



सत्यमेव जयते

GOVERNMENT OF INDIA
Ministry of Micro, Small and Medium Enterprises
Office of Development Commissioner (MSME),
7th Floor, A Wing,
Nirman Bhawan, Maulana Azad Road,
New Delhi-110108

SUPPLEMENTARY AGENDA

for

33rd STEERING COMMITTEE MEETING

of

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

DATE : 14th June 2013
TIME : 10.30 AM
**VENUE : Committee Room, O/o DC(MSME)
Nirman Bhawan, New Delhi.**

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Supplementary Agenda No. 33.1: Proposal for conducting Diagnostic Study of Wooden Furniture Cluster, Churachandpur town area, Churachandpur, Manipur.

Proposal was received from Directorate of Commerce and Industries, Manipur, Vide Online Ref. No:- 1342 / Dated : 04/05/2013 recommended by MSME-DI, Imphal.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Directorate of Commerce and Industries, Manipur
State :	Manipur
District :	Churachandpur.
Cluster Name & Location :	Wooden Furniture, Churachandpur town area and surrounding

Brief Information of Cluster

Main Product :	Cup board, Desk and Bench, Doors and windows, wooden almirah, wooden chair & table, Wooden Cot
Technological details, Pollution angle, etc :	Manufacturing with hand tools
Age of Cluster :	1
No. of Units :	22
Profiles of Units/Category :	
	Micro : 22, Small : 0, Medium : 0
	Women : 0, Village : 6, SC/ST : 22
Turnover (Per Annum) : (Rs. in Lakhs)	48.022
Export : (Rs. in Lakhs)	0.000
Employment (Direct/Indirect) :	
	Direct : 110, Indirect : 40
	Women : 10, SC/ST : 160
Presence of association/NGO, Contact details :	Association of cluster units formed. Contact details: Mr. G. Thangzahau, President Contact No. 09612104079
Main Problems of Cluster :	lack of modern technical skill, high production capacity, quality and well finished products, raw material management, suitable and sufficient infrastructure etc.
Any other information :	Establishment of raw material bank, credit facility.

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Directorate of Commerce and Industries, Manipur through DIC. The DIC is taking major role in the development of MSEs in the district. It has implemented so far two handloom clusters in the district.
Project Cost with break up	Rs. 2.25 lakh (Rs. 1.00 lakh for survey/investigation and meeting with cluster units, Rs. 0.50 lakh for SWOT analysis and identification of needs for sustainable growth, Rs. 0.75 lakh for drawing of action plan and preparation and printing of DSR.)
Technical Agency to be associated & its expertise	Though the IA has sufficient technical staff it may associate with the expertise and recognized institutes like IIT, Churachandpur, MSME-DI, Takyelpat, IIE, Guwahati.
Justification for DSR	The growth rate of the units is low and some units in the cluster are dying. DSR is required to identify the needs of cluster for sustainable growth.
Outcomes of conducting DSR	There will be sustainable growth if the findings of DSR are provided.
Amount Recommended : (Rs. in Lakhs)	Rs. 1.50 lakh since the number of units in the cluster are only 22.

Observations: The cluster is a small with 22 units, however, owned by SC/ST units for which separate funds is available. The cost of DSR has been reduced from Rs. 2.25 lakh (proposed by Directorate of Commerce & Industries) to Rs. 1.50 lakh.

Proposal for Steering Committee: Steering Committee may approve the proposal for conducting diagnostic study in Wooden Furniture Cluster, Churachandpur town at a cost of Rs 1.50 lakh to be made available as GoI contribution.

Supplementary Agenda No. 33.2: Proposal for final approval for setting up Common Facility Centre (CFC) in Rice Mill Cluster, Thanjavur, Tamilnadu.

Principal Secretary, Govt. of Tamilnadu has submitted a proposal for setting up of CFC in Rice Mill Cluster, Kangayam, Tirupur, Tamilnadu. The proposal was also discussed in the 30th Steering Committee Meeting held on 19.6.2012 under the Chairmanship of Secretary, MSME and accorded in-principle approval. Salient features of the cluster and the proposal are as follows:

1. Basic Information of Cluster

Name of Cluster :	Rice Mill Cluster
Location of Cluster :	Thanjavur
Main Product :	Rice Mill
No. of Enterprises including break up (Micro, Small, Medium) :	Micro : 90 and Small : 17
Turnover(Rs in Crore) for the last five years :	1st Year : Amount : 36.50 2nd Year : Amount : 37.00 3rd Year : Amount : 38.75 4th Year : Amount : 41.00 5th Year : Amount : 43.50
Exports(Rs in Crore) for the last five years :	Nil
Employment in Cluster :	4000 (Both direct & Indirect) (10000 within the district - Thanjavur)
Technology Details :	Most of the units have installed indigenous & non-standard local fabricated plants and follow traditional operations. In general, the units lack modern technology and are not competent in processing techniques in the following areas: Storage techniques for Rice, Bran & Paddy, Drying techniques, Parboiling techniques, Processing techniques, Polishing methods, Effluent Treatment. Appropriate De-husking, Value addition to waste material, Energy Conservation, Colour sorting, Pollution control.
Whether DS Conducted :	Yes. By MSME-DI and validated by GoTN
Main findings of DSR :	Establishing Common Facility Centers for Technology improvement and with high quality & efficient technology in the fields of processing, energy sourcing, quality improvement, testing, storage, manpower training, value addition packaging, wealth from waste etc.
Main Problems of Cluster :	Poor Production Base - Mostly hulling operations. Lack of Modernised Production system for testing and colour

	sorting operation Lack of Poor quality of raw material. Connection on local market only. Low productivity of local machinery. Reluctance to upgrade technology. Inadequate linkage. Absence of alternative source of energy. Lack of interest in workers training
Other Information :	Most of the units are hulling units not having the capacity to manufacture fine quality rice due to technology constraint.

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Justification for CFC	Most of the units have installed indigenous & non-standard local fabricated plants and follow traditional operations. In general, the units lack modern technology and are not competent in processing techniques in the following areas: Storage techniques for Rice, Bran & Paddy, Drying techniques, Parboiling techniques, Processing techniques, Polishing methods, Effluent Treatment. Appropriate De-husking, Value addition to waste material, Energy Conservation, Colour sorting, Pollution control. Establishing Common Facility Centers with high quality & efficient technology in the fields of processing, energy sourcing, quality improvement, testing, storage, manpower training, value addition packaging, wealth from waste etc. Lack of scientific storage. Lack of Poor quality of raw material. Connection on local market only. Low productivity of local machinery. Reluctance to upgrade technology. Inadequate linkage. Absence of alternative source of energy. Lack of interest in workers training. 19 technology upgradation in the industry. 2. The larger units in the industry do not venture into open market and face competition but cater mainly to Public Distribution System. 3. Rice milling is the traditional and major industrial activity in the district.	-
(b.) Location of CFC	Thanjavur	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
% age of units in radius of 5km		
% age of units in radius of 10km		
(c.) Land for CFC		-
i. Whether land acquired	Yes	-
ii. Title is in name of	Thanjavur Paddy & Rice Millers Consortium Private Limited	-
iii. Valuation and its basis	Rs.4.90 lacs	
iv. Land is sufficient	Yes - 1.25 acres	
v. Change of land use	Yes Obtained	-
vi. If on lease, duration of lease	NA	-
vii Whether lease is legally tenable	NA	-
(d.) Total Building area(sq ft)	13119 sq. ft	-
(e.) Rate of construction of building	Rs.461/- per sq. ft	-
(f.) Main Facility Proposed	a) Mechanized paddy pre cleaning, par-boiling and drying facility b) Colour sorting and Grading of Rice facility c) Testing Facility for paddy, rice and bran d) Training Facility skill development for working with the machineries under the components (a) and (b) above.	-
(g.) Prod capacity of CFC	Pre-Cleaning, Par Boiling and Drying - 16 Ton per Shift Grading Polishing & Colour Sorting - 2 Tonnes per Hour	-
(h.) Major Outputs/Deliverables of CFC, Projected performance of the cluster after proposed intervention (in terms of production, export/ domestic sales and direct/ indirect employment, etc.)	Outreach Benefits anticipated after formation of CFC: No of Units raised to 130 from the present level of 107 Employment increased to 5000 from present level of 4000 Turnover to Rs.50.00 Crores from 43.50 Crores Production to 140000 MT from 134400 MT Quality enhancement by 30%	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(i.) Pollution clearance required or not	Not Required. Consent Obtained.	-
(j.) Man Power in CFC	18	-
(k.) Revenue generation mechanism for sustainability of assets(service/user charges to be levied,any other-to be specified)	User Charges - for Mechanised pre cleaning, parboiling and Drying - Rs.1200/- per Tonne of Paddy User Charges for grading, Polishing and Colour Sorting - Rs.500/- per Tonne of Rice For Testing - Rs.100/- per test	-

3. Information about SPV

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Name and Address	Thanjavur Paddy & Rice Millers Consortium Private Limited M. CHAVADY, Thanjavur, PIN 613001 Admn. Office: Moonstar Complex, 338 Pampatti Street, East Gate, Thanjavur 613001	-
(b.) Nature of SPV(company or Society or Trust)	Private Limited Company	-
(c.) Name of the state Govt. and MSME officials in SPV	Provision has been made in the bye-laws (Articles of Association) of the Company. Yet to be nominated by MSME / State government)	-
(d.) Date of formation of SPV	07/06/2007	-
(e.) Number of Members	25	-
(f.) Bye Laws or MA and AOA submitted	Yes	-
(g.) Authorized Share Capital	Rs.15.00 lacs	-
(h.) Paid up capital	Rs.15.00 lacs	-
(i.) Shareholding Pattern	Share Holding Pattern Enclosed. None of the members holding more than 10% of the equity share capital	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(j.) Commitment letter for contribution	Commitment letter for contribution enclosed	-
(k.) SPV specific A/c	IOB Current Account No.12222 with Thanjavur Main Branch	-
(l.) Trust Building of SPV, Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation	MSME-DI has conducted MDP programmes in the cluster. The Consortium has been formed.	-
(m.) Technical Institution	M/s Paddy Processing Research Centre, Govt. of India, Thanjavur.	-
(n.) CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 percent of installed capacity.	Yes. Commitment letter for utilisation of CFC by both SPV members as well as non-SPV members has been given	-
(o.)		
(a) Power requirement for commercial/domestic purpose	85 HP	
(b) Water	Ground water to be utilised	
(c) Gas/Oil/Other Utilities	Husk	

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	TANSIDCO, Chennai	-
(b.) Fund receiving Agency	TANSIDCO, Chennai	-
(c.) Implementation Period	12 Months from date of approval	As per guidelines, project should be completed within 24 months from date of approval.
(d.) Appraisal of DPR and main Recommendations	SPV submitted Board Note (Appraisal Report) by Indian Overseas Bank, Thanjavur to Chief Manager (in line with SIDBI format) for sanctioning term loan of Rs. 50.00 lakh for	DPR is appraised by the Indian Overseas Bank, Thanjavur. In-principle sanction of Term loan of Rs.50.00 lakh given by

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
	building. It is also mentioned that the Thanjavur being paddy growing area is suitable for setting up of a modern rice mill and proposal is commercially viable and technically feasible.	Indian Overseas Bank of India. Annexure-I.
(e.) Comments of Technical Division	-	Clarification submitted by SPV and Technical Division recommended the Proposal with the suggestion to remove Rice Milling Component
(f.) Technical Committee		Technical Committee recommended the proposal.
(g.) Working capital(In-principle sanction of loan from a bank, if applicable arrangement made)	In-principal sanction for Term Loan of Rs.50.00 lacs has been given by Indian Overseas Bank. SPV has envisaged no working capital facility from the Bank in the Project.	-

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) BEP	51.91% (below 60%)	As per guidelines.
(b.) IRR, Payback period	21.21% (Above 10%)	
(c.) DSCR	5.52 (More than 3)	
(d.) Return on Capital employed (ROCE)	28.79% (Above 25%)	
(e.) NPV	Rs.94.14 lacs (+ve at 10%)	
(f.) DER	-	
(g.) Sensitivity Analysis	with 5% drop in Income, IRR - 18.91% & DSCR - 4.70 Indicate the Project is still viable	

6. Total Cost : The total cost of the CFC is as follow:

Particulars	Total Cost (Rs. in Lakh)
(1.) Land and its Development	4.90
(2.) Building and other Civil Constructions	60.50
(3.) Plant & Machinery(including electrification)	114.39
(4.) Misc. fixed assets	16.27
(5.) Preliminary & Pre-operative expenses, maximum 2% of project cost	10.00
(6.) Contingency (2% building and 5% on plant and machinery)	6.00
(7.) Margin money for Working Capital	0.00
Total Project Cost	212.06

7. Means of Finance : The suggested means of finance are as follows:

Particulars	%age	Amount (Rs. in lakh)
(1.) SPV contribution	10.09	21.40
(2.) Grant-in-aid from Govt. of India	47.26	100.23
(3.) Grant-in-aid from Govt. of Tamilnadu	19.07	40.43
(4.) Bank Loan/others	23.58	50.00
Total	100.00	212.06

8. Plant and machinery - Annexure-II

9. Observations: Appraisal done by Indian Overseas Bank, Thanjavur.

10. Proposal for the Steering Committee: Cluster Division recommends the proposal for final approval for setting up of Common Facility Centre (CFC) in Rice Mill Cluster, Thanjavur, Tamilnadu at total project cost of Rs.212.06 lakh with GoI assistance of Rs.100.23 lakh, Government of Tamilnadu of Rs.40.43 lakh, SPV contribution of Rs.21.40 lakh and Bank loan of Rs.50.00 lakh.

