

## **Check List under MSE-CDP**

- 1. Check List for submitting the proposal for diagnostic study**
- 2. Check List for soft interventions**
- 3. Check List for hard interventions**
- 4. Format for in-principle approval for setting up of Common Facility Centre (CFC)**

# 1. Check List for submitting the proposal for Diagnostic Study

## Summary Details of the Proposed Cluster

1. **Location:** (State, city/town/village),

2. Presence of the industrial Association/ Consortium, name of the contact person in the cluster along with his address, telephone no., fax, e-mail address, mobile, etc. :

3. **Name of Product or Products**

4. **Cluster's Age** Whether it is a historic entity or has come up recently

5. **Nature of the Cluster:**

(a) Total No. of micro and small enterprises (b) No. of enterprises of each category (i) micro, (ii) small, (iii) women-owned, (iv) owned by SC, (v) owned by ST, (vi) owned by minorities (c) Total turnover of the cluster including exports (d) Average yearly income of men/ women of workers/ unit owner (e) pollution angle, if any

6. **Major Cluster Problems:** [Preliminary perception – Give 5 or 6 short paras]

7. **Key Intervention expected under Proposed Cluster Development:** Technology Improvement / Product Quality / Marketing / Export / Quality/ Design, etc.

8. **Extent of Competition:** With large domestic firms or other similar clusters in India or abroad [Give 3 or 4 short paras]

9. Who will conduct Diagnostic Study along with the credentials of the Organisation /Institute past experience [attach 1 to 5 pages]

10. Why/ How chosen for study [If already selected]

11. Selection procedure followed [If already selected]

12. **Financial Requirement from GoI** (Max 90% of the cost of study subject to Rs.2.25 lakh)

## **2. Check list of the Soft Interventions**

1. Who will conduct soft interventions along with the credentials of the Organisation /Institute past experience [attach 1 to 5 pages]
2. Whether gap/need related to technology, quality, energy consumption pattern, pollution emission, process modification, marketing, exports, skill development, etc., for activities proposed under “soft intervention\*” has clearly been worked out in diagnostic study report.
3. Whether cluster beneficiaries have made formal request for such activities. If yes, whether they have given consent to participate in the programme and make contribution. If not, who has made the request for soft intervention.
4. Expected output of such programme may be mentioned. Number of persons likely to be trained, number of persons likely to participate in the study visit, market development etc.
5. Whether expected outcome from such programme has been worked out in terms of :

Sl. No.	Particulars	No. of MSEs benefited	Before interventions	After interventions
i.	Total sales			
ii.	Exports			
iii.	Investments			
iv.	Profitability			
v.	Employment generation			
vi.	ISO& other Certification			
Vii.	Any other			

6. The firm action plan prepared for the 1<sup>st</sup> year of interventions alongwith the activities likely to be taken up during the 2<sup>nd</sup> and 3<sup>rd</sup> year of interventions

Sl. No.	Name of activities	No.	Amount needed	Sources of fund	Estimated output	Estimated outcome

*\* The activities under soft interventions are intangible in nature and comprise of diagnostic studies, general awareness and trust building, counselling, training, capacity building, skill development, technical training, exposure visits, credit facilitation, market development(including exports) that may need calling for or hiring the services of experts in all the above areas and in turn involve energy audit (energy conservation), process audit(process modification), mass audit (waste minimization), environmental audit(pollution control) , etc. The process of trust building should go simultaneously during conducting of diagnostic which will manifest as to how much eagerness cluster beneficiaries have shown to participate in the programme (written request), to form consortium, to establish web-site for dissemination of information regarding the cluster, etc.*

7. In addition to above, a diagnostic study should provide an overall picture of the cluster covering the following:

- The industrial scenario with respect to the cluster product covering supporting infrastructure and support institutions etc.
- History of the cluster along with turning point.
- Analysis of business operations including production process, value change analysis, marketing, finance & units layout etc.
- Key stakeholders and their business relationship
- SWOT analysis
- Key strategic interventions
- Activity-wise detailed action plan indicating contribution of cluster actors/ other stakeholders and deliverables as mentioned at Para 5 & 6 above.
- Need for Common Facility Centre (if any) should be clearly spelt out in the diagnostic study report.
- The proposal for CFCs should be an independent exercise and should not be clubbed with the diagnostic study report.

