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(सूक्ष्म, लघु और मध्यम उद्यम)  
सूक्ष्म लघु और मध्यम उद्यम मंत्रालय  
(भारत सरकार)

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No. 15(35)/CDD/26<sup>th</sup> SCM/2010

Dated: 14<sup>th</sup> March, 2011

## OFFICE MEMORANDUM

**Subject :- Minutes of 26<sup>th</sup> meeting of Steering Committee of MSE-CDP held on 25.2.11 at 11:30 AM in Committee Room No. 152, Udyog Bhawan, New Delhi.**

A copy of minutes of above mentioned meeting are enclosed for information and necessary action please. This office may be informed about action taken on minutes.

Sd/-  
(Vinod Kumar)  
Dy. Director (CD)

**Encls: as above.**

To,

1. All Members of the Committee
2. All participants of the meeting  
(As per list)

**Copy to:**

1. PSO to Secretary, MSME
2. PS to AS & DC, MSME

**MINUTES OF 26<sup>TH</sup> MEETING OF STEERING COMMITTEE OF  
MICRO AND SMALL ENTERPRISES – CLUSTER DEVELOPMENT PROGRAMME  
HELD ON 25.2.11 IN UDYOG BHAWAN, NEW DELHI**

26<sup>th</sup> meeting of Steering Committee of Micro and Small Enterprises - Cluster Development Programme (MSE-CDP) was held under Chairmanship of Secretary, MSME on 25.2.11 at 9.30 A.M in Room No. 152, Udyog Bhawan, New Delhi.

2. List of officials present is at Annexure -I.
3. Secretary, MSME while welcoming all members, highlighted concerns regarding scheme implementation. He mentioned that Common Facility Center (CFC) completion should mean commencement of production resulting in benefit to units. In order to expedite progress, he emphasized on following points:
  - (a) All preliminary formalities, documentation should be completed before proposal comes up in Steering Committee.
  - (b) Project should kick off with commencement of field activities within two months from issue of final approval.
  - (c) Completion of CFC and beginning of operation should be ensured within stipulated period.
4. AS & DC, MSME informed that as per guidelines maximum period of 2 years is allowed for setting up of CFC project. JDC, MSME informed that present agenda includes 3 CFC proposals, out of which two are from Tamil Nadu state and one from Maharashtra.
5. AS & FA mentioned that some CFC projects for Tamil Nadu state had been sanctioned long back in 2004-05 (wet grinder cluster, Coimbatore) and 2006-07 (Sago cluster at Salem). These proposals should be completed expeditiously. Secretary, MSME stressed that commitment is required from concerned State Govt. to complete projects within decided time lines. It was decided that while sanctioning new proposals the status to completion of earlier sanctioned projects should also be an input.

6. Commissioner of Industries, Govt of Tamil Nadu stated that CFC for Sago Cluster is already operational and has earned revenue of Rs. 20.00 lakhs during last financial year. Secretary, MSME mentioned that performance of any CFC operation should be monitored on at least 3 primary parameters, viz.

- (a) increase in no. of units,
- (b) productivity of units, and
- (c) increase in employment.

7. Secretary, MSME further mentioned that accountability of CFC project will rest with implementing agency, which should be same as the fund receiving agency. This will be applicable to all clusters.

Thereafter agenda points were taken for discussion.

**8. Agenda Item No. 1: Confirmation of minutes of 25<sup>th</sup> meeting of Steering Committee of MSE-CDP.**

Minutes of 25<sup>th</sup> meeting were circulated to all members on 11.2.11. No comments have been received so far. Chairman asked members, if they have any observations. As no comments were offered, the minutes were confirmed.

**9. Agenda Item No. 2: Review of decisions taken in 25<sup>th</sup> meeting of Steering Committee of MSE-CDP.**

In respect of majority of items, letters have been issued to concerned agencies seeking details. Hence, further action can only be taken after replies are received from concerned agencies. Participants are to expedite their response.

**10. Agenda Item No. 3: Proposal for setting up of Common Facility Centre (Solvent Extraction Plant) cum Laboratory and testing centre for Rice Mill Cluster, Keelapavoor, Tamil Nadu.**

10.1 This proposal had earlier been deliberated and deferred for want of justification related to procurement of vehicles and cost of building construction. CFC premise is basically 120 ft. x 80 ft. size which obviously does not require any mechanized vehicle for intra-CFC transportation. Hence, transport of material from units to CFC and back should be borne by units themselves. An increase of about 27% in building cost is proposed for this project vis-a-vis Engineering Cluster, Hosur in Tamil Nadu state only. Hence, project cost has been re-worked for this proposal with construction rate of Rs. 540 / sq. ft.