Supplementary Agenda No. 33.3: Proposal for final approval for setting up Common Facility Centre (CFC) in Plastic (Woven Sacks) Cluster, Chennai, Kancheepuram, Tamilnadu.

Principal Secretary, Micro, Small and Medium Enterprises (D1) Department, Govt. of Tamilnadu has submitted a proposal for setting up of CFC in Plastic (Woven Sacks) Cluster, Chennai, Kancheepuram, Tamilnadu. The proposal was also discussed in the 30th Steering Committee Meeting held on 19.6.2012 under the Chairmanship of Secretary, MSME and accorded in-principle approval. Salient features of the cluster and the proposal are as follows:

DSR Details

DSR Conducted By :	*MSME-DI, Chennai
Validated By :	By Stakeholders
Year	2006-07

* The revised DSR only for woven sacks conducted by SPV in 2013 and validated on 8.5.13 by the stakeholders.

1. Basic Information of Cluster

Name of Cluster :	Plastic (Woven Sacks) Cluster
Location of Cluster :	Chennai District - Kancheepuram
Main Product :	HDPE Woven Sacks, HDPE Woven Sacks (Laminated), PP Woven Sacks and PP Woven Sacks (Laminated)
No. of Enterprises including break up (Micro, Small, Medium) :	107 Nos. (Micro : 80 Small : 21 Medium : 6)
Turnover(Rs in Crore) in last five years	2008-09 - 124.98 2009-10 - 130.81 2010-11 - 137.50 2011-12 - 148.60 2012-13 - 163.39
Exports(Rs in Crore) in last five years	2008-09 - Nil 2009-10 - Nil 2010-11 - 2.40 2011-12 - 5.80 2012-13 - 11.25
Employment in Cluster :	2033 nos.
Technology Details :	Extrusion - woven and weaving with low level technology.
Whether DS Conducted :	Yes
Main findings of DSR :	➤ Formation of Consortium for bulk procurement of basic raw materials (PP/HDPE granules).

	<ul style="list-style-type: none"> ➤ Setting up of CFC for Extruder, Weaving and Lamination. ➤ Setting up of Testing Facilities. ➤ Training facilities for Extruder Operators, Weavers. ➤ Lamination woven products – woven bags with lamination of paper/aluminous/PoP etc.
Main Problems of Cluster :	<ul style="list-style-type: none"> ➤ Monopoly control of basic raw materials (PP/HDPE granules) and high cost of woven fabric for micro industries. ➤ Obsolete Technology Extruders with small units. ➤ Low productivity from obsolete extruders ➤ Poor capital base with micro and small players ➤ Lack of professional management by micro entrepreneurs ➤ Lack of adequate Testing facilities ➤ Cartel by big players operating outside TN ➤ Dependency of micro and small units on Big units for woven fabric outside the State ➤ Tough competition from Big Players having fully automatic plants.
Other Information :	Members of the cluster has already formed a consortium to take up interventions for the micro and small cluster units.

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Justification for CFC	The proposed CFC will help the cluster members to enhance their existing productivity and employment and create newer markets. It will also help the cluster members for creating a common brand for their product to cater to the core corporate consumers.	-
(b.) Location of CFC	Chennai, Kancheepuram District, Tamilnadu	-
(c.) Land for CFC		
i. Wheather land acquired	yes 4.07 1/2 acres	-
ii. Title is in name of	SPV - M/s Chennai Plastic Sacks Cluster Pvt Ltd	-
iii. Valuation and its basis	Rs.58 lacs including registration	-
iv. Land is sufficient	yes	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
v. Change of land use	Yes	-
vi. If on lease, duration of lease	NA	
vii Whether lease is legally tenable	NA	
(d.) Total Building area(sq ft)	63958 sq. ft. (Factory Shed - 59500 sq. ft. Administrative Office - 2308 sq. ft. Workers quarters - 2150 sq. ft.)	-
(e.) Rate of construction of building	Factory Shed - Rs.350 per sq. ft Administrative Office / Workers quarters - Rs.600 per sq. ft.	-
(f.) Main Facility Proposed	<ul style="list-style-type: none"> • Common processing centre for Plastic Woven Fabric with or without lamination. • Testing facilities for raw materials, woven fabric and lamination. • A Centre for training. 	-
(g.) Prod capacity of CFC	Extruder 1 - 4200 Tonnes / Annum Extruder 2 - 1800 Tonnes / Annum Lamination - 480 Tonnes / annum	-
(h.) Major Outputs/ Deliverables of CFC, Projected performance of the cluster after proposed intervention (in terms of production, export/domestic sales and direct/indirect employment, etc.)	No of units from 100 to 115 within one year and 130 within 3 years Employment from 5000 to 6000 within one year and 7000 within 3 years Turnover (micro and small) Rs.250 Crores to Rs.290 Crores within one year and to Rs.330 Crores within 3 years Export Rs.15 Crores within 3 years Improvement in income for micro units from Rs.10 lacs to Rs.15 lacs within 3 years and for small units from Rs.25 lacs to Rs.32.5 lacs within 3 years	-
(i.) Pollution clearance required or not	Required	Consent to establish is required.
(j.) Man Power in CFC	216	-
(k.) Revenue generation mechanism for sustainability of assets(service/user charges to be levied, any other-to be specified)	Revenue has been calculated on the basis on conversion charges for extruder I and II, user charges lamination plant and income from training etc.	-

3. Information about SPV

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Name and Address	M/s Chennai Plastic Sacks Cluster Private Limited, No. 32, Cathedral Road, Gopalapuram, Chennai	-
(b.) Nature of SPV(company or Society or Trust)	Private Limited Company	-
(c.) Name of the state Govt. and MSME officials in SPV	Provision made in the Articles of Association of the Company. Yet to be nominated.	-
(d.) Date of formation of SPV	19.10.2010	-
(e.) Number of Members	39	-
(f.) Bye Laws or MA and AOA submitted	Yes	-
(g.) Authorized Share Capital	Rs.150.00 lacs	-
(h.) Paid up capital	Rs.129.00 lacs (as on 1.6.2012)	-
(i.) Shareholding Pattern	Share holding pattern enclosed	-
(j.) Commitment letter for contribution	Commitment letter for contribution enclosed	-
(k.) SPV specific A/c	Current A/c No.05811131001690 with Oriental Bank of Commerce, Moulivakkam, Chennai	-
(l.) Trust Building of SPV, Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation	Soft interventions approved in first SCM held on 25.6.08. Rs.6.52 lakh released and various activities organized by MSME- DI, Chennai.	-
(m.) Technical Institution	CIPET, Chennai	-
(n.) CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 percent of installed capacity.	Undertaking for utilisation of CFC enclosed. 60% capacity by SPV and balance 40% by non-SPV members	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(o.)		
(a) Power requirement for commercial/domestic purpose	1350 kva	-
(b) Water	2000 liters and for civic purposes 2000 liters per day	-
(c) Gas/Oil/Other Utilities	Diesel for Generator 190 liters per day	-

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	TANSIDCO, Chennai	-
(b.) Fund receiving Agency	TANSIDCO, Chennai	-
(c.) Implementation Period	12 months from date of approval of the Project	-
(d.) Appraisal of DPR and main Recommendations	Project Report appraised by OBC. Main recommendation is sanction of term loan of Rs.100.00 lakh and WC Rs. 20.00 lakh.	Appraisal is done by Oriental Bank of Commerce, Chennai, recommending a term loan of Rs.100.00 lakh for construction of building and working capital of Rs.20.00 lakh. It is also mentioned that both the limits would be secured by equitable mortgage of land (Annex-I).
(e.) Comments of Technical Division	TN Government constituted Technical Committee and they have favourably recommended the Project.	Technical Committee has recommended that the CFC may be established in two phases – in first phase one extruder with looms, lamination plant, testing equipment and one chiller (total amounting Rs.311.8185 lakh) & the second phase one big extruder with loom and one chiller (total amounting Rs.697.4015 lakh) may be consider subject to satisfactory working of the phase one of CFC. State Govt. should also make efforts to upgrade the technology used in the cluster.
(f.) Approval of Technical Committee	Approved by State Steering Committee.	
(g.) Working capital(In-principle sanction of loan	OBC has given in-principle sanction for working capital	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
from a bank, if applicable arrangement made)	requirement of Rs.20 lakh and Term loan of Rs.100 lakh for construction of building.	

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) BEP	49.01	As per guidelines.
(b.) IRR, Payback period	14.51%	
(c.) DSCR	12.13	
(d.) Return on Capital employed (ROCE)	26.53%	
(e.) NPV	Rs.220.74 lacs	
(f.) DER	-	
(g.) Sensitivity Analysis	With 5% drop in income the average DSCR is still 9.23 and the IRR is 9.90%	

6. Total Cost : The total cost of the CFC is as follow:

Particulars	Total Cost (Rs. in Lakh)
(1.) Land and its Development	58.00
(2.) Building and other Civil Constructions	235.00
(3.) Plant & Machinery(including electrification)	1009.22
(4.) Misc. fixed assets	102.74
(5.) Preliminary & Pre-operative expenses, maximum 2% of project cost	20.00
(6.) Contingency (2% building and 5% on plant and machinery)	55.16
(7.) Margin money for Working Capital	5.00
Total Project Cost	1485.12

7. Means of Finance: The suggested means of finance are as follows:

Particulars	%age	Amount (Rs. in lakh)
(1.) SPV contribution	17.39	258.16
(2.) Grant-in-aid from Govt. of India	69.15	1026.96

(3.) Grant-in-aid from Govt. of Tamilnadu	6.73	100.00
(4.) Bank Loan/others	6.73	100.00
Total	100.00	1485.12

8. Plant and machinery - Annexure-II

9. Observations:

(i) Appraisal is done by OBC recommending that a term loan of Rs.100.00 lakh for construction of building and working capital of Rs.20.00 lakh. It is also mentioned that both the limits would be secured by equitable mortgage of land.

(ii) The revised DSR only for woven sacks conducted by SPV in 2013 and validated on 8.5.13 by the stakeholders.

10. Proposal for the Steering Committee: Cluster Division recommends the proposal for final approval for setting up of Common Facility Centre (CFC) in Plastic Woven Sacks Cluster, Chennai, Kancheepuram, Tamilnadu in two phases-

- (i) In first phase (Phase-I) - one extruder with looms, lamination plant, testing equipment and one chiller (total amounting Rs.311.8185 lakh)
&
- (ii) The second phase (Phase-II) - one big extruder with loom and one chiller (total amounting Rs.697.4015 lakh) will be considered subject to satisfactory working of the phase-I & if considered, phase-II project should be completed within one year from the date of release of fund for phase-II.

At total project cost of Rs.1485.12 lakh with GoI assistance of Rs.1026.96 lakh, Govt. of Tamilnadu contribution of Rs.100.00 lakh, SPV contribution of Rs.258.16 lakh and Bank loan/ others of Rs.100.00 lakh.

Supplementary Agenda No. 33.4: Proposal for in-principle approval for setting up Common Facility Centre of Safety Matches, O. Mettupatti, Sattur, District - Virudhunagar, Tamilnadu.

Proposal was received from M/s. O. Mettupatti Safety Matches Consortium Private Limited (SPV), vide online Ref. No:- 0619 / Dated : 05/04/2013 recommended by State Government & MSME-DI, Chennai.

DSR Details

DSR Conducted By :	MSME DI Chennai
Validated By :	MSME DI Chennai
When Started :	01/01/2007
When Completed :	31/03/2007

1. Basic Information of Cluster

Name of Cluster :	Safety Matches
Location of Cluster :	O.Mettupatti
Main Product :	Safety Matches and Wax Matches
No. of Enterprises including break up (Micro, Small, Medium) :	Micro : 476 Small : 26 Medium : 0
Turnover(Rs in Crore) for the last five years :	2007-2008 Amount : 295 2008-2009 Amount : 340 2009-2010 Amount : 375 2010-2011 Amount : 400 2011-2012 Amount : 410
Exports(Rs in Crore) for the last five years :	2007-2008 Amount : 15 2008-2009 Amount : 20 2009-2010 Amount : 25 2010-2011 Amount : 30 2011-2012 Amount : 30
Employment in Cluster :	Total 20000 Women 19000
Technology Details :	No Technology in the Handmade / Cottage sector (Labor Oriented) Low level of Technology even in semi-mechanised sector
Whether DS Conducted :	Yes by Friday Solutions Private Limited, Chennai; validated by MSME DI, DIC, TANSIDCO, SPV & Association
Main findings of DSR :	No. of Labors available per unit has decreased by 20% Increase in number of private splint manufacturers, who control the market, indirectly Increase in input costs over 100% compared to 2007 Substantial increase in Labor Quality of life and their income (above

	National Per capita income level)
Main Problems of Cluster :	Lack of Financial Strength for Capex Investments to increase productivity / modernization Lack of brand identity to cluster units, leading to lower profit margins (highly sensitive) High supply constraint for dipped splints
Other Information :	Cluster has legacy expertise in Safety matches Manufacturing Cluster has demonstrated ability to sustain despite many changes in the market environment in the last decade Cluster has strong distributor network O Mettupatti Cluster has the potential to grow to 10% of National Safety Matches Production with CFC support

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Justification for CFC	An estimated 200 units require 120 kgs of matches to be produced per day. Currently only 50% are available from the market. CFC with 6.2 MT per day can cater to 18 to 20% of requirements of the units.	--
(b.) Location of CFC	O.Mettupatti, Sattur Taluk, Virudhunagar District	One CFC in Sattur Taluk in Virudhunagar District has already been approved in the 15th Meeting of Steering Committee of MSE-CDP held on 14.01.2008 at a project cost of Rs. 156.00 lakh with the GoI assistances of Rs. 85.54 lakh
% age of units in radius of 5km	50	--
% age of units in radius of 10km	100	--
(c.) Land for CFC		
i. Whether land acquired	Acquired	1 Acre 35 cents land has purchased by the SPV.
ii. Title is in name of	O. Mettupatti Safety Matches Consortium Private Limited	--
iii. Valuation and its basis	Government Guide line value	6,73,348/- sale deed.

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
iv. Land is sufficient	Sufficient	--
v. Change of land use	NoC obtained from Authorities	NOC obtained for CFC from local body.
vi. If on lease, duration of lease	Not applicable	NA
vii Whether lease is legally tenable	Not applicable	NA
(d.) Total Building area(sq ft)	9504	--
(e.) Rate of construction of building	Rs. 789.14	--
(f.) Main Facility Proposed	Matches manufacturing facility	Dipping, Splints, inner box making etc.
(g.) Prod capacity of CFC	390 kgs per hour	Production of splints - 6240 kg. and making match boxes - 4000 nos per day.
(h.) Major Outputs/ Deliverables of CFC, Projected performance of the cluster after proposed intervention (in terms of production, export/ domestic sales and direct/ indirect employment, etc.)	It is proposed that of the total capacity requirement of 288 Million sticks / 24000 kgs per day for 200 units the short supply of 86 Million sticks / 7200 kgs per day which is 26 % of the requirement shall be produced in the CFC. Subsequently the surplus shall be used for increasing the capacity to 500 Million sticks / 42000 kgs per day to meet 35% requirement of 1000 units of total capacity in 5 to 7 years span. Second phase of development shall involve making varieties of sticks and boxes to meet out to increase the product range from 1 today to 25 in 5 years. Parallel initiatives shall be farming activities to grow yellow matti trees in large scale and have splints manufacturing. Other ancillary activities such as printing and board manufacturing activities shall be done in partnership with existing units of the cluster.	The deliverables should be quantitative in terms of turnover, export and employment generation with time limits.
(i.) Pollution clearance required	Required. Applied for pre-consent.	Consent to establish -

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
or not	awaited for pre-consent from TNPCB.	applied for.
(j.) Man Power in CFC	Manager 2 nos.; Workers 29 nos;	--
(k.) Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other-to be specified)	Production of splints 6240 kgs per day @ Rs.70.50; Making match boxes 4000 nos per day @ Rs.0.42	--

3. Information about SPV

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Name and Address	O. Mettupatti Safety Matches Consortium Private Limited, No 2/145, O. Mettupatti Po, Sattur Taluk - 626203, Tamil Nadu.	--
(b.) Nature of SPV(company or Society or Trust)	Private Limited company registered under Companies Act 1956	--
(c.) Name of the state Govt. and MSME officials in SPV	Provisions Made, yet to be nominated	--
(d.) Date of formation of SPV	15th June 2012	--
(e.) Number of Members	25	--
(f.) Bye Laws or MA and AOA submitted	As per MSE CDP guidelines, copy uploaded / Enclosed.	--
(g.) Authorized Share Capital	Rs. 1,00,000 ; Provision in the AoA to increase; it will be done after GoI approval	--
(h.) Paid up capital as on.....	Rs. 1,00,000 ; share application money of Rs.17 Lacs is already received	--
(i.) Shareholding Pattern	Enclosed ; equal among all members	None of member have more than 10% shares.
(j.) Commitment letter for contribution	Enclosed ; as per DPR ; also any increase in costs will be borne by SPV	--
(k.) SPV specific A/c	Enclosed: State Bank of India, Sattur ; Account No.00000032390866566 IFSC Code: SBIN0000961	--
(l.) Trust Building of SPV,	The members have already committed to	SPV formed.

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation	the Consortium approach for future development of MSEs ; SPV is formed ; provisions are made in the AoA for good governance and accountability.	
(m.) Technical Institution	A number of Engineering, Polytechnic & ITI institutions are present in 25 KM radius. SPV had initiated to involve them in the CFC process	Tie-up with specialized institute is required.
(n.) CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 percent of installed capacity.	Commitment letter from SPV members is enclosed. A detailed working of utilisation is addressed in the DPR. CFC capacity can meet upto 20% requirement of the cluster units	--
(o.)		
(a) Power requirement for commercial/domestic purpose	100 KVA	--
(b) Water	Minimal Only	--
(c) Gas/Oil/Other Utilities	Minimal only	--

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	TANSIDCO, Chennai	--
(b.) Fund receiving Agency	TANSIDCO, Chennai	--
(c.) Implementation Period	45 weeks from the date of release of grants	As per guidelines, maximum 2 years from date of final approval.
(d.) Appraisal of DPR and main Recommendations	Consortium has applied to SIDBI along with Processing Fee. Appraisal report expected shortly from SIDBI.	SIDBI appraisal yet to be received.
(e.) Comments of Technical Division	To be obtained	Under examination.

(f.) Approval of Technical Committee	To be obtained	Yet to be place before the Technical Committee.
(g.) Working capital(In-principle sanction of loan from a bank, if applicable arrangement made)	Banks have verbally agreed, they require technical acceptance of the Proposal by GoI, to commit a written acceptance. Due to year end (March April) banks has asked to approach after April for loan sanction. In the meanwhile, as contingency, Consortium has obtained support for unsecured long term loan from local sources. Consortium members have also agreed for providing advance for working capital.	--

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) BEP	Break even over 100% installed capacity sales is 43.05 %; For decrease in sales by 5 %, Break even is not more than 59.84 %;	--
(b.) IRR, Payback period	the Internal rate of return is 22.45 %; Pay back period is 3 years and 8 months;	--
(c.) DSCR	DSCR: Year 1 - 5.99; Year 2 - 6.04; Year 3 - 6.37; Year 4 - 7.43; Year 5 - 8.01; Year 6 - 8.74; Year 7 - 10.62;	--
(d.) Return on Capital employed (ROCE)	Cumulative ROCE 25.74%; Year 1 - 22.27%; Year 2 - 21.73%; Year 3 - 22.19%; Year 4 - 25.27%; Year 5 - 25.44%; Year 6 - 25.49%; Year 7 - 28.22; Year 8 - 28.13%; Year 9 - 28.03%; Year 10 - 30.67%	--
(e.) NPV	Net present value is Rs. 215.52 with Discount rate adopted 10% and Initial Project inflow is Rs. 351.17 Lakhs excluding working capital	--
(f.) DER	Year 1 - 0.58; Year 2 - 0.30; Year 3 - 0.17; Year 4 - 0.10; Year 5 - 0.05; Year 6 - 0.02;	--
(g.) Sensitivity Analysis	For decrease in sales by 5 %, Break even is not more than 59.84 %;	--
(h.) Status of CFCs approved in the State	Approved by State Steering Committee on 11.03.2013. letter enclosed	--

6. Total Cost : The total cost of the CFC is as follow:

Particulars	Total Cost (Rs. in Lakh)
(1.) Land and its Development	6.80
(2.) Building and other Civil Constructions	75.00
(3.) Plant & Machinery(including electrification and commissioning)	224.33
(4.) Misc. fixed assets	11.50
(5.) Preliminary & Pre-operative expenses, maximum 2% of project cost	20.82
(6.) Contingency (2% building and 5% on plant and machinery)	12.71
(7.) Margin money for Working Capital	9.34
Total Project Cost	360.50

7. Means of Finance : The suggested means of finance are as follows:

Particulars	%age	Amount (Rs. in lakh)
(1.) SPV contribution	11.79	42.50
(2.) Grant-in-aid from Govt. of India	60.54	218.25
(3.) Grant-in-aid from Govt. of Tamilnadu	9.99	36.00
(4.) Bank Loan/others	17.68	63.75
Total	100.00	360.50

8. Plant and machinery (with Brief Specification)

S. No.	Description	No.	Power Requirement (HP/KW)	Cost
1.	Splints First Selecting Machine - Size: 6' * 10' Four stages Wood frame with 3 HP motor	2	4.4	240900.000
2.	Splints Second Selecting Machine Size: 6' * 10' Three stages Wood frame with 3 HP Motor	2	4.4	229950.000
3.	Polishing Drum Hexagonal type MS sheet construction with 5 HP motor	2	7.4	865050.000
4.	Cup Selecting Machine Size: 19 cm * 10.85 cm * 10.20 cm with 1.5 HP motor	2	0.7	416100.000
5.	Splints Cleaning & Polishing conveyor system Conveyor belt and gear box system	2	2.2	98550.000

	with 2 nos 1.5 hp mot			
6.	Ball Mill 40 to 45 kgs mixture/ 45 minutes with Drum, structural, driving mechanism with 3 hp motor	2	4.4	240900.000
7.	Chemical mixing machine 10 kg mixing per 10 minutes with 2 hp motor	1	1.5	38325.000
8.	Splints Bunger Splint storage bin with 1 HP vibrating motor	2	3.3	229512.000
9.	Dipping Machine	3	21.2	14894700.000
10.	Inner Box Machine	2	1.1	1834000.000
11.	Generator 100 KVA	1	0	708000.000
	Total			19795987

9. Short comings:-

- i) Details of individual units of the cluster.
- ii) Deliverables in terms of turnover, export and employment generation etc.
- iii) SIDBI appraisal.
- iv) Tie-up with specialized institute.

10. **Proposal for the Steering Committee:** Cluster Division recommends the proposal for ‘In-principle’ approval so that complete proposal as per guidelines is submitted by the State Government within six months, failing which the proposal shall be dropped. Steering Committee may consider the proposal for in-principle approval for setting up of Common Facility Centre (CFC) in Safety Match Cluster, O. Mettupatti, Sattur, District – Virudhunagar, Tamilnadu.

Supplementary Agenda No. 33.5: Proposal for soft interventions in Incense Stick Making Cluster, Kakopothar, Tinsukia, Assam.

Proposal was received from Indian Institute of Entrepreneurship, Guwahati, Vide Online Ref. No:- 1409 / Dated : 20/05/2013 & recommended by MSME-DI, Guwahati.

Details of the proposal are as under:

DSR Details

DSR Conducted By :	Indian Institute of Entrepreneurship
Validated By :	Shri V. Seshan, I.A.S. Addl. Dy. Commissioner, Tinsukia, Leenamoni Sarmah, Representative IIE
When Started :	11/06/2012
When Completed :	13/08/2012

Pre-registration Information

Name of Applicant :	Indian Institute of Entrepreneurship, Guwahati
State :	Assam
District :	Tinsukia
Cluster Product & Location :	Incense Stick Making Cluster, Kakopothar, Tinsukia

Brief Information of Cluster

Main Product :	Incense stick
Technological details, Pollution angle, etc :	There is no scope of pollution.
Age of Cluster :	6
No. of Units :	6264
Profiles of Units/Category :	
	Micro : 6264 Small : 0 Medium : 0
	Women : 0 Village : 35 SC/ST : 5000
Turnover (Per Annum) : (Rs. in Lakhs)	300.000
Export : (Rs. in Lakhs)	1.000
Employment (Direct/Indirect) :	
	Direct : 6264 Indirect : 736

	Women : 0	SC/ST : 5600
Presence of association/NGO, Contact details :	Indian Institute of Entrepreneurship Lalmati, Guwahati, Assam-781029 Contact No. 0361-12300840	
Whether DSR conducted. Main outcomes of DSR :	1.Capacity building & awareness 2.Motivation of Entrepreneurs 3.Interest towards cluster development 4.Sharing of information	
Extent of Competition for cluster :	It is well known fact that the times of State protection have gone by, and now there is an open competition with the Global market, whether in terms of exports or on the domestic front with the MNCs. Again the cluster is facing inter State and intra State competition.	
Main Problems of Cluster :	1. Activities based on outdated technology and local inefficient tools. 2. Disorientated or inconsistent external support. 3. Disinclination towards use of modern technology for enhancement of production and productivity. 4. No quality management initiative and lack of standardization. 5. Limited knowledge about market opportunities. 6. Inadequate infrastructure for storage, packaging, forwarding, sorting, polishing etc.	
Need for CFC, if any :	Yes. For the following reasons: 1. For storage of their products in proper way. This hall may also be utilized for sorting of products, polishing of sticks, packaging & forwarding. 2. Considering the availability of power in certain locations, bamboo cross cutting machines may be provided to reduce wastage of bamboo and proper utilization.	
Any other information :	NA	

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)	Comments by Cluster Division
Implementing Agency, its experience in cluster development	Indian Institute of Entrepreneurship has its vast experience in cluster development and implementation.	Ok.
Activities Proposed (Technology/Quality/Marketing/Export/ Design, etc.)	Technology: The artisans are using traditional technology only for production. Quality:	Ok.