### **3. Check List for Hard Interventions**

1. How has the need for CFC been established [in the Diagnostic Study Report or later]? [ Explain in 2 – 3 paras]
2. What is (or are) proposed as “Common Facilities”? Give benefits of each in 2-3 sentence.
3. From where these facilities are being availed at present? In absence of these facilities what problems are the MSEs facing?
4. Is there any other such facility established by Govt. /NGO in the Cluster or nearby to cater the need?
5. Is the above facility being fully utilised? If no, what are the reasons?
6. Whether any preliminary application has been submitted earlier to office DC(MSME) seeking in-principle interest, and comments on ways to ensure positive outcome of the proposal. The format for preliminary application is provided in **Annex V** of the MSE-CDP guidelines.
7. How many MSEs have confirmed that they are going to join the SPV?
8. Has SPV been constituted? Whether the members of the SPV have agreed to give their contribution.(formal letter of agreeing for contribution, certificate of incorporation, articles of association etc.).
9. Nature of SPV (open or close ended) - Whether enrolment of cluster members will open at any time in future and to that extent provision has been made in the capital structure of SPV (paid up capital should not be more than 30% of the authorized capital).
10. How many other MSEs wish to avail the common facility as “users”, without joining SPV?
11. Has the suitable plant and machinery been identified, their specification and quotation invited for the purpose of DPR?
12. Name of the Agency who has prepared the DPR for the proposed CFC? An illustrative guidelines for preparation of DPR is placed at **Annex I** ...
13. Whether the proposed CFC has been categorized as per the guidelines of MSE-CDP with full justification.
14. Whether “in-principle” approval bank has been obtained, in case loan is being availed of.

15. Whether the proposal has been forwarded through the State Govt. along with confirmation for their contribution as envisaged in the DPR.
16. Name of Government Agency to whom fund will be released (letter from state government).
17. Name of committees for implementing the project, including the 'purchase committee'.
18. Management Information System (MIS) for reporting/monitoring progress of work.

**19. Additional information required for proposal for CFC with project cost more than Rs 1 crore :**

- (i) Has DPR been prepared for the proposed CFC? , incorporating all the data on actual basis/lowest quotation basis and financial analysis done to establish viability of the CFC?
- (ii) Has the capacity of plant and machinery been established on the basis of demand in the cluster? Evidence that CFC will be utilized at least 60% of their capacity.
- (iii) Whether viability-gap funding has been worked out for availing GoI assistance on the basis of following:
  - a. Types of plant and machinery absolutely needed for the CFC.
  - b. The capacity of plant and machinery and their number on the basis of total demand of the services from the CFC.
- (iv) Whether the "user charge" has been determined on the basis of the following:
  - a. Will it generate sufficient revenue to meet all its cost of production?
  - b. Has Depreciation been calculated on written down value?  
[NPV of the total depreciations during the usable life of plant and machinery should be equal to cost of plant and machinery]
  - c. There will be differential user charges: one for members of SPV and other for non-members. The user charges for the members may be fixed in a manner that they are suitably compensated towards the contribution made by them.
- (iv) Whether the CFC proposal comply with financial norms of appraisal, i.e. internal rate of return, break-even point analysis, debt service coverage ratio, sensitivity analysis, etc, using basic templates, such as projected profit & loss account, and projected balance sheet for the proposed CFC.

