

No. 1(717)/CDD/CFC&ID/2017
Government of India
Ministry of Micro, Small & Medium Enterprises
Office of Development Commissioner (MSME)
Tool Room Division

7th Floor, 'A' Wing, Nirman Bhawan,
Maulana Azad Road, New Delhi-110108

Dated: 12th May, 2017

OFFICE MEMORANDUM

Subject: Stages in implementation of CFC & ID Projects under MSE-CDP.

Ministry of MSME has adopted Cluster Development approach as a key strategy for enhancing the productivity & competitiveness as well as capacity building of Micro & Small Enterprises and their collectives in the country by implementing Micro & Small Enterprises - Cluster Development Programme (MSE-CDP).

2. MSE-CDP is aimed to support the sustainability and growth of MSEs by facilitating them to set up Common Facility Centres (CFCs) and creating/upgrading infrastructure facilities in the existing Industrial Areas / Clusters of MSEs.

3. On various occasions, there had been difficulties in processing the proposals due to incomplete information / want of certain documents. In order to overcome these difficulties in obtaining the requisite information / documents and ensuring smooth processing of proposals through various stages, this Office has developed step by step procedure to implement CFCs and Infrastructure Development (ID) Projects under MSE-CDP. The same are enclosed for your reference and future use. State Government may like to advise concerned Departments / Implementing Agencies to adhere to the steps / procedure while submitting the proposals and implementing the Projects.

4. This issues with the approval of AS&DC (MSME) and concurrence of IFW vide their Dy. No.246 dated 04.05.2017.

Encl: As above



(R.K. Rai)

Director (CD)

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To

All Additional Chief Secretaries / Principal Secretaries / Secretaries of Department of Industries / MSME of State Governments.

Copy to: All Directors of MSME-DIs

50 Steps in implementation of CFCs under MSE-CDP

- (i) Identification of Cluster.
- (ii) Diagnosis of Cluster / Identification of issues to address.
- (iii) Capacity building of Cluster members & Formation of SPV.
- (iv) Preparation of DPR by SPV and its validation by Stakeholders and SPV members (minutes to be appended to DPR).
- (v) Submission of DPR to MSME-DI / State Government.
- (vi) Submission of online application along with DPR on MSME Portal by SPV.
- (vii) Identification / Nomination of Implementing Agency (IA) by State Government.
- (viii) Consideration of proposal and recommendation by State Level Steering Committee (SLSC).
- (ix) Online forwarding of application and DPR (soft and hard copies) by MSME-DI along with minutes of SLSC & its recommendations.
- (x) Examination of proposal & DPR by Cluster Division, O/o DC, MSME.
- (xi) Forwarding the DPR for comments of Technical Division (TD).
- (xii) Communication to State Government / Implementing Agency (IA) for further necessary action (in case of query / rejection by TD).
- (xiii) Receipt of clarification / additional documents / information in response to queries of TD.
- (xiv) Submission of proposal along with TD comments and clarification of State Government / IA to Technical Committee for its recommendations before proposal is considered for In-principle Approval.
- (xv) Placing the proposal before Steering Committee for In-principle approval.
- (xvi) In-principle Approval by Steering Committee.
- (xvii) Appraisal of DPR by SIDBI / Financial Institution / Bank (as per prescribed format).
- (xviii) Transfer / procurement of land in the name of SPV.
- (xix) Submission of shareholding pattern / details of SPV members.
- (xx) Compliance of all requirements / provisions / columns of Online application as per guideline
- (xxi) Submission of details of SPV members in prescribed format and uploading on MSME Data Bank.
- (xxii) Opening of Project specific Bank Account in Schedule A Bank by IA.
- (xxiii) Request from IA / State Government seeking Final Approval after completing pre-approval activities from S.No. (xvii) to (xxii) and any other, if specified by Steering Committee.
- (xxiv) Placing the proposal for Final Approval of Steering Committee.
- (xxv) Final Approval by Steering Committee.
- (xxvi) Issuance of Final Approval letter after obtaining concurrence of IF Wing.
- (xxvii) Signing of Tripartite Agreement {State Govt., Gol (MSME-DI) & SPV} and obtaining Statuary Clearances.
- (xxviii) Constitution of Purchase Committee (including a representative from MSME DI) for Procurement (e-procurement), as per GFR 2017.
- (xxix) Deposition of SPV's balance contribution (after taking into account expenditure already incurred, including land cost etc.) in Project Specific Bank Account.
- (xxx) Preparation of Building construction estimate, e-tendering for the same, finalization of the tenders received, approval of recommendations of Purchase Committee by competent authority, entrusting the works to the L1 contractor and completion of construction.
- (xxxi) Release of State Government share.