	<p>There exists no stick polishing facility in the cluster and crude sticks are separately value added outside the state by different set of people. The cluster artisans loses out on a potential revenue option.</p> <p>Marketing/export: The artisans in the cluster to an extent, depends on the traders for supply of raw materials and placement of orders. They are com</p>		
Whether DSR validated by the stakeholders	Yes	Ok.	
Project Cost with break up :			
	Project Cost : (Rs. in 18.890 Lakhs)	Final remarks may please be seen.	
	GOI Contribution : (Rs. 16.651 in Lakhs)		
	Cluster Beneficiaries : 2.239 (Rs. in Lakhs)		
Technical Agency to be associated & its expertise	Indian Institute of Entrepreneurship has its vast experience in conducting training and development programme.	Ok.	
Justification for SI	Though the yearly income of the cluster is Rs. 3 crore still the artisans are using traditional tools and technology for production and they are working in an unorganized condition. Through Soft Intervention only problems can be eliminated.		
Main outcomes (before & after) in terms of sales, Exports, Investment, Profitability, Employment, ISO & other Certification, othersR	Particulars	Pre-interventions	Post-interventions
	Total Production	25000 MT p.a.	35000 MT p.a.
	Total Sales (Rs.)	Rs. 2.5 Crore	Rs. 4.0 Crore
	Profitability (%)	10	30
	No of Units	6264	7000
	Employment	7000	9000

Action Plan (for 18 Months) & Budget (Rs in lakh)

	Description	Total	GOI	Association	Outcome
01.	Trust Building (Meetings, Awareness Programme, seminars for cluster actors) Faculty support from related Officers from IIE Guwahati, MSME Foundation, etc. No. of Participants - 50 Nos	0.40	0.36	0.04	1.Capacity building & awareness 2.Motivation of Entrepreneurs 3.Interest towards cluster development 4.Sharing of information
02.	Different types of awareness programme on MSME, KVIC, NSIC Scheme, State Govt. Scheme, Quality up-gradation, Waste minimization, Energy conservation, about modern machinery (DC Handicrafts, SIRD, DRDA, JEC) (For each programme no. of participants-50 nos	0.80	0.72	0.08	Cost reduction by introducing latest technology, Use of Modern machinery, Quality of production, market awareness, Enhancement of knowledge on different Govt. schemes, availability of Modern machinery and technology
03.	Training Programme on Skill development with practical demonstration-one month duration per programme with implementing support from Millennium Foundation and technical support from NID, CBTC, etc. (no. of participants 30	1.00	0.90	0.10	Increase in productivity, Improvement in quality and revival of traditional art and craft, Up-gradation of Skill
04.	Capacity Building i) Exposure visit to Mysore Incense Stick Cluster(10 Stake Holders) (Expenditure for fare of train AC III Class and local travel and for boarding and lodging for 6 days)	0.80	0.72	0.08	Technical and production knowledge, operation and maintenance of machinery.Exposure to new technique and production method. Interaction with similar entrepreneur etc.
	(ii) Capacity Building (Brochure Preparation, Website launching and Up gradation for 18 months	0.20	0.18	0.02	Support for wider publicity of the Cluster and its products
05.	Programme on New Product Development [with technical collaboration of Millennium Foundation] – 1 nos. (2 weeks duration)	1.00	0.90	0.10	Avail the modern technology & new product development. Skill Development on improved and diversified products design. Development of present product etc.

06.	Programme on Marketing support & Product diversification - (1 week duration)	1.00	0.90	0.10	Promotion of cluster products. Linkage with buyers for new market development strategy etc
07.	Programme on Packaging with Indian institute Of Packaging , Govt. of India (1 week duration)	1.00	0.90	0.10	To learn modern and attractive packaging of Cluster products.
08.	Programme on Technology Improvement (Faculty support from Jorhat Engineering College, RRL (1 week duration)	0.50	0.45	0.05	Improvement in better technology for more productivity.
09.	Programme on Polishing, Stick rolling & Perfuming with CBTC (1 week duration)	0.50	0.45	0.05	Introduction of stick polishing, rolling & perfuming.
10.	Telephone, Stationery & Miscellaneous	0.50	0.45	0.05	-
11.	Service of BDS providers at 400 per days for 18 months, Avg. 20 days per months	1.44	1.29	0.15	-
12.	In-house institutional staff (CDA) for 18 months @ Rs. 20,000/- p.m.	3.60	3.24	0.36	-
	Total:	12.74	11.46	1.28	

Comments:

The budget for the activities proposed has been revised keeping in view the scheme guidelines and also as further confirmed by IIE, Guwahati.

Proposal for the Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for Soft Interventions in the cluster for duration of 18 months to IIE, Guwahati at a total cost of Rs. 12.74 lakh with GoI contribution of Rs. 11.46 lakh, Rs. 1.28 lakh to be contributed by cluster units/association.

	Women : 0 SC/ST : 400
Presence of association/NGO, Contact details :	Indian Institute of Entrepreneurship, Guwahati, Assam. Tel: 03612300840
Whether DSR conducted. Main outcomes of DSR :	Capacity building and awareness of Entrepreneurs Motivation of cluster development Interest towards cluster development Sharing of information
Extent of Competition for cluster :	There is no competition in the cluster except the competition within the artisans itself.
Main Problems of Cluster :	<ul style="list-style-type: none"> • Cost-benefit ratio is very low owing to high raw material cost and low wages. • Inadequate working capital for longer Stock holding period (both raw materials and finished goods). • Skill differences (quality, design and pattern). • Lack of knowledge of consumer need & expectation. • Bamboo & other raw material cost is unusually high and increasing day-by-day. • Credit assistance for procurement is not available.
Need for CFC, if any :	Yes

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)	Comments by Cluster Division
Implementing Agency, its experience in cluster development	Indian Institute of Entrepreneurship, Guwahati, Assam has its vast experience in identifying and implementing cluster.	Ok.
Activities Proposed (Technology/Quality/Marketing/Export/ Design, etc.)	Productivity Training on best practices in the trade and scientific method of production should be provided Practices for reducing wastage during production should be introduced Division of work for specialization should be introduces like separate raw material collection & processing, producing the stripes of bamboo by different sets of people, making the Jaapi by another set of artisans, post production designing, etc.	Ok.
Whether DSR validated by the	Yes	Ok.

stakeholders			
Project Cost with break up :			
	Project Cost : (Rs. in 21.190 Lakhs)	Final comments may please be seen.	
	GOI Contribution : (Rs.19.079 in Lakhs)		
	Cluster Beneficiaries :2.169 (Rs. in Lakhs)		
Technical Agency to be associated & its expertise	Indian Institute of Entrepreneurship, Guwahati, Assam	-	
Justification for SI	The soft interventions will improve the quality of products and there by increase in market as well as product diversification. The soft interventions may also lead to increase in income of the artisans.	Ok.	
Main outcomes (before & after) in terms of sales, Exports, Investment, Profitability, Employment, ISO & other Certification, others.	Particulars	Pre-interventions	Post-interventions
	Total Production (in pieces)	72,000	1,00,000
	Total Sales (Rs.)	24,00,000	35,00,000
	Export (Rs.)	Unascertained	1,00,000
	Profitability (%)	10	30
	No of Units	200	300

Annexure

Action Plan (for 18 Months) & Budget (Rs in lakh)

	Description	Total	GOI	Association	Outcome
01.	Trust building – 2 nos. (Meetings, Awareness Programme, seminars for cluster actors) Faculty support from related Officers from NEHHDC, DC-Handicrafts, SIRD, DRDA, IIE, etc. No. of Participants 50	0.40	0.36	0.04	Capacity building and awareness of Entrepreneurs Interest towards cluster development Sharing of information

02.	Different types of awareness programme on MSME, KVIC, NSIC Scheme, State Govt. Scheme, Quality up gradation, Waste minimization, Energy conservation, about modern machinery (DC Handicrafts, SIRD, DRDA, AEI) (For each programme no. of participants-50 – 2 nos.	0.40	0.36	0.04	Cost reduction by introducing latest Cost reduction by introducing latest technology, Use of Modern machinery, Quality of production, market awareness, enhancement of knowledge on different Govt. schemes, availability of Modern machinery and technology.
03	Training Programme on (i) Skill development with practical demonstration-one month duration per programme with implementing support from Millennium Foundation and technical support from NID, IIE & ARTFED. (For each programme no. of participants-30 nos.	0.50	0.45	0.05	Increase in productivity, Improvement in quality and revival of traditional art and craft, Up gradation of Skill on Design Development
	(ii) Financial management training programme (Faculty Support from IIBM, GIMT, other renowned Institution, University, etc.) (Two weeks duration per programme No. of participants 20 Nos.)	0.50	0.45	0.05	Knowledge on accounting and Budgeting procedure, Estimate of value of Products, Operation of Financial Transaction of business Book keeping & implement to their units accordingly. Awareness on Govt Rules and Regulation
	(iii) Business Management Training programmes. (Business Management Training programmes. (Faculty Support from IIE, Guwahati University etc.) No. of participants 50 nos.	0.50	0.45	0.05	To gather the knowledge of Business Management skill so that the Entrepreneurs may run the Unit efficiently
04.	Exposure visit to cluster i) Visit to NID Innovation Center, Ahmadabad (10 Stake Holders) (Expenditure for Fare of train AC III Class and local travel and for boarding and lodging for 6 days) (ii) Capacity Building (Brochure Preparation, Website launching and Up-gradation for 18 months 10000.00	0.80	0.72	0.08	Technical and production knowledge, operation and maintenance of machinery Quality checking, Pattern and design, Exposure to new technique and production method. Interaction with similar entrepreneur etc. For improved marketing.
05.	Programme on Design Development	0.75	0.67	0.08	Avail the modern

	[with technical collaboration of NID, Millennium Foundation] (2 weeks duration)				technology & adoption of new design and improvement of new product development. Skill Development on improved and diversified products design. Development of present product etc.
06.	Programme on Marketing support & Product diversification NID, Millennium Foundation (1 week duration)	0.75	0.67	0.08	Promotion of cluster products. Linkage with buyers for new market development strategy etc.
07.	Programme on Packaging with Indian institute of Packaging , Govt. of India (1 week duration)	0.50	0.45	0.05	To learn modern and attractive packaging of Cluster products
08	Programme on Technology Improvement (Faculty support from AEC Guwahati (1 week duration)	0.50	0.45	0.05	Improvement in better technology for more productivity
09.	Programme on Mechanized Stitching & Finishing (Support from Bogulamari & Boko Cluster SPV (1 week duration)	0.50	0.45	0.05	Introduction of mechanized stitching Intricate finishing with latest technology.
10.	Telephone, Stationery & Miscellaneous	0.50	0.45	0.05	-
11.	Service of BDS providers at 400 per days for 18 months, Avg. 10 days per month	0.72	0.64	0.08	-
12.	In-house institutional staff (CDA) for 18 months @ Rs.15,000/- p.m.	2.70	2.43	0.27	-
	Total:	10.02	9.00	1.02	

Comments:

The budget for the activities proposed has been revised keeping in view the scheme guidelines and also as further suggested by IIE, Guwahati.

Proposal for the Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for Soft Interventions in the cluster at a total cost of Rs. 10.02 lakh with GoI contribution of Rs. 9.00 lakh, Rs. 1.02 lakh to be contributed by cluster units/association.

Supplementary Agenda No. 33.7: Proposal for conducting Diagnostic Study Report (DSR) of Honey Processing Cluster, Chandigre, Nokrek region, West Garo Hills District, West Garo Hills, Meghalaya.

Proposal was received from Indian Institute of Entrepreneurship, Guwahati, Vide online Ref. No:- 1413 / Dated : 20/05/2013 & recommended by MSME-DI, Guwahati.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Indian Institute of Entrepreneurship, Guwahati
State :	Meghalaya
District :	West Garo Hills
Cluster Name & Location :	Honey - Chandigre, Nokrek region, West Garo Hills District

Brief Information of Cluster

Main Product :	Honey
Technological details, Pollution angle, etc :	There is no scope of pollution.
Age of Cluster :	70
No. of Units :	300
Profiles of Units/Category :	
	Micro : 300, Small : 0, Medium : 0
	Women : 0, Village : 15, SC/ST : 300
Turnover (Per Annum) : (Rs. in Lakhs)	72.000
Export : (Rs. in Lakhs)	0.000
Employment (Direct/Indirect) :	
	Direct : 300, Indirect : 100
	Women : 0, SC/ST : 400
Presence of association/NGO, Contact details :	NA
Main Problems of Cluster :	1. Lack of proper marketing and proper channelization. 2. Traditional method for extracting honey. 3. Low wages.
Any other information :	NA

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Indian Institute of Entrepreneurship has its vast experience in cluster development and implementation.
Project Cost with break up	Traveling & transportation: Rs. 20,000 Food and accommodation: Rs. 15,000 Seminar/awareness programme: Rs. 90,000 Consultancy fee: Rs. 80,000 Project preparation cost: Rs. 25,000 Miscellaneous: Rs. 20,000 Total cost: Rs. 2,50,000
Technical Agency to be associated & its expertise	Not yet decided.
Justification for DSR	Though the yearly turnover of the cluster is Rs. 72.00 lakh still the cluster is facing marketing problems, infrastructural problem and many more and through DSR only these problems can be overcome.
Outcomes of conducting DSR	Understand the problems and develop an action plan for intervention to overcome the problems.
Amount Recommended : (Rs. in Lakhs)	Rs. 2.00 lakh

Proposal for Steering Committee: Steering Committee may approve the proposal for conducting diagnostic study in Honey Processing Cluster, West Garo Hills District, Meghalaya at a cost of Rs 2.00 lakh.

Supplementary Agenda No. 33.8: Proposal for conducting Diagnostic Study Report (DSR) of Wooden Furniture, Pyndengumiong, Mairang Community & Rural Development Block, Division west Khasi Hills, Meghalaya, West Khasi Hills, Meghalaya.