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**ELEMENTS OF DETAILED PROJECT REPORT**

**(1) Plant and machinery**

(a) List of Plant and Machinery

Sr. No.	Particulars of plant and machinery	No.	Power requirement (HP/KW)	F.O.R. Price (Rs)	Name of proposed suppliers	Delivery Schedule (month-wise)
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**Note:** Add central sales tax/VAT, packing and forwarding charges, transit insurance, and freight charges to costs

(b) Capacity of plant and machinery on single shift basis

(c) Production pattern

**(2) Annual requirement of raw materials and consumables at 100% capacity utilisation**

Sr. No.	Particulars of raw material	Quantity required at full capacity	Unit price (Rs.)	Total value (Rs.)
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**(3) Utilities and services at full capacity utilization**

(a) Power for industrial purpose

Sr. No.	Particulars of the machinery	KW	No. of working hrs. per month	KW/month	Rs./KWH	Total
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(b) Power requirement for domestic purpose

(c) Water

(d) Gas/Oil

**(4) Plant location, site and details of civil construction**

Sr. No.	Particulars	Rate	Cost
(i)	Cost of land		
(ii)	Development cost of land		
(iii)	Cost of compound wall(Rs./sq. ft)		
(iv)	Cost of fabricated gates & grills		
(v)	Cost of shed(Rs./sq. ft)		
(vi)	Cost of laboratory having RCC roofing(Rs./sq. ft)		
(vii)	Other RCC construction(Rs./sq. ft)		
(ix)	Water tank		

Sr. No.	Particulars	Rate	Cost
(x)	Overhead water tank		

### (5) Organizational set up and man power requirement

Sr. No.	Category	No. of persons	Salary per month(Rs)	Total salary(PM)
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**Note:** Add 25% towards fringe benefits and 5% annual increment

### (6) Project cost

Sr. No.	Particulars of cost	Amount (Rs.)
(i)	Land & site development	
(ii)	Factory building	
(iii)	Plant and machinery(cost of plant and machinery, 10% installation, electrification and commissioning)	
(iv)	Misc. fixed assets (fixture, furniture, fire fighting equipment, first aid equipment, back up power supply, etc.)	
(v)	Preliminary expenses (diagnostic study, DPR, legal & administrative expenses, telephone, stationery, etc.)	
(vi)	Pre-operative expenses (establishment, travel, interest on borrowings, committed charges during construction period, start up expenses, etc.)	
(vii)	Provision for contingencies(2% building and 5% on plant and machinery)	
(viii)	Margin money for working capital	
<b>Total</b>		

### (7) Means of finance

Sr. .No.	Agency	Amount(Rs. lakh)	% of the project cost
1.	SPV		
2.	GoS		
3.	Gol		
4.	Bank Borrowings		
5.	Others		



**(8) Working capital and margin money calculation (on the basis of actual capacity utilisation year wise)**

Sr. No.	Particulars	No. of months	Margin	1st year (as per capacity utilisation)	2 <sup>nd</sup> Year (as per capacity utilisation)	3 <sup>rd</sup> year (as per capacity utilisation)
1.	Raw material and consumables					
2.	Utilities	1				
3	Working expenses (salary of manpower)	1				
4.	Works in process (cost of raw material, utility and salary on actuals)					
5.	Stock of finished goods (cost of raw material, utility, salary, factory overheads on actuals)					
6.	Bills receivables (Sales value)					

**(9) Cost of production (projection could be for a maximum of 10 years of project life)**

- (i) Raw materials and consumables
- (ii) Utilities
- (iii) Wages and salary
- (iv) Repairs and maintenance
- (v) Insurance
- (vi) Administrative and factory overheads
- (vii) Selling expenses

**(10) Estimation of profitability (projection for the project life)**

- (i) Installed capacity
- (ii) Number of working days (single shift basis)
- (iii) Capacity utilization
- (iv) Production (in single unit)
- (v) Sales realization
- (vi) Cost of production
- (vii) Gross profit [(v)-(vi)]
- (viii) Financial expenses
  - (a) Interest on bank borrowing
  - (ix) Depreciation on written down value method (as per separate schedule to be attached for different categories of fixed assets)