**10.2.1 Committee approved the proposal as under:-**

<b>S. No.</b>	<b>Description</b>	<b>Amount (Rs. Lakh)</b>
1.	Land & Site development	34.00
2.	Building	79.38
3.	Plant & Machinery	529.14
4.	Misc. Fixed Assets	5.00
5.	Preliminary expenses	5.00
6.	Pre-operative expenses	5.00
7.	Building contingency 2%	1.60
8.	Plant & Machinery contingency 5%	26.46
9.	Margin money for working capital	5.00
	<b>Total Project Cost</b>	<b>690.58</b>

Therefore, Rs. 690.58 lakhs is the approved project cost, in lieu of Rs.757.76 lakhs originally proposed by concerned SPV and recommended by State Government.

10.2.2 **Means of finance are as under:**

<b>Source</b>	<b>Approved cost (Rs. lakh)</b>	<b>(%)</b>
GoI	466.03	67.49
Govt. of Tamilnadu	69.05	10.00
SPV	145.50	21.07
Bank Term Loan	10.00	1.44
<b>Total project cost</b>	<b>690.58</b>	<b>100</b>

11 **Agenda Item No. 4: Proposal for setting up of Common Facility Centre for Engineering Cluster (Auto components), Hosur, Tamil Nadu.**

11.1 This proposal involves SME units of Engineering Cluster at Hosur, mainly engaged in fabrication of Auto components. Hosur Small Micro Engineering Components Private Limited (SPV) and Commissioner, Govt of Tamil Nadu made brief presentation about facilities required for setting up of CFC. SPV member explained that all legal expenses, documentation, etc. which are incurred prior to in-corporation of SPV company (by SPV members) are treated as pre-operative expenses. Expenditure done thereafter, till the CFC is set-up and starts production, are considered as preliminary expenses.

11.2 After discussions following decisions were taken:-

(a) Area for laboratory & administration block be reduced from 8580 sq. ft. to 6000 sq. ft., thus the total building construction area works out to 16100 sq. ft. instead of 18680 sq. ft. and the revised cost will be Rs.83.79 lakhs.

(b) Committee approved the proposal as under:-

<b>S. No.</b>	<b>Description</b>	<b>Amount (Rs. Lakh)</b>
1.	Land & Site Development	50.00
2.	Building	83.79
3.	Plant & Machinery	499.18
4.	Misc. Fixed Assets	13.00
5.	Preliminary Expenses	3.00
6.	Pre Operative Expenses	12.00
7.	Provision for Contingencies	26.63
8.	Margin for Working capital	3.34
<b>Total Project Cost</b>		<b>690.94</b>

Therefore Rs.690.94 lakhs will be the approved project cost in lieu of Rs.707.48 lakhs as originally proposed by the concerned agency and forwarded by State Government.

**(c) Means of Finance**

<b>Source</b>	<b>Approved cost (Rs. lakh)</b>	<b>%</b>
GoI assistance	439.89	63.66
Govt. of Tamilnadu contribution	70.75	10.24
SPV contribution	105.30	15.24
Bank loan	75.00	10.86
<b>Total Project Cost</b>	<b>690.94</b>	<b>100.00</b>

It was clarified that in case SPV wants it is free to increase area of construction for building. However, eligibility for GoI assistance would be limited as above. This principle can be applied to all the projects sanctioned under CDP.

## **12 Agenda Item No. 5 : Proposal for setting up of Common Facility Centre for Powerloom Cluster, Shirpur, Maharashtra**

12.1 Representative of Arunodya Fibre to Fabric Development Services Pvt. Ltd., village Tande, Taluka Shirpur, Shirpur (SPV), made brief presentation for setting up of CFC for Powerloom Cluster at Shirpur, Maharashtra. NOC for change of land use is required for setting up of CFC. SPV representative confirmed that they are not availing any funding assistance from Ministry of Textiles and change in land use is likely to take place by end March 2011.

12.2.1 Chairman desired to know relevance of Plant & Machinery for proposed CFC and nature of benefit expected to units. SPV members explained that till now units have to depend on south Indian cities (like Coimbatore) for yarn. Joint Advisor, Planning Commission mentioned that processes mentioned in CFC are quite diverse from ginning to spinning to conning and may not be possible in CFC. AS&DC, MSME inