infrastructure Development projects	State/UT Governments through an appropriate state government agency with a good track record in implementing such projects.

## ❖ 733 activities (i.e. diagnostic study, soft interventions, hard interventions)

### ➤ Ongoing 201

✓ Diagnostic Study	84
✓ Soft Interventions	74
✓ Hard Interventions	43

### ➤ Completed 532(DSR-313,SI-199,CFC-20)

## ❖ 146 No. of infrastructure development (Upgradation & new)

✓ Ongoing Projects	39
✓ Completed	107

# CFC in Wood Furniture Manufacturing Cluster, Ernakulam ,Kerala



**Products:** Table, chairs, Cupboards etc.

**No. of Units:** 5179

**Employment:** 19000

**Turnover:** Rs. 750 Crores  
(as per DSR in 2006)

**CFC** approved in 14<sup>th</sup> SCM (01.10.07)

**Project Cost:** Rs. 496.58 Lakhs

**Gol Grant in Aid:** Rs. 245.29 Lakhs

**SPV contribution:** Rs. 153.17 Lakhs

**Govt. of Kerala:** Rs. 98.12 Lakhs

**CFC has been operationalised since  
Sept'10**



# CFC in Foundry Industry Cluster, Ahmedabad, Gujarat



**Products:** Auto parts, air compressor parts, machine tool components, textile machinery parts etc.

**No. of Units:** 650 nos.(Majority SSI & Micro )

**Employment:** 24000 (Direct-9000 & indirect-15000)

**Turnover:** Rs. 718 Crores  
(as per DSR in Feb'2007)

**CFC** approved in 13<sup>th</sup> SCM (14.03.07)

**Project Cost:** Rs. 485.80 Lakhs

**Gol Grant in Aid:** Rs. 389.00 Lakhs

**SPV contribution:** Rs. 48.40 Lakhs

**Govt. of Kerala:** Rs. 48.40 Lakhs

**CFC has been operationalised since July'07**

# CFC in Raisin Making Cluster, Sangli, Maharashtra



**Products:** Raisin.  
**No. of Units:** 11000 nos.(Regd. Units-150)  
**Production:** 50,000 tones per year  
**Export:** 18,000 tones per year  
(as per DSR in Aug'08)

**CFC** approved in 22<sup>nd</sup> SCM (02.06.10)

**Project Cost:** Rs. 708.85 Lakhs  
**Gol Grant in Aid:** Rs. 496.18 Lakhs  
**SPV contribution:** Rs. 106.33 Lakhs  
**Govt. of Kerala:** Rs. 70.89 Lakhs  
**Bank Loan:** Rs. 35.45 Lakhs



**Trial run of Plant & Machinery started in May'12**

**Time Extension for completion of CFC is discussed in 31<sup>st</sup> SCM(1.11.12)**





***Thank You***