- (x) Preparatory expenses not written off
- (xi) Operating profit [(vii) – {(viii) + (ix) + (x)}]
- (xii) Tax vide separate schedule
- (xiii) Profit after tax [(xi) – (xii)]
- (xiv) Available surplus [(xiii) + (ix)]

**(11) Cash flow statement (projection for the project life)**

- (A) Sources of fund:
  - (a) Gross profit less depreciation
  - (b) Term loan
  - (c) Subsidy/Grant
  - (d) Promoter's contribution
  - (e) Increase in bank borrowings
  - (f) Depreciation
  
- (B) Disposal of funds:
  - (a) Preliminary & pre-operative expenses
  - (b) Capital expenditure
  - (c) Increase in working capital
  - (d) Interest on term loan
  - (e) Interest on bank borrowings
  - (f) Decrease in term loan
  - (g) Taxes
  
- (C) Opening balance of cash in hand or at bank [sum total of {(A)-(B)}]
- (D) Net surplus/Deficit
- (E) Closing balance of cash in hand or at bank

**(12) Debt Service coverage ratio (projection for the project life)**

- (i) Available surplus as per the table at Sr. No. 10(xiv)
  - (ii) Interest on term loan
  - (iii) Term loan installment
- Debt Service Coverage Ratio (DSCR) = [Available surplus + interest on term loan] / [Term loan installment + interest on term loan]

**(13) Balance sheet & P/L account (projection for 10 years)**

**(14) Break even point = Fixed cost / Contribution (= Sales-Variable cost)**

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#### **4. Format for in-principle approval for setting up of Common Facility Centre (CFC)**

1. Details of the Cluster – name of the cluster, its geographical spread, number of units/firms, number of micro units, name(s) of product(s) manufactured, annual turnover of the cluster during past five financial years, principal markets for the cluster product(s), annual exports, if any:

2.1. Whether any diagnostic study of the cluster was conducted in the past? If so, full details of the recommendations of the study (a copy of the report to be enclosed):

2.2 Why CFC is required? Does the diagnostic study recommend establishment of a CFC? If so, summary details:

2.3 Whether any detailed project report has been prepared for the proposed CFC? If yes, enclose a copy of DPR.

3. Summary details of the proposed CFC (name and broad description of purpose and proposed facilities):

4. Financial summary of the proposed CFC:

(Rs. lakh)

<b>Sr. No.</b>	<b>Elements of CFC</b>	<b>Investment required</b>	<b>Beneficiary / SPV contribution</b>	<b>Loans form bank, etc. (name of bank to be given)</b>	<b>Grant in aid expected from Gol</b>	<b>Grant in aid expected from State Govt.</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Land and building					
(a)	Year 1					
(b)	Year 2					
(c)	Year 3					
(d)	Total					
2.	Plant and machinery					
(a)	Year 1					
(b)	Year 2					
(c)	Year 3					
(d)	Total					
3.	Working capital for year 1					

Sr. No.	Elements of CFC	Investment required	Beneficiary / SPV contribution	Loans form bank, etc. (name of bank to be given)	Grant in aid expected from Gol	Grant in aid expected from State Govt.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	Pre-operative expenses for year 1					
5.	Contingencies (if any)					
<b>6.</b>	<b>Total</b>					

5. Broad parameters of financial viability of CFC and likely year of its becoming financially viable

(Rs. lakh)

Working expenses**		Revenues**	
1. Salaries		1. Revenue stream 1 (specify)	
2. Consumables		2. Revenue stream 2 (specify)	
3. Depreciation		3.	
4. Others (specify)		4.	
5. Total		5. Total	

**\*\* Note: Please give year-wise projections, till attainment of viability.**

6. Likely benefits to cluster/member firms (how many firms?):

7. Is there any such similar facility available in the cluster? If yes, provide brief details of the same and justify the need for the proposed CFC *including testing laboratory, tool room, and ICT intervention.*

8. How the CFC fits in to common long term vision of the growth of the cluster?

9. Will an SPV be formed / has already formed for the CFC? If proposed, give likely date:

10. What will be the monitoring mechanism for reporting progress of work?

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