Proposal was received from Indian Institute of Entrepreneurship, Guwahati, Vide Online Ref. No:- 1399 / Dated : 16/05/2013 & recommended by MSME-DI, Guwahati.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Indian Institute of Entrepreneurship, Guwahati
State :	Meghalaya
District :	West Khasi Hills
Cluster Name & Location :	Wooden Furniture - Pyndengumiong, Mairang Community & Rural Development Block, Division west Khasi Hills, Meghalaya

Brief Information of Cluster

Main Product :	Wood furniture
Technological details, Pollution angle, etc :	scrap wood, air(dust) pollution occur during the process.
Age of Cluster :	30
No. of Units :	50
Profiles of Units/Category :	
	Micro : 50, Small : 0, Medium : 0
	Women : 0, Village : 0, SC/ST : 50
Turnover (Per Annum) : (Rs. in Lakhs)	600.000
Export : (Rs. in Lakh)	0.000
Employment (Direct/Indirect) :	
	Direct : 50, Indirect : 100
	Women : 0, SC/ST : 150
Presence of association/NGO, Contact details :	Nonstoin Social Service Society, Bishop's house, Nonbah P.O. Nongstoin, West Khasi Hills District Ph. No. 03654-280919 Email id: nsss793119gmail.com Contact persons: Fr. R. Iawphniaw (M) 09436162711/09856659425

	Mr. Burnard Syiemiong(M) 09436162530 Mr. B. Marbaniang(M) 0985627622/09402541619
Main Problems of Cluster :	1. Lack of technical knowledge & scientific methods for on designing and finishing. 2. Lack of proper machinery. 3. Lack of market exposure for the finished goods. 4. Financial difficulties in creating stock for raw materials and buying of different kind of modern tools and equipment. 5. The artisans are unaware of the scope of furniture goods in the larger markets.
Any other information :	NA.

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Indian Institute of Entrepreneurship has its vast experience in cluster development and implementation.
Project Cost with break up	Travelling and transportation: Rs. 20,000.00 Food and accommodation: Rs. 15,000.00 Seminar/ awareness programme: Rs. 90,000.00 Consultancy fee: Rs. 80,000.00 Project cost: Rs. 25,000.00 Miscellaneous: Rs. 20,000.00 Total cost: Rs. 2,50,000.00
Technical Agency to be associated & its expertise	Not yet decided.
Justification for DSR	There is enough scope for development of this cluster because it has a tremendous potential of becoming fully capitalized cluster.
Outcomes of conducting DSR	Understanding the problems and develop an action plan for intervention to overcome the problem.
Amount Recommended : (Rs. in Lakh)	Rs. 2.00 lakh

Proposal for Steering Committee: Steering Committee may approve the proposal for conducting diagnostic study in Wooden Furniture Cluster, Pyndengumiong, Mairang Community & Rural Development Block, Division west Khasi Hills, Meghalaya, West Khasi Hills, Meghalaya at a cost of Rs 2.00 lakh.

Supplementary Agenda No. 33.9: Proposal for in-principle approval for setting up Common Facility Centres in Red Brick Cluster, Barabani, Durgapur, Burdwan, West Bengal.

This proposal was placed in 32nd meeting of Steering Committee held on 20.03.2013 seeking its in-principle approval. The Steering Committee had considered the proposal but found that the machines proposed in the CFC in particular lathe machines and welding machine etc., are not feasible considering the units in the cluster. SIDBI representative also raised objection on JCB machines. Brief details of the proposal are submitted as follows:

1. Basic Information of Cluster

Name of Cluster :	Burnt Clay Brick
Location of Cluster :	Barabani, Durgapur
Main Product :	Red Clay brick
No. of Enterprises including break up (Micro, Small, Medium) :	Micro : 70 Small : 0 Medium : 0
Turnover (Rs in Crore) for the last five years :	1st Year : Rs. 44.00, 2nd Year : Rs. 51.00, 3rd Year :Rs. 58.00, 4th Year : Rs. 67.00, 5th Year :Rs. 74.00
Exports(Rs in Crore)	Nil
Employment in Cluster :	Direct-3000, Indirect- 300
Main findings of DSR :	Mutual distrust amongst the units in the cluster, Poor infrastructure, manufacturing facilities coupled with use of traditional process leading to low grade products and high process wastage &Threat from high quality, low priced mechanized Products.
Main Problems of Cluster :	(a) Lack of improved red bricks manufacturing practices based on modern machinery. (b) For quality and consistency of the product, present brick manufacturing practice is not congenial which leads to high level of wastage. (c) Lack of acquaintance with the modern machinery to augment the productivity of the products to be produced by the units. (d) Lack of modern treatment of clay for quality products. Traditional method without testing leads to high breakage and loss of revenue. (e) Lack of testing & R/D facility of the raw materials as well as the products (f) Lack of availability of transportation facility both for raw material as well as finished products.

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)
(a.) Revised Justification for CFC	<p>Principal Secretary, Department of MSSE, Govt. of West Bengal vide his D.O. Letter dated 28.05.2013 has suggested for reconsideration of the decision earlier given by Steering Committee and requested for in-principle approval in view of the following justification:</p> <p>The matter was discussed thoroughly with SPV and Technical Advisor. It is informed that in parts of southern West Bengal, brick kilns are an important economic activity carried out along with agriculture. Burnt clay bricks meet the demand for local housing and more than 50 units come under the scope of this particular cluster. It may be borne in mind that more than 100 families depend on this activity for livelihood and around 3300 labourers primarily from economically disadvantaged sections of society are employed in these micro units. With low technology and all manual inputs, cost of production is high, productivity very low and the average annual turnover barely crosses Rs. 30.00 lakh. Detailed studies have revealed that the primary bottleneck is the dependence of the units on seasonal excavation and collection of earth. During the season, organizing JCBs becomes a challenge and dumpers and tractors too become scarce. The cost of hiring of JCBs is very high at Rs. 1,000/- (Rupees one thousand) per hour which seriously impacts the profit margin of this venture. This is because of the fact that the number of JCBs available in the area is very low. This forces the units to resort to manual moulding of green bricks.</p> <p>Manual moulding of green bricks leads to a heterogeneous mix and this translates into inferior quality and high post firing wastage. On the other hand, use of a JCB allows better mixing of different soil grades leading to a homogenous mix and a resultant production of better quality bricks. Making JCBs and semi automatic green brick moulding machines available is a vital input in improving productivity. If JCBs are available, soil can be excavated locally and the overall cost of operations comes down.</p> <p>Providing tangible assets at the Common Facility Centre is allowed under MSE-CDP guidelines (clause – 7). In this particular case, the JCBs should be considered as tangible assets of the CFC and be available equitably to each unit of the cluster. Such an intervention should lead to increase of income of these groups by 15% in the next three years.</p> <p>The stakeholders have been enthusiastic about the possibility of getting government support for their project and have formed a SPV, purchased land, have a specific bank account for the project, completed share distribution and soft interventions. Moreover, they have visited and interacted with other such units in West Bengal and Karnataka to explore possibilities in moulding machines, improved furnaces etc. There is not doubt about their commitment to the project. It is believed that this model</p>

Description	Proposed by Implementation Agency (IA)
	has the potential of being replicated in other parts of the country.
(f.) Main Facility Proposed	A) Trg.-cum- Processing centre,(B)Testing centre with R&D facilities, (C) Business promotion & Product display centre, (D) Mechanical system, (E)Testing of clay/soil, (F) Clay supply under common purchase
(h.)Major Outputs/Deliverables of CFC, performance of the cluster after proposed intervention (in terms of production, export/domestic sales and direct/indirect employment, etc.)	A) Improved red bricks manufacturing practices based on modern machinery. B) Products with consistent quality. C) Less wastage in production. D) Minimizing the human drudgery. E) Improvement in quality of products. F) Imparting training to stake holders. G) Ensuring the availability of raw materials in need. H) Availability of transportation facility both for raw material as well as finished products.

3. Information about SPV

Description	Proposed by Implementation Agency (IA)
(a.) Name and Address	Barabani Red Brick Cluster Association Vill & P.O-Bhanora, P,S- Barabani, Dist- Burdwan, West Bengal, PIN-713334.
(b.) Nature of SPV(company or Society or Trust)	Section-25 of the Companies Act- 1956
(c.) Name of the state Govt. and MSME officials in SPV	Dy. Director of M&SSE(Anc.),sub-DIC, Durgapur
(d.) Date of formation of SPV	24/02/2010
(e.) Number of Members	50
(f.) Bye Laws or MA and AOA submitted	Submitted
(g.) Authorized Share Capital	Rs. 100 lakh
(h.) Paid up capital as on.....	Rs. 2 lakh

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	West Bengal state Export Promotion Society (WBSEPS), Kolkata	An undertaking of Govt. of West Bengal as per guidelines.
(b.) Fund receiving Agency	West Bengal state Export Promotion Society (WBSEPS), Kolkata	---
(c.) Implementation Period	16 months	It should be 24 months
(d.) Appraisal of DPR and main Recommendations	Applied to SIDBI, Kolkata	SIDBI Appraisal report is awaited.
(e.) Comments of Technical Division	NA	-
(f.) Approval of Technical Committee	NA	Yet to be approved.
(g.) Comments of Cluster Development Division:	NA	---
(h.) Working capital(In-principle sanction of loan from a bank, if applicable arrangement made)	Letter of SPV attached with DPR page no- 116	---

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) BEP	39.34%	The financial ratios will be examined as per appraisal report from SIDBI.
(b.) IRR, Payback period	29%	-Do-
(c.) DSCR	NA	-Do-
(d.) Return on Capital employed (ROCE)	28.46%	-Do-
(e.) NPV	Positive, Rs. 439.87 lakhs	-Do-
(f.) DER	NA	-Do-
(g.) Sensitivity Analysis	Positive	-Do-
(h.) Status of CFCs approved in the State	NA	

6. Total Cost : The total cost of the CFC is as follow:

Particulars	Total Cost(Rs. in lakh)
Land and its Development	4.35
Building and other Civil Constructions	37.63
Plant & Machinery(including electrification)	406.88
Misc. fixed assets	5.10
Preliminary & Pre-operative exp., maximum 2% of project cost	10.00
Contingency (2% building and 5% on plant and machinery)	20.03
Margin money for Working Capital	3.98
Total Project Cost	487.97

7. Means of Finance: The suggested means of finance are as follows:

Particulars	%age	Amount (Rs. in lakh)
SPV contribution	10.00	48.80
Grant-in-aid from Govt. of India	83.00	405.01
Grant-in-aid from Govt. of West Bengal	7.00	34.16
Total	100.00	487.97

8. Plant and machinery (with Brief Specification)

S.N	Description	No.	Power (HP/KW)	Cost
1.	Semi Automatic Clay Bricks Machine with Hydraulic Cutting table & M. S. Tray	1	60 HP	1400000.00
2.	JCB JS-81 Tracked Excavator Fitted With.Koel 4R 1040 76 hp @ 2200 RPM.	8	NA	18656000.00
3.	JCB 3DX Backhoe Loader Excavator fitted with Heavy Duty Tyres, Engine 76 hp @ 2200 RPM	8	NA	15880000.00
4.	Lethe machine	2	10 HP	260000.00
5.	Welding Machine	2	1 HP	42000.00
6.	Misc. Tools	1	NA	25000.00
7.	S.Tax/Insurance/Transport Cost @6.33%	1	NA	2295000.00
	Total	0	0	38558000.00

Shortcomings:

(i) SIDBI appraisal is pending.

The 'in-principle approval is subject to following:

(i) Approval of proposal by Technical Committee

(ii) Compliance of project proposal as per MSE-CDP guidelines / SIDBI appraisal.

Proposal for Steering Committee: Cluster Division recommends the proposal for 'in-principle' approval. In view of the revised justification given by Principal Secretary, Department of MSSE, Govt. of West Bengal, Steering Committee may consider the proposal for 'in-principle' to set up of Common Facility Centre (CFC) in Burnt Clay Brick, Barabani, Durgapur, Burdwan, West Bengal.

Supplementary Agenda No. 33.10: Proposal for final approval for setting up Common Facility Centre (CFC) in Stainless Steel Cluster, Kundli, Sonapat, Haryana.

Director of Industries and Commerce, Govt. of Haryana has submitted a proposal for setting up of CFC in Stainless Steel Cluster, Kundli, Sonapat, Haryana. The proposal was also discussed in the 32nd Steering Committee Meeting held on 20.03.2013 under the Chairmanship of Secretary, MSME and accorded in-principle approval. Salient features of the cluster and the proposal are as follows:

1. Basic Information of Cluster

Name of Cluster :	Stainless Steel Cluster
Location of Cluster :	HSIIDC Industrial Area
Main Product :	Stainless Steel utensils
No. of Enterprises including break up (Micro, Small, Medium) :	Micro : 24 Small : 40 Medium : 8
Turnover(Rs in Crore) for the last five years :	1st Year - 458 2nd Year - 427 3rd Year - 606 4th Year - 695 5th Year - 800
Exports(Rs in Crore) for the last five years :	1st Year - 265 2nd Year - 297 3rd Year - 330 4th Year - 365 5th Year - 432
Employment in Cluster :	60 per unit (Total over 4200 directly employed and about 8000 including both direct and indirect employment)
Technology Details :	Inadequate die-casting facilities available in the cluster without advanced equipment affects quality of die casted. Inability to polish and hence produce high finish requiring cookware as well as products with intricate design; no facility for forging quality knife blades and for impact bonding; Absence of advanced tool room facilities
Whether DS Conducted :	The DSR has been conducted in NOVEMBER 2011.
Main findings of DSR :	The critical findings may be viewed in terms of unfavourable value-chain circumstances in terms of circle cutting/blanking facilities, tool room facilities, polishing and value added facilities etc.
Main Problems of Cluster :	In the context of the cluster at Kundli, the typical problem experienced by utensil and cutlery units is in terms of limitations in de-coiling and slitting equipment, automatic circle cutting equipment, polishing equipment, CNC tool room equipment, testing lab equipment and value added

	product making facilities like knife blade forging cutlery segment and impact bonding. Paucity of resources affects necessary up-grading.
Other Information :	The typical small-sized units in the cluster have poor linkages with nationalized and other commercial banks in terms of appropriate instruments affecting their performance potential. The common facility is expected to enhance the competitive positioning of cluster firms and enhance their investment attractiveness. Rising input costs in terms of raw materials and relatively stagnant market prices for finished products and services offered by cluster firms has been affecting profitability of cluster firms. Optimisation of procurement costs as well as technology up gradation is critical to retain competitive advantage.

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Justification for CFC	The establishment of CFC will bring out the following impacts Growth rate of cluster is likely to increase from 15 % to at least 20% ; Increase in cluster output by 100 % in next 5 years (to 1588 crores). Graduation of firms into producing value-added utensils like sauce pans, and cutlery like knives etc.; These Products will enhance turnover and capacity utilization which is presently hardly 50 %. Products of better quality and finish to consumers at 10% lesser price. There will be an increase in direct employment at least by 50 % from 4200 persons to 6300. There will be saving of Approx. 10% in the scrap loss from the raw material while circle cutting operation. Reduction in time 3-5 days by means of slitting and de-coiling, polishing.	--
(b.) Location of CFC	The location of CFC will be at I.E. Sonapat and the land allocated is 4500 sq.mt	Regular Allotment of Letter (RLA) received from HSIIDC.
% age of units in radius of 5km	0	--
% age of units in radius of 10km	0	--

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(c.) Land for CFC		
i. Whether land acquired	In principle approval for land has been given.	Land is not registered in the name of SPV.
ii. Title is in name of	The title is in the name of SPV Kundli Stainless Steel Cluster Services Pvt. Ltd	
iii. Valuation and its basis	Land (Rs. 263.25 Lakhs) and site development (@ Rs. 16.75 Lakhs).	HSIIDC has given tentative cost of 4050 sq. mtr. plot i.e. 28350000/- (@ 7000/-sq. mtr.)
iv. Land is sufficient	It is sufficient.	--
v. Change of land use	It will used only for CFC.	Proposed land is situated in industrial estate.
vi. If on lease, duration of lease	No Lease is there.	--
vii Whether lease is legally tenable	No Lease is there.	--
(d.) Total Building area(sq ft)	Building and civil works (shop-floor area of 31,110 sq. ft. and administrative and support area of 1969 sq. ft. or total of 33153.12 sq. ft. @ Rs. 652.32 per sq. ft.)	--
(e.) Rate of construction of building	Building and civil works (shop-floor area of 31,110 sq. ft. and administrative and support area of 1969 sq. ft. or total of 33153.12 sq. ft. @ Rs. 652.32 per sq. ft.). The total cost is 216.27	--
(f.) Main Facility Proposed	The main facility in terms of circle cutting/blanking facilities, tool room facilities, polishing and value added facilities etc. is proposed.	--
(g.) Prod capacity of CFC	Please Refer to Annexure 12 i.e. Requirement of facilities Evidence of Demand	--
(h.) Major Outputs/Deliverables of CFC, Projected performance of the cluster after proposed intervention (in terms of production, export/domestic	Growth rate of the cluster is likely to increase from 15% to at least 20% Cluster output may increase by even 100 % in the next 5 years (to Rs. 1588 crore) Graduation of firms into producing value-added utensils like sauce pans, and cutlery like knives etc; products	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
sales and direct/indirect employment, etc.)	will enhance turnover and capacity utilization which is presently hardly 50% There will be saving of approx. 10% in scrap loss from raw material over circle cutting operation. Increase in direct employment by at least 50% from 4200 persons to 6300.	
(i.) Pollution clearance required or not	No.	Consent to establish is required.
(j.) Man Power in CFC	Please Refer to Table 18 Page no. 58	99 persons
(k.) Revenue generation mechanism for sustainability of assets(service/user charges to be levied, any other-to be specified)	Please Refer to Table 28 Page no. 67	-

3. Information about SPV

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Name and Address	Kundli Stainless Steel Cluster Services Pvt. Ltd 153 I&J EPIP HSIIDC Industrial Area Kundli 131028 Haryana India	--
(b.) Nature of SPV(company or Society or Trust)	Kundli Stainless Steel Cluster Services Pvt. Ltd	--
(c.) Name of the state Govt. and MSME officials in SPV	Mr. T.L. Satyaprakash, State Govt. Mr. Vijay Kumar, MSME	-
(d.) Date of formation of SPV	17th Nov 2011	--
(e.) Number of Members	25	--
(f.) Bye Laws or MA and AOA submitted	Yes	--
(g.) Authorized Share Capital	550 Lakhs	--
(h.) Paid up capital as on.....	530 lakhs	--
(i.) Shareholding Pattern	Refer to Table 13 Page No 44 i.e. List of SPV members and proposed initial shareholding mix	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(j.) Commitment letter for contribution	Refer to Annexure 12 i.e. Format of agreement towards payment of user charges and requirement of facilities by SPV members Evidence of demand	State Govt. commitment regd. their contribution is required.
(k.) SPV specific A/c	The Account of SPV is in Oriental Bank of Commerce.	-
(l.) Trust Building of SPV, Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation	Refer to Annexure 4 i.e. Support documentation on track-record of pro-active and co-operative initiatives	Paper cutting of one programme organized by DIC is enclosed.
(m.) Technical Institution	The technical institution is ITI Sonepat	The copy of the letter from Deenbandhu Chhotu Ram University of Science & Technology, Murthal received.
(n.) CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 percent of installed capacity.	Refer to Annexure 12. Requirement of facilities Evidence of Demand	-
(o.)		
(a) Power requirement for commercial/domestic purpose	Connected Load of 1341 kVA, Drawn Power of 766.24 kWh, Also Refer to Table 21 Page no 61.	--
(b) Water	0.21 lakhs per annum	--
(c) Gas/Oil/Other Utilities	All that is computed in consumables. Please refer to Table 17, page no-57	--

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	Investment Promotion Centre,	As per guidelines

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
	Directorate of Industries and Commerce Government of Haryana	
(b.) Fund receiving Agency	Investment Promotion Centre, Directorate of Industries and Commerce Government of Haryana	
(c.) Implementation Period	12 months	-
(d.) Appraisal of DPR and main Recommendations	The DPR is favourably appraised by SIDBI and they have recommended it technically feasible and financially viable.	Annexure - I
(e.) Comments of Technical Division	The comments of technical division will be there once submitted to DC MSME.	Technical Division has examined the proposal and recommended.
(f) Technical Committee	-	Technical Committee recommended the proposal.
(g.) Working capital(In-principle sanction of loan from a bank, if applicable arrangement made)	The working capital margin of Rs. 14.42 is approved by Oriental Bank of Commerce.	--

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division										
(a.) BEP	32.53%	As per SIDBI appraisal BEP is 36.13%.										
(b.) IRR, Payback period	55.80 and Payback period is 1 year 9 months.	As per SIDBI appraisal IRR is 22.71%.										
(c.) DSCR	Not Applicable	--										
(d.) Return on Capital employed (ROCE)	16.74% without grant 54.84% with grant	As per SIDBI appraisal ROCE is 54.72%.										
(e.) NPV	NPV is positive and high (1265.84) at a conservative project life of 10 years	Positive.										
(f.) DER	NA	--										
(g.) Sensitivity Analysis	<table border="1"> <thead> <tr> <th>Particulars</th> <th>ROCE</th> <th>NPV</th> <th>IRR</th> <th>BEP</th> </tr> </thead> <tbody> <tr> <td>Base case</td> <td>54.84%</td> <td>1265.84</td> <td>55.80%</td> <td>32.53%</td> </tr> </tbody> </table>	Particulars	ROCE	NPV	IRR	BEP	Base case	54.84%	1265.84	55.80%	32.53%	--
Particulars	ROCE	NPV	IRR	BEP								
Base case	54.84%	1265.84	55.80%	32.53%								

Description	Proposed by Implementation Agency (IA)					Comments by Cluster Division
	With decline in user charges by 5 %	46.36%	991.92	47%	32.83%	

**6. Total Cost: The total cost of the CFC is as follow:
(Rs. in Lakh)**

Particulars	Total Cost	SIDBI recommendation
(1.) Land and its Development	280.00	283.50
(2.) Building and other Civil Constructions	216.27	216.27
(3.) Plant & Machinery(including electrification)	1076.91	1076.91
(4.) Misc. fixed assets	20.00	20.00
(5.) Preliminary & Pre-operative expenses, maximum 2% of project cost	61.52	61.52
(6.) Contingency (2% building and 5% on plant and machinery)	58.16	58.16
(7.) Margin money for Working Capital	14.42	14.42
Total Project Cost	1727.28	1730.78

**7. Means of Finance: The suggested means of finance are as follows:
(Rs. in lakh)**

Particulars	Total Cost	SIDBI recommendation
(1.) SPV contribution	527.28	530.78
(2.) Grant-in-aid from Govt. of India	1050.00	1050.00
(3.) Grant-in-aid from Govt. of Haryana	150.00	150.00
Total	1727.28	1730.78

8. Plant and machinery - Annexure-II

9. Shortcoming

(i) State Govt. commitment regarding their contribution is required.

10. Proposal for the Steering Committee: Cluster Division recommends the proposal for final approval for setting up of Common Facility Centre (CFC) in Stainless Steel Cluster, Kundli, Sonapat, Haryana at total project cost of Rs.1730.78 lakh with GoI assistance of Rs.1050.00 lakh and SPV contribution of Rs.530.78 lakh.

Supplementary Agenda No. 33.11 (i): Proposal for conducting Diagnostic Study Report (DSR) of Fabrication Cluster, Rewari Industrial Area, Rewari, Haryana.

Proposal was received from Directorate of Industries & commerce, Government of Haryana, vide online Ref. No:- 1424 / Dated : 22/05/2013 & recommended by MSME-DI, Karnal.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Directorate of Industries & commerce, Haryana
State :	Haryana
District :	Rewari
Cluster Name & Location :	Fabrication Cluster, Rewari Industrial Area

Brief Information of Cluster

Main Product :	Conveyors, idlers, pulleys, structures
Age of Cluster :	20
No. of Units :	120
Profiles of Units/Category :	Micro : 70, Small : 50, Medium : 0
	Women : 0, Village : 0, SC/ST : 0
Turnover (Per Annum) : (Rs. in Lakhs)	1000.00
Export : (Rs. in Lakhs)	500.00
Employment (Direct/Indirect) :	Direct : 1200, Indirect : 2000
	Women : 300, SC/ST : 0
Presence of association/NGO, Contact details :	Rewari Chamber of commerce and Industry
Main Problems of Cluster :	<ul style="list-style-type: none"> ➤ Lack of basic design facilities ➤ No upgraded tool room facilities ➤ No machines for quality finish ➤ Critical testing lab requirements

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Investment Promotion Centre, Department of Industries and Commerce, Government of Haryana.

Parameters	Proposed by Implementation Agency (IA)
Project Cost with break up	DSR is still to be made. Once state government gives the official mandate for preparation of DSR, tentative project cost structure will be prepared.
Technical Agency to be associated & its expertise	Technical agency which is to be associated. Private agency has been working on 15 different clusters in Haryana out of which 3 clusters have received final approvals from MoMSME.
Justification for DSR	DSR is still to be made, once state government gives the official mandate for preparation of DSR
Outcomes of conducting DSR	DSR is still to be made, once state government gives the official mandate for preparation of DSR

Proposal for Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for conducting diagnostic study in Fabrication Cluster, Rewari Industrial Area, Rewari, Haryana at a total cost of Rs. 2.50 lakh, 100% GoI grant.

Supplementary Agenda No. 33.11 (ii): Proposal for conducting Diagnostic Study Report (DSR) of General Engineering Cluster, Rohtak, Haryana.

Proposal was received from Rohtak IDC Industrial Association, Rohtak vide online Ref. No:- 1426 / Dated : 29/05/2013 & recommended by MSME-DI, Karnal.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Rohtak IDC Industrial Association
State :	Haryana
District :	Rohtak
Cluster Name & Location :	General Engineering Cluster

Brief Information of Cluster

Main Product :	Fasteners, nuts & bolts, turned components
Technological details, Pollution angle, etc :	High tech product mainly used for all automobiles. Inefficient energy usage. Noise pollution
Age of Cluster :	45
No. of Units :	715
Profiles of Units/Category :	Micro : 500, Small : 200, Medium : 15
	Women : 50, Village : 1, SC/ST : 50
Turnover (Per Annum) : (Rs. in Crore)	2000.00
Export : (Rs. in Crore)	200.00
Employment (Direct/Indirect) :	Direct : 20000, Indirect : 5000
	Women : 2000, SC/ST : 500
Presence of association/NGO, Contact details :	Rohtak IDC Industries Association
Main Problems of Cluster :	<ul style="list-style-type: none"> ➤ Shortage Of Skilled Workers ➤ Labour Shortage ➤ Absence of A Good Material Testing Lab ➤ Obsolete Heat Treatment Plants ➤ Quality Nickel Plating Not Available

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	IPC, Govt of Haryana.
Project Cost with break up	-
Technical Agency to be associated & its expertise	-
Justification for DSR	The cluster is facing problems of moving up the value chain and wishes to come together as a SPV for applying for a CFC.
Outcomes of conducting DSR	The cluster shall become more competitive in terms of quality and price, with better heat treatment facility, energy efficiency the industries shall leverage on the energy savings. A material testing lab shall ensure that the raw material is checked for spuriousness and standards. The skill shortage shall be addressed by creating a skill development center.

Proposal for Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for conducting diagnostic study in General Engineering Cluster, Rohtak, Haryana at a total cost of Rs. 2.50 lakh, 100% GoI grant.

Supplementary Agenda No. 33.11 (iii): Proposal for conducting Diagnostic Study Report (DSR) of Woolen Knitted Garments Cluster, Darbi, Sirsa, Haryana.

Proposal was received from Jagdambe Hosiery Welfare Association, vide online Ref. No:- 1472 / Dated 05/06/2013 and recommended by MSME-DI, Karnal.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Jagdambe Hosiery Welfare Association
State :	Haryana
District :	Sirsa
Cluster Name & Location :	Woolen Knitted Garments , Darbi

Brief Information of Cluster

Main Product :	Knitted Sweaters, School Uniforms
Technological details, Pollution angle, etc :	Obsolete technology, Minimal Automation
Age of Cluster :	10
No. of Units :	70
Profiles of Units/Category :	Micro : 70, Small : 0, Medium : 0 (Women : 5, Village : 70, SC/ST : 65)
Turnover (Per Annum) : (Rs. in Lakhs)	500.00
Export : (Rs. in Lakhs)	0.00
Employment (Direct/Indirect) :	500 (Direct : 300, Indirect : 200) Women : 60, SC/ST : 300
Presence of association/NGO, Contact details :	Jagdambe Hosiery Welfare Association Village Darbi, Sirsa
Main Problems of Cluster :	<ul style="list-style-type: none"> ➤ Seasonal business, ➤ Raw material purchase lacks economies of scale, automation, ➤ Low technical expertise, ➤ Low skilled labour, ➤ No local availability of raw material, ➤ Power outages
Any other information :	For a number of activities the cluster depends on outside agencies as far as 50 kms for certain job works, like embroidery. It increases the cost substantially and also affects the productivity

Observations: **Out of 70 micro units, 65 units belongs to SC/ST community.**

Proposal for Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for conducting diagnostic study in Woolen Knitted Garments Cluster, Darbi, Sirsa, Haryana at a total cost of Rs. 2.50 lakh, 100% GoI grant.

Supplementary Agenda No. 33.12: Proposal for conducting Diagnostic Study Report (DSR) of Mushroom and Mushroom Products, Budhi Mearth, Kathua, J&K.

Proposal was received from Shiva GramUdyog Mandal Kathua, Vide Online Ref. No:- 1116 / Dated 22.01.2013 & recommended by MSME-DI, Jammu. The MSME DI, Jammu is the implementing agency for conducting DSR in the Mushroom and Mushroom Products, Budhi Mearth, Kathua, J&K

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Shiva GramUdyog Mandal Kathua
State :	Jammu & Kashmir
District :	Kathua
Cluster Name & Location :	Mushroom and Mushroom Products, Budhi Mearth

Brief Information of Cluster

Main Product :	Canned Mushroom, Dry Mushroom, Mushroom, Mushroom Pickle, Mushroom Soup Powder
Technological details, Pollution angle, etc :	The mushroom industry like other industries faces constant change and innovations on a global scale. Mushroom producers and exporter will need to be flexible and responsive to the changing environment of globalization so as to be effective participants in the world mushroom industry .Mushroom and mushroom products are beneficial to human health. For development of the mushroom cultivation in an industrialized manner, it needs technical and financial backing as required for any developing industry. This type of common facilities center will provide technical backup, training, quality spawn, pasteurized compost to the micro and small mushroom units. This industry involves the application of microbial technology for the bioconversion of agricultural, industrial, forestry and household wastes into nutritional food called Mushroom. About 600 million tones of wastes are produced in India per annum and if we convert only 1 percent of this waste into mushroom, India will be a major mushroom producer of the world like china which produces 70 percent of world production where as India produces only 1 percent, when both of these countries have same quantity if agri wastes in a year. Like its economy, the country has a mixed system of mushroom production as well, from the rural huts to the computer-controlled giant size units. Though the hi-tech industry will continue to cater to the needs of exports and metropolis, cottage and village level units are more suited to the government programs of employment generation, poverty alleviation and food-

	<p>nutrition security. Due to very limited degree of innovation in production level and value-addition of mushroom products, the current market segment has been greatly restricted. This is slowly leading to increase in competition from china which is No. 1 Producer (about 70 percent) in world production.. China has developed mushroom industry so much that India looks very small (about 1 percent). Thus application of latest low cost technology for round the year production through diversification is necessary to evolve exclusively and with competitive advantage. There are no pollution Related issues in the cluster as the activity is eco friendly due to latest intervention in low cost technology. Mushroom production is a highly labour oriented venture and labour availability is no constraint in the country and the other factors i.e. availability of raw materials make mushroom growing economically profitable in India. More over scope for intense diversification of other mushrooms like Oyster, Milky and medicinal mushrooms are additional opportunities for Indian mushroom producers</p>
Age of Cluster :	10 yrs
No. of Units :	25
Profiles of Units/Category :	Micro : 23 Small : 2 Women : 15 Village : 25 SC/ST : 5
Turnover (Per Annum) : (Rs. in Lakhs)	50.00
Export : (Rs. in Lakhs)	10.00
Employment (Direct/Indirect) :	Direct : 100 Indirect : 100 Women : 50 SC/ST : 20
Presence of association/NGO, Contact details :	Shiva Gramudyog Mandal Kalibari Kathua (J&K) 184104, a registered society since 1988 by registrar of firms and societies J&K. Contact Person G D Sharma Contact No 09419152369.
Main Problems of Cluster :	<ul style="list-style-type: none"> • Unorganized nature of micro enterprises • Belongs to an area which is industrially most backward • Non-availability of standardized compost and spawn • Poor earnings especially to the skilled women • Absence of a brand as well as any certification quality mark • Limited product diversification • Limited period (only winter) for Production Limited direct access to the unit holders for processing .

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Shiva Gramudyog Mandal, a registered society since 1988 by registrar of firms and societies J&K. The society has experience of implementing various projects especially agro based industrial projects for the last 25 years. At present the society is implementing a major project of ministry of Women and Child Development, Govt. Of India For giving practical training to 5000 women beneficiaries in the activity of production and processing of mushroom round the year.
Project Cost with break up	Conducting Soft Interventions for two clusters=50lakhs Establishing Common Facility Center =1500lakhs
Technical Agency to be associated & its expertise	Technical Backup support will be got from Directorate of Mushroom Research and development which is an institute of National repute of ICAR,GOI New Delhi.
Justification for DSR	In order to Study and examine the requirements of a n effective cluster regarding IPRs, technology Up gradation, Information and communication(ICT), Enterprise Resource benchmarking, market potential assessment, skill up gradation/certification system, design development, comparative study with other clusters, twining of clusters, need to improve safety, health, business literacy, welfare of workforce by the enterprises and their common bodies and social upliftment.
Outcomes of conducting DSR	All the outcomes of conducting DSR will be implemented for the successful implementation of cluster development Program of MSME ministry, for the full satisfaction of the beneficiaries, mushroom industry as well as MSME ministry

Proposal for Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for conducting Diagnostic Study in Mushroom and Mushroom Products, Budhi Mearth, Kathua, J&K at a total cost of Rs. 1.00 lakh with 100% GoI grant.

Supplementary Agenda No. 33.13: Proposal for conducting Diagnostic Study Report (DSR) in Dyes, Intermediates and Chemicals Cluster, Narol, Ahmedabad, Gujarat.

Proposal was received from Gujarat Chemical Association, Ahmedabad Vide Online Ref. No:- 1308 / Dated : 10/04/2013 & recommended by MSME-DI, Ahmedabad.

Details of the proposal are as under:

Name of Organization :	Gujarat Chemical Association, Ahmedabad
State :	Gujarat
District :	Ahmedabad
Cluster Name & Location :	Dyes, Intermediates and Chemicals Cluster, Narol

Brief Information of Cluster

Main Product :	Chemicals , Dyes ,Intermediates & Pharmaceuticals
Technological details, Pollution angle, etc :	In Chemical industries, pollution is a large problem. The environment protection is a social responsibility. Research and Development is providing data and technical support for solving environmental problems. This Research & Development Center can be derived and provide tools and methodologies which improve individual and organizational decision to reduce or eliminate emissions, effluents to avoid the pollution problem, Eco friendly process by technology. Also to develop new technology for less wastage and emission from processes and other manufacturing activities. Over and above to develop new technology as well as the Green technology, this type of Research & Development Center is very much helpful to Small & Medium scale Chemical Enterprises.
Age of Cluster :	100
No. of Units :	1200
Profiles of Units/Category :	Micro :700 Small :410 Medium : 90 Women : 20 Village : 300 SC/ST :42
Turnover (Per Annum) : (Rs. in Lakhs)	5154.00
Export : (Rs. in Lakhs)	1100.00
Employment (Direct/Indirect) :	Direct : 98000, Indirect : 90200 Women : 28000, SC/ST : 48000
Presence of association/NGO, Contact details :	Mr.Jaimin Vasa, President, Gujarat Chemical Association Shri Rasiklal Vasa Chambers 3rd Floor, Nikumbh Complex, Nr. Reliance House, C.G. Road, Ahmedabad-380006, Gujarat, India Tele. No.: 079-26565749 Fax No.: 079-26565749 Mob. No.9825005025 E-mail: info@gujaratchemicalassociation.org

Main Problems of Cluster :	<p>The Chemical cluster in Ahmedabad is quite age old and producing conventional chemical product. This cluster is facing problem in the area of (a) Quality (b) Productivity (c) Technology (d) Environment & Pollution</p> <p>All these problems are associated with the Research & Development through which we would like to develop appropriate production technology which could produce better quality goods to meet the international demand and also could produce lesser pollution so as it could fulfill the need of the stringent law of the land as well as international law. The technology which is being used by the industry is conventional and no effort have been made till date to advance it which can give better quality product, could use alternative material, could produce new chemical products and could generate lesser pollution to the possible extent.</p>
Any other information :	<p>Many of the developed countries are not importing the chemical products being produced by chemical units of Gujarat because of packaging which is being used by this industry as it is not eco-friendly or is not meeting the requirement under the law of particular country.</p>

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	GITCO or any other agency suggested by Government.
Project Cost with break up	<p>Total Cost of the project is approx. Rs. 15.0 cores (Approximate fifteen crores) including land & building.</p> <p>The proposed Research & Development center, we are also suggesting to have Machinery and other facilities for Laboratory, Convention center, Training center, Small Exhibition place, Center for excellence, Auditorium etc. Also Reference Books, journal etc.</p> <p>Thus we can conduct educational programs, practical training for developing the vital skills, research and development for various fields (academic, product, process and alternate material), provision of information services, and provision of services like raw materials and finished products testing & inspection etc.</p>
Technical Agency to be associated & its expertise	Gujarat Industrial & Technical Consultancy Organisation Ltd. (GITCO) is promoted by National & State level financial Institutions & State Government corporations. It is professionally managed & offers wide spectrum of consultancy services to the public as well as private sector.
Justification for DSR	In global scenario, QUALITY is a basic requirement for survival of any establishment, which is not achieved by coincidence. It is a commitment be it at National level or International level. Therefore, testing to be conducted accurately & methodically so as to give consistent & reproducible results. This helps customers fine tune their

	<p>products to exacting standards, achieve higher growth rate & most important a reputation for consistent high quality.</p> <p>Chemical testing and analysis will help in meeting the relevant product regulations and ensure protection from probable harm. Consumer goods are meant to be tested for perfection on various standards, regulations and certifications. This will also detects and identifies the unknown chemical traces and contamination and also will helps in ensuring materials and product quality control and supports in formulation and de-formulation of projects. With the help of the proposed Research & Development Center, Small & Medium scale chemical enterprises can test Pharmaceutical Testing, Chemical Testing and Trace Analysis, Petrochemical and Basic Chemical Testing etc. Also Quality Assurance, Regulatory compliance and Documentation. Also DSR form problems, status of the clusters, Bench Marking and action plan for the development</p>
Outcomes of conducting DSR	<p>With the help of proposed research Center, Small & Medium Scale Chemical, Pharmaceutical & Dyestuff enterprises can develop new manufacturing process thus they increase productivity. Also they can conduct various testing, trace analysis, quality assurance, regulatory compliance and documentation. Thus SMEs in Chemical, Pharmaceutical & Dyestuff sectors can sustain themselves through the tough global business environment by making their products as per the international standards and they can grow continuously. The future prospects of the cluster that we will be able to conduct all the R&D need of the cluster by monitoring the strength and weakness of the clusters.</p>
Amount Recommended : (Rs. in Lakhs)	Rs. 2.50 lakh.

Proposal for Steering Committee: Cluster Division recommended the proposal. Steering Committee may approve the proposal for conducting diagnostic study in Dyes, Intermediates and Chemicals Cluster, Narol, Ahmedabad at a total cost of Rs. 2.50 lakh with 100% GoI grant subject to condition that Centre For Entrepreneurship Development(CED), Gandhinagar or any State Govt. agency should be the Implementing Agency.

Agenda No.33.14 (S) Proposal for final approval for setting up Common Facility Centre (CFC) in Pharmaceuticals Cluster, Karnal, Haryana.