- (xxxii) Submission of Quarterly Progress Report by IA on regular basis.
- (xxxiii) Preparation and Finalization of detailed list of Plant & Machinery as per approval, initiating e-tender process, finalization of e-tender, approval of recommendations of Purchase Committee by competent authority, release of Orders / advance / LC for procurement of machinery.
- (xxxiv) Joint Verification of facilities created by IA / State Govt., SPV and MSME-DI.
- (xxxv) State Government / IA to submit request for 1st instalment of Gol grant (maximum 40%) along with Original Tripartite Agreement (if not submitted earlier), State Government order regarding Constitution of Purchase Committee, copy of minutes of Purchase Committee finalising the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter, status of procurement of Plant & Machinery, proof of release of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government, SPV & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per final approval certified by CA and certificate from IA that all the conditions prescribed in appraisal report & approval letter have been fulfilled.
- (xxxvi) Release of 1st instalment of Gol grant and utilisation thereof.
- (xxxvii) Joint Verification of facilities created by IA / State Govt., SPV and MSME-DI.
- (xxxviii) State Government / IA to submit request for 2nd instalment of Gol grant (30%) along with Utilisation Certificate (UC) in respect of utilisation of 1st instalment of Gol grant, copy of minutes of Purchase Committee finalising the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter (in case any new machinery & equipment in addition to those mentioned in earlier Gol grant request), status of procurement of Plant & Machinery indicating utilisation of 1st instalment of Gol grant, proof of release / utilisation of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government, SPV & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per final approval certified by CA.
- (xxxix) Release of 2nd instalment of Gol grant and utilisation thereof.
- (xl) Joint Verification of facilities created by IA / State Govt., SPV and MSME-DI.
- (xli) State Government / IA to submit request for 3rd instalment of Gol grant (retaining 10% to be released as final instalment) along with Utilisation Certificate (UC) in respect of utilisation of 2nd instalment of Gol grant, copy of minutes of Purchase Committee finalising the tenders for procurement of Plant & Machinery, approval of recommendations of Purchase Committee by competent authority, Certificate that Plant & Machinery are as per approval letter (in case any new machinery & equipment in addition to those mentioned in earlier Gol grant request), status of procurement of Plant & Machinery indicating utilisation of 2nd instalment of Gol grant, proof of release / utilisation of SPV contribution and State Government matching share, Joint Verification Report (signed by State Government, SPV & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per final approval certified by CA.
- (xlii) Release of 3rd instalment of Gol grant and utilisation thereof.
- (xliii) Installation and Commissioning of Plant & Machinery, Trial run, obtaining all mandatory clearances and completion of project.

- (xliv) Joint Verification of facilities created by IA / State Govt., SPV and MSME-DI for Completion Report.
- (xlv) State Government / IA to submit request for Final instalment of GoI grant (10%) on reimbursement basis, along with Completion Report in prescribed format duly signed by IA & SPV and countersigned by MSME-DI, Utilisation Certificate (UC) in respect of utilisation of previous instalment of GoI grant, proof of utilisation of State Government complete contribution, details of interest accrued on GoI grant, Pre-receipt bill & Undertaking, component-wise expenditure statement certified by CA.
- (xlvi) Handing over of CFC to SPV by IA.
- (xlvii) Insurance of CFC by SPV for a minimum period of 10 years.
- (xlviii) Commencement of CFC Operation.
- (xlix) Operation, maintenance and management of CFC by SPV.
- (l) Submission of Quarterly Progress Report by SPV.

