

**No. 1(1247)/CDD/EFC/MSE-CDP/2021E**  
**Government of India**  
**Office of the Development Commissioner (MSME)**  
**Ministry of Micro, Small & Medium Enterprises**  
**Infrastructure and Common Facilities Division**

**A-Wing, 7th Floor, Nirman Bhawan,**  
**Maulana Azad Road, New Delhi – 110108**  
**Dated: 24.05.2022**

**OFFICE MEMORANDUM**

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

The Government has approved revisions to the Guidelines of Micro and Small Enterprises Cluster Development Programme (MSE-CDP). The same are in supersession of the guidelines issued vide O.M. No. 1(834)/CDD/Guidelines/2018 dated 11<sup>th</sup> October 2019 for cluster development including subsequent clarifications / orders in these regards.

**2. Objectives of the Scheme:**

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

**3. Common Facility Centers (CFCs):** The GoI grant will be restricted to 70% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore and 60% of the cost of project from Rs. 10.00 crore to Rs. 30.00 crore. In case of NE & Hill States, Island territories, Aspirational Districts, GoI grant will be 80% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore and 70% of the cost of project from Rs. 10.00 crore to Rs. 30.00 crore. The project for CFC with project cost more than Rs. 30.00 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of Rs.30.00 crore.

**4. Infrastructure Development:** The GoI grant will be restricted to 60% of the cost of project from Rs. 5.00 crore to Rs. 15.00 crore for setting up of new Industrial Estate / Flatted Factory Complex and GoI grant will be 50% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore for up-gradation of existing Industrial Estate / Flatted Factory Complex. In case of NE & Hill States, Island territories, Aspirational Districts, GoI grant will be 70% of the cost of project from Rs. 5.00 crore to Rs. 15.00 crore for setting up of new Industrial Estate /

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Flatted Factory Complex and 60% of the cost of project cost from Rs. 5.00 crore to Rs. 10.00 crore for up-gradation of existing Industrial Estate / Flatted Factory Complex. The project for ID with project cost more than Rs. 10.00 crore/15.00 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of Rs. 10.00 crore/15.00 crore.

### 5. Implementing Agencies:

Components	Implementing Agency/Fund Receiving Agency
Setting up of CFC	<ul style="list-style-type: none"> <li>• Institutions of Ministry of MSME (MSME-DIs, NSIC, KVIC, Coir Board, Technology Centres, NI-MSME and MGIRI)</li> <li>• Organizations of State Governments</li> <li>• National and international institutions engaged in development of the MSE sector.</li> <li>• Any other institution / agency approved by the Ministry of MSME</li> </ul>
Infrastructure Development Projects	State / UT Governments through an appropriate State Government / UT Agency/Integrated Industrial Park Development Agency/State Industrial Development Agency.

### 6. Steering Committees:

(a) DPR should be appraised by any branch of SIDBI or any commercial bank. The techno economic feasibility report of the bank and DPR would be placed before the SLSC.

#### (b) State Level Steering Committee (SLSC)

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

ii.) The State Level Steering Committee shall consist of the following:

1.	ACS/Principal Secretary / Secretary (Industries/MSME)	Chairman
2.	Commissioner / Director of Industries / MSME.	Co Convener
3.	Managing Director or Representative of Implementing Agency	Member
4.	Representative of Finance Department	Member
5.	Director, MSME-Development Institute	Member Secretary / Convener
6.	General Manager, Concerned District Industries Centre	Member

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7.	Special invitees (if any) like representative of SIDBI or any financial institution or any official required for the purpose	Member
8.	A representative from Technical Institution/MSME-Technology Centres of M/o MSME	Member

- iii) The proposal once recommended by State Level Steering Committee, would be forwarded by concerned MSME-DI online with its recommendations before the same is considered in Office of DC, MSME. If the SLSC fails to recommend or reject a proposal within the stipulated time for recommendation as given at Annexure 6, the proposal will be treated as deemed recommended by the SLSC. However, on the request of the State Govt./MSME-DI, AS&DC (MSME) may allow relaxation in time not exceeding 3 months, for submission of recommendations of SLSC.
- iv) SLSC may act as a single window for all the clearances required for the project. Director (Industries) may be nominated as the nodal officer for such clearances.
- v) There shall not be any In-principle approval of any project. Either a project would be approved or not approved.
- vi) The proposals for projects with no State Government funding support, may be directly submitted to O/o DC-MSME after due examination by MSME-DIs for final approval. However, recommendation of SLSC would be required & State may record about their no contribution to the project.
- vii) The project costing up to Rs. 5 crore will be considered under SFURTI.
- viii) Under the Infrastructure Development, link infrastructure connecting the private industrial estate to the main road can also be considered provided it is recommended by the State Level Screening Committee.
- ix) For promoting rural industries in agro-processing, FPO will also be permitted under the scheme.
- x) In order to provide industrialization in rural areas, preference may be given for those projects which are located in gram panchayats or municipal areas, NER & aspirational district (as identified by NITI Aayog).
- xi) The CFC projects under "one district-one product" theme will also be given preference.

**(c) National Project Approval Committee (NPAC)**

The projects recommended by SLSC will be placed before NPAC for consideration and approval. The committee shall meet at least every two months. The composition is given below:

1.	Secretary (MSME)	Chairman
2.	AS&DC (MSME)	Member
3.	Adviser (VSE), NITI Aayog	Member
4.	Joint Secretary (ARI), Ministry of MSME	Member
5.	Economic Adviser (EA)/IFW	Member
6.	Additional Development Commissioner / JS/DDG of the Cluster Division	Member Secretary
7.	Representative of SIDBI	Member
8.	Representative of CSIR	Member
9.	Representative of NSIC / KVIC	Member
10.	Representative(s) of DPIIT, MoTextile, DoPharma,	Member

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	MeitY, MoRD, MoFPI, MoDefence, DoFisheries, Do Animal Husbandry and Dairying	
11.	Director, MSME-DI concerned	Member
12.	Principal Secretary / Secretary (Industries/MSME) / Commissioner / Director of Industries / MSME of the State Govt.	Special Invitees
13.	Representative(s) of concerned Industry Association(s), Representative from Financial Institution, Programme Management Service Provider, Appraisal Agencies etc.	Special Invitees
14.	Director (CD)	Member

## 7. Project Approval Procedure:

**The following documents will be required for placing a proposal of Common Facility Center (CFC) for final approval of NPAC:**

- DPR
- Project Appraisal Report
- Registered land documents (if in vernacular language then English/Hindi translation)
- SPV registration as Section 8 Company (certificate of registration along with MoA and AoA)
- Geo Tagging
- SLSC recommendation along with minutes of meeting
- Statutory Compliances
- Certificate from State Government for compliance of GFR/CVC guidelines.

**The following documents will be required for placing a proposal of Infrastructure Development (ID) Projects for final approval of NPAC:**

- DPR
- Project Appraisal Report
- Land Documents (if in vernacular language then English/Hindi translation)
- Geo Tagging
- SLSC recommendation along with minutes of meeting
- Statutory Compliances
- Certificate from State Government for compliance of GFR/CVC guidelines.

## 8. Time Period for completion of the project:

The projects have to be completed within 18 months from the date of approval order of the project by NPAC.

## 9. Monitoring and Evaluation:

- The existing digital portal of the scheme would be revamped to bring total digitisation of different stages of the journey of the project and information to be placed in public domain to enhance transparency. Photographs of the project would also be uploaded for view by the public. The portal should capture entire scheme workflow including application submission for MSE CDP proposals (both CFC and Infrastructure

Development), uploading of In-principle approvals by States, Application routing to desired Bank branch, uploading of sanction letter by Banks, final approval order by Ministry, marking of disbursement by Banks, etc. The portal should also be used to map all the clusters in the country.

(ii) Geo-tagging of all CFC and Infrastructure Development projects will be mandatory.

(iii) The timelines for the completion of various activities are given. MSME-DIs will closely monitor the progress of the projects in accordance with the prescribed timeline. Any delay should be taken up pro-actively with State Government / Implementing Agency under intimation to Office of DC (MSME).

**10. Guidelines of the Scheme:** The New guidelines of MSE-CDP are available on the website of the Office of DC (MSME).

  
(Sudha Keshari)

**Additional Development Commissioner**

**Copy to:**

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

  
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**Additional Development Commissioner**