Director of Industries and Commerce, Govt. of Haryana has submitted a proposal for setting up of CFC in Pharmaceuticals Cluster, Karnal, Haryana. The proposal was also discussed in the 32nd Steering Committee Meeting held on 20.03.2013 under the Chairmanship of Secretary, MSME and accorded in-principle approval. Salient features of the cluster and the proposal are as follows:

1. Basic Information of Cluster

Name of Cluster :	Pharmaceuticals
Location of Cluster :	HSI IDC Estate, Sector- 3, Karnal
Main Product :	Pharmaceuticals products(Allopathic & Ayurvedic)
No. of Enterprises including break up (micro, small, medium) :	Micro :70 Small : 0 Medium : 0
Turnover(Rs in Crore) for the last five years :	2006-2007 – 120.00 2007-2008 – 141.00 2008-2009 – 166.00 2009-2010 – 196.00 2010-2011 – 230.00
Exports(Rs in Crore) for the last five years :	2006-2007 – 12.00 2007-2008 – 50.00 2008-2009 – 30.00 2009-2010 – 40.00 2010-2011 – 50.00
Employment in Cluster :	700 in the case of Allopathic units; and 300 in the case of Ayurvedic units (Total 1000 directly employed in MSE units) and 5000 indirectly employed)
Technology Details :	There is absolute dearth of testing facilities for Pharmaceutical companies in Karnal and neighbouring areas. Currently micro units located in the cluster use testing facilities located in Delhi and NCR increase the lead time in production by 3-4 days and increase in production costs due to wastage of raw materials. The production costs also increase on account of increased logistics costs. The Government of India has made it mandatory for Pharmaceutical manufacturing companies to test their products in GLP labs. These gaps affect the quality of the product and affect the consignment delivery. Absolute dearth of research and formulation development.
Whether DS Conducted :	The DSR was conducted in 2010-11.
Main findings of DSR :	The important findings encapsulated in the DSR may be viewed in terms of gaps in the, testing lab facilities, and on the Research and Development front.
Main Problems of Cluster :	Different types of tests are required to ensure the quality of raw material as well as end product. The major laboratory machines proposed in the testing lab are UV

	<p>Spectrophotometer IR Machine Gas Chromatography machine HPLC Karl Fischer Titrimeter Melting Point Apparatus Boiling Point Apparatus Refract meter Polarimeter Hot Air Oven Stability Chamber Laminar Air Flow Incubator and BOD incubator. These are the equipments required in a testing laboratory certified under GLP guidelines for Pharmaceuticals industry. Deploy Pilot scale machines for manufacture of Tablets Capsules Ointments Injections and Syrups. These equipments will facilitate development of new formulations and capsules in small batches. This will lead to the units in the cluster developing patents widen the range of products produced in the region and increase the market share and enhance exports.</p>
Other Information :	<p>Strong market development efforts will have to be made as there is stiff competition from already existing competitors as well as new entrants Rising input costs and relatively stagnant market prices for finished products Unable to individually reap scale economies on various fronts (procurement, marketing and technology upgrading)</p>

2. Information about Proposed CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Justification for CFC	<p>The establishment of CFC will bring out the following impacts With regard to the testing lab, the Union ministry of health has notified the Schedule under Drugs and Cosmetics Third Amendment Rules 2008 giving the pharmaceutical industry a pre-defined time limit for compliance and adoption of Good Laboratory Practices. All Pharmaceutical companies have to adhere to these guidelines prescribed. This has made it a necessity for Micro units in Karnal to set up a Testing lab with adherence to GLP guidelines. The testing facility will reduce the lead time required for batch wise testing of raw materials and for finished products and ensure minimum wastage of input materials, consumables and finished goods that get rejected due to negative test reports. Apart from GLP, there are other stringent regulatory requirements prescribed by international drug regulatory institutions for their respective countries. Lack of a state of the art facility for testing</p>	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
	limits the access of cluster members to these markets. The proposed CFC would result in significant improvement in product output with better marketability, access to overseas markets quality assurance as per international standards and also faster manufacturing cycle leading to capacity augmentation. Cluster MSEs will move up the value chain into higher value added pharmaceutical products by means of appropriate testing lab equipments. Lastly, the proposed CFC shall also facilitate capacity building of cluster firms by acting as a centre of excellence and expansion in product portfolio by facilitating pilot salt development and adoption of newer products with increasing demand in the market. The proposed CFC shall facilitate cluster firms getting access to state of the art infrastructure apparatus in a controlled environment with right expertise.	
(b.) Location of CFC	The CFC is proposed to be located in Karnal, dist. Karnal.	-
% age of units in radius of 5km	0	
% age of units in radius of 10km	0	
(c.) Land for CFC		
i. Whether land acquired	Agreement for purchase of land has been entered into by the SPV.	RLA issued by HSIIDC. However, registered sale deed of land (in the name of SPV) is required as per guidelines.
ii. Title is in name of	CFC Pharma Cluster Private Limited	
iii. Valuation and its basis	Land (Rs.45 Lakh) and site development (@ Rs.3 Lakh).	
iv. Land is sufficient	Yes. the land is sufficient.	
v. Change of land use	The land will be used only for CFC	
vi. If on lease, duration of lease	There is no lease	
vii. Whether lease is legally tenable	There is no lease	

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(d.) Total Building area(sq ft)	Building and civil works (testing lab area of 12926.59 sq.ft. @ Rs.620 per sft.)	
(e.) Rate of construction of building	Building and civil works (testing lab area of 12926.59 sq.ft. @ Rs.620 per sft.)	
(f.) Main Facility Proposed	The main facility proposed in terms of critical technology, regulatory compliance and value chain gaps in testing lab in compliance with GLP norms.	
(g.) Prod capacity of CFC	Please Refer to Annexure 12 i.e. Requirement of facilities Evidence of Demand	120 samples per day.
(h.) Major Outputs/ Deliverables of CFC, Projected performance of the cluster after proposed intervention (in terms of production, export/ domestic sales and direct/ indirect employment, etc.)	The CFC could help not sustainability of cluster firms but also double capacity utilization and profitability and penetrate premium market segments Profitability orientation of cluster firms is expected to double by producing high value pharmaceuticals, developing new patents The CFC could enable increase in employment by about 2000 persons. There is an expected turnover rise to Rs.460 crore during 2016-17 from the existing turnover of Rs.230 crore for the period 2011-12 The pharmaceutical firms in the cluster seen to apply and adhere to the highest standards of laboratory practice gain them significant competitive advantage and will compete successfully for business and recognition within its operational environment	-
(i.) Pollution clearance required or not	No certificate is required.	Department of Industries has given undertaking, vide letter dated 30.5.13 to initiate work at site only after procuring relevant permission.
(j.) Man Power in CFC	19 Nos.	-
(k.) Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other-to be specified)	Please Refer to Table 27 Page no. 55	-

3. Information about SPV

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Name and Address	CFC Pharma Cluster Private Limited	-
(b.) Nature of SPV(company or Society or Trust)	It is a company i.e. CFC Pharma Cluster Private Limited	-
(c.) Name of the state Govt. and MSME officials in SPV	Mr. T.L. Satyaprakash... State Govt. Mr. Vijay Kumar.... MSME	-
(d.) Date of formation of SPV	21 st February, 2012.	-
(e.) Number of Members	26.	-
(f.) Bye Laws or MA and AOA submitted	Yes	-
(g.) Authorized Share Capital	1 lakh	-
(h.) Paid up capital	Fifty Thousand	-
(i.) Shareholding Pattern	Please refer to Table 11. Page no-34	-
(j.) Commitment letter for contribution	Refer to Annexure 12 i.e. Format of agreement towards payment of user charges and requirement of facilities by SPV members Evidence of demand	Commitment letter received from Director of Industries and Commerce, Government of Haryana as well as SPV.
(k.) SPV specific A/c	The Account of SPV is in Punjab National Bank.	A/c No. 3917002100007529
(l.) Trust Building of SPV, Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation	Refer to Annexure 4 i.e. Support documentation on track-record of pro-active and co-operative initiatives	-
(m.) Technical Institution	The technical institution is Kureshetra University.	-
(n.) CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 percent of installed capacity.	Refer to Annexure 12. Requirement of facilities Evidence of Demand	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
O. (a) Power requirement for commercial/domestic purpose	Please refer to Table no-20, Page-49,50. Fixed monthly connection charge (minimum connected load) is Rs.1.01 lakh, Variable charge Shop floor as well as administrative facilities (0.39 lakh /month)	-
(b) Water	Rs.0.108 lakh per annum.	-
(c) Gas/Oil/Other Utilities	All that is computed in consumables. Please refer to Table 17, page no-57	-

4. Implement Arrangements

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) Implementing Agency	Investment Promotion Centre, Directorate of Industries and Commerce Government of Haryana	As per guidelines.
(b.) Fund receiving Agency	Investment Promotion Centre, Directorate of Industries and Commerce Government of Haryana	
(c.) Implementation Period	12 months	As per guidelines, project should be completed within 2 years from date of final approval.
(d.) Appraisal of DPR and main Recommendations	According to the new tier of approach by government, the DPR will be first technically appraised by DC MSME and after that it will go to SIDBI. The DPR has been already submitted to DC MSME office.	State Govt. has forwarded the SIDBI appraisal on 10.06.2013. Copy of recommendation along with term and conditions is Annexed-I.
(e.) Comments of Technical Division	-	The Technical Division has examined the proposal and recommended.
(f) Technical Committee	-	33 rd Technical Committee has recommended the proposal.
(h.) Working capital(In-principle sanction of loan from a bank, if	The working capital margin of Rs. 2.01 lakh is to be approved by Punjab National	-

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
applicable arrangement made)	Bank.	

5. Financial Analysis of CFC

Description	Proposed by Implementation Agency (IA)	Comments by Cluster Division
(a.) BEP	34.71	37.56% as per SIDBI appraisal.
(b.) IRR, Payback period	Over 18.43 per cent. 2 years 3 months	10.29% as per SIDBI appraisal.
(c.) DSCR	Not Applicable (non-availing of term loan in this project).	--
(d.) Return on Capital employed (ROCE)	Av. ROCE (PAT/CE) sans grant 13.66 percent Av. ROCE (PAT/CE) with grant 80.47 percent	ROCE is 26.33% as per SIDBI appraisal.
(e.) NPV	NPV is positive and high (Rs.462.12 lakh) at a conservative project life of 10 years	--
(f.) DER	NA	--
(g.) Sensitivity Analysis	Done	--

6. Total Cost : The total cost of the CFC is as follow:

Particulars	Total Cost (Rs. in Lakh)	Recommended by SIDBI	Recommended by DC(MSME)
(1.) Land and its Development	48.00	48.00	48.00
(2.) Building and other Civil Constructions	80.14	80.14	80.14
(3.) Plant & Machinery(including electrification)	951.06	951.06	951.06
(4.) Misc. fixed assets	20.00	20.00	20.00
(5.) Preliminary & Pre-operative expenses, maximum 2% of project cost	46.01*	49.63*	23.47
(6.) Contingency (2% building and 5% on plant and machinery)	49.16	49.16	49.16
(7.) Margin money for Working Capital	2.01	2.01	2.01
Total Project Cost	1196.38	1200.00	1173.84

* Should be maximum 2% of the project cost.

7. Means of Finance: The suggested means of finance are as follows:

S. No.	Particulars	Amount (Rs. in lakh)	Recommended by SIDBI	Recommended by DC(MSME)
1	SPV contribution	58.13 (4.86%)*	120.00	117.38 (10.00%)
2	Grant-in-aid from Govt. of India	1018.62 (85.14%)	960.00	936.82 (79.80%)
3	Grant-in-aid from Govt. of Haryana	119.64 (10.00%)	120.00	119.64 (10.20%)
Total		1196.38	1200.00	1173.84

*** SPV has furnished revised commitment of 10% contribution for proposed CFC.**

8. Plant and machinery - Annexure-II

9. Proposal for the Steering Committee: Cluster Division recommends the proposal for final approval for setting up of Common Facility Centre (CFC) in Pharmaceuticals Cluster, Karnal, Haryana at total project cost of Rs.1173.84 lakh with GoI assistance of Rs.936.82 lakh, Government of Haryana contribution of Rs.119.64 lakh and SPV contribution of Rs.117.38 lakh.

Agenda No.33.15 (S) Proposal for conducting Diagnostic Study Report (DSR) of Bright Steel and Wire Drawing, Faridabad, Haryana.

Proposal was received from Faridabad Steel Processing Cluster (SPV), vide online Ref. No:- 1471 / Dated 12/06/2013 and recommended by Director of Industries and Commerce, Government of Haryana & MSME-DI, Delhi.

Details of the proposal are as under:

Pre-registration Information

Name of Organization :	Faridabad Steel Processing Cluster
State :	Haryana
District :	Faridabad
Cluster Name & Location :	Bright Steel and Wire Drawing, Faridabad

Brief Information of Cluster

Main Product :	Bright Steel and Wire Drawing.
Technological details, Pollution angle, etc :	Hi-Tech Cluster, with major pollution issues.
Age of Cluster :	10
No. of Units :	90
Profiles of Units/Category :	Micro :30 Small : 50 Medium : 10 (Women : 5, Village : 0, SC/ST : 5)
Turnover (Per Annum) : (Rs. in Lakhs)	30000.00
Export : (Rs. in Lakhs)	3000.00
Employment (Direct/Indirect) :	500 (Direct :1000 Indirect :500) (Women :150 SC/ST :50)
Presence of association/NGO, Contact details :	FSIA, FIA, CII, FCCI, Haryana Bright Steel Bars and Wire Manufacturers Association.
Main Problems of Cluster :	➤ Pollution and related issues.

Analysis of Proposal

Parameters	Proposed by Implementation Agency (IA)
Implementing Agency, its experience in cluster development	Investment Promotion Centre, Department of Industries and Commerce, Government of Haryana.
Project Cost with break up	Documentation, Stationary and Printing: 0.30 lakhs

Parameters	Proposed by Implementation Agency (IA)
	Salary for 3 months: 0.90 lakh Travelling and Accommodation cost: 0.70 lakh Communication Cost: 0.10 Lakh Admin and Misc.Cost: 0.40 lakh Total 2.40 lakh
Technical Agency to be associated & its expertise	To be identified
Justification for DSR	The cluster is facing real issues regarding the spent acid disposal and effluent discharge. The DSR shall delve on the various aspects of SWOT and come up with sloution.
Outcomes of conducting DSR	The cluster shall be able to provide better working atmosphere and the final product shall be of much better quality and the cluster shall become more competitive in terms of quality

Proposal for Steering Committee: Cluster Division recommends the proposal. Steering Committee may approve the proposal for conducting diagnostic study in Bright Steel and Wire Drawing, Faridabad, Haryana at a total cost of Rs. 2.40 lakh, 100% GoI grant.