Stages in implementation of ID Project under MSE-CDP

- (i) Identification of ID Project.
- (ii) Identification of requirements (New / Up-gradation).
- (iii) Identification / Nomination of Implementing Agency (IA) by State Government.
- (iv) Preparation of DPR.
- (v) Submission of DPR to MSME-DI / State Level Steering Committee (SLSC).
- (vi) Submission of online application along with DPR on MSME Portal by IA.
- (vii) Consideration of proposal and recommendation by State Level Steering Committee (SLSC).
- (viii) Online forwarding of application and DPR (soft and hard copies) by MSME-DI along with minutes of SLSC & its recommendations.
- (ix) Examination of proposal & DPR by Cluster Division, O/o DC, MSME.
- (x) Communication to State Government / Implementing Agency (IA) for further necessary action (in case of query / rejection by Cluster Division).
- (xi) Receipt of clarification / additional documents / information in response to queries.
- (xii) Status of earlier completed projects in the state, as per prescribed format.
- (xiii) Placing the proposal, if found in order, before Steering Committee for In-principle approval.
- (xiv) In-principle Approval by Steering Committee.
- (xv) Appraisal of DPR by SIDBI / Financial Institution / Bank (as per prescribed format).
- (xvi) Transfer of land in the name of IA with clear title and complying with zoning regulations and non-agricultural conversion etc.
- (xvii) Request from IA / State Government seeking Final Approval after completing pre-approval activities as at Sl. No. (xv) & (xvi) and any other, if specified by Steering Committee.
- (xviii) Placing the proposal for Final Approval of Steering Committee.
- (xix) Final Approval by Steering Committee.
- (xx) Issuance of Final Approval letter after obtaining concurrence of IF Wing.
- (xxi) Release of State Government share.
- (xxii) Preparation and release of e-tender for approved activities / items, finalization of the tenders received, approval of recommendations of Purchase Committee by competent authority, entrusting the works to the L1 bidder and execution of work.
- (xxiii) Submission of Quarterly Progress Report by IA on regular basis.
- (xxiv) Joint Verification of facilities created by IA, State Government and MSME-DI.
- (xxv) State Government / IA to submit request for 1st instalment of Gol grant (maximum Rs 2.00 crore) along with Physical and Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilisation of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per final approval certified by CA and certificate from IA that all the conditions prescribed in appraisal report & approval letter have been fulfilled.
- (xxvi) Release of balance contribution of State Government Share.
- (xxvii) Release of 1st instalment of Gol grant.
- (xxviii) Joint Verification of facilities created by IA and MSME-DI.
- (xxix) State Government / IA to submit request for 2nd instalment of Gol grant along with Utilisation Certificate (UC) in respect of utilisation of 1st instalment of Gol grant, Physical & Financial Progress Report signed by IA countersigned by MSME DI, proof of release and

utilisation of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt bill & Undertaking, component-wise expenditure statement as per final approval certified by CA

- (xxx) Release of 2nd instalment of Gol grant.
- (xxxi) Joint Verification of facilities created by IA, SPV and MSME-DI.
- (xxxii) State Government / IA to submit request for 3rd & Final instalment of Gol grant on reimbursement basis along with Completion Report in prescribed format duly signed by IA & SPV and countersigned by MSME-DI, Utilisation Certificate (UC) in respect of utilisation of previous instalment of Gol grant, proof of utilisation of State Government complete contribution, details of interest accrued on Gol grant, Pre-receipt bill & Undertaking, component-wise expenditure statement certified by CA.
- (xxxiii) Release of 3rd instalment of Gol grant.
- (xxxiv) Operation & Maintenance of ID Project by State Government / IA.
- (xxxv) Submission of Final Occupation Report by State Government / IA.
