Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
Government of India
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To
The Secretary Industries/Commissioner of Industries/Director Industries,
All State Govt./UTs
All MSME-DIs

Subject: Submission of Diagnostic Study Report (DSR) as per MSE-CDP guidelines.

Sir,

You may be aware that there are 2443 clusters as per the ‘4th All India Census of MSMEs 2006-07: Registered Sector’. This Ministry has been implementing Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) for the benefit of clusters of Micro and Small Enterprises all over the country. The programme addresses the needs of clusters for achieving sustainable development. The cluster development initiatives include capacity building of the cluster members, technical exposure, setting up of Common Facility Centre, Infrastructure Development, etc. for holistic development of clusters. The guidelines of MSE-CDP were notified by this Ministry in February 2010.

Under the process of cluster development, first and the foremost activity is to conduct a Diagnostic Study by the experienced agency. The main objective of these Diagnostic Study Reports (DSRs) is to map all the business processes of the cluster units to find out the strength, weaknesses, opportunities and threats (SWOT) of the cluster and to suggest action plan for enhancing the competitiveness of the cluster units to ensure their sustainable growth in terms of turnover, employment generation, exports, technological upgradation, quality up-gradation, energy efficiency, brand building etc.

It may be observed that good DSR is a very important document which brings out the emergent needs of the cluster and provides a road map for development of the cluster. Of late, it has been observed that number of DSRs received by this office is far from the main objectives of conducting DSR. DSRs should clearly bring out the problems and solutions for the cluster. The action plan suggested should have a direct connect with the problems of the cluster. It is also requested to ensure the basic information be incorporated in DSR as per enclosed format. The DSRs should be validated by the stakeholders (cluster actors, lead bank, State Govt. Industries departments, MSME-DI, experts, Development /scientific/ Academic institutions/ associations etc.)

I hope that you will spare you valuable time and have a critical analysis done before forwarding the DSRs to this office so that the purpose of the cluster development is not defeated.

Encl. as above

Yours faithfully,

(Pabitra Sarkar)
Joint Development Commissioner
### Annexure

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Details of the cluster beneficiaries or entrepreneurs or artisans (i.e. Name, Address, Phone no., Firm's Name etc.)</th>
<th>Whether units registered with DIC, if yes (EM no.)</th>
<th>Category of the unit</th>
<th>Details of existing Plant &amp; Machinery &amp; its value (in Indian Rupees)</th>
<th>Level of Technology</th>
<th>No. of employees</th>
<th>Details of employee</th>
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2  SWOT Analysis

3  Well drawn Action Plan
FORMAT OF DIAGNOSTIC STUDY REPORT

The Diagnostic Study must cover following points:-

(a) Basic information about the cluster: exact location, age of the cluster, cluster product (traditional artisanal or traditional industrial or modern/ high tech product), number of micro and small units separately mentioning average investment in plant and machinery, employment, level of technology, turn over, exports, category (SC/ST/General), institutional supports available in the cluster.

(b) The details of individual unit should also be incorporated in the DSR (as per Annexed).

(c) The diagnostic study should map all the business processes of the cluster units viz. Manufacturing processes, technology, marketing, quality control, testing, purchase, outsourcing, etc. to find out its strengths, weaknesses, threats and opportunities (SWOT), problems and impediments, suggestions and a well-drawn action plan for enhancing competitiveness of the units of the cluster and to position the cluster on a self-sustaining trajectory of growth.

(d) The Study is expected to make a detail need analysis in respect of each intervention area viz. Marketing, Technology up gradation, Institutional Capacity Building, Quality improvement.

(e) The Study is to recommend the remedial measures to be followed for each analyzed need corresponding to the intervention area appropriate for respective cluster, if any, in an appropriate time frame.

(f) The Study would also give comparative benefit between two stages i.e. before and after implementation of the proposed measures. It would quantify the benefits in monetary terms, percentage, numbers, employment, export, turnover etc.

(g) The Study should focus on enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation, etc. There has to be direct linkages between the problems highlighted in the report and the measures suggested for improvement.

(h) Study should include a detailed Action Plan including budgetary provision for entire project duration separately for development of the clusters, showing clearly the contribution from Cluster Actor/Association/Other stake holder which in any case should not be less than 10% of the proposed project cost for further interventions, such as Soft interventions and CFC.

(i) The study should clearly bring out the need for setting up of CFC (if any) in the cluster.

(j) While conducting diagnostic study scope for convergence of NMCP components may be included to the extent as possible.

(k) The DSR should be validated by the stakeholders.

(l) The Diagnostic Study of the clusters would be completed within three months from the date of release of funds.

(m) Three copies of Diagnostic Study Report (DSR) including soft copy should be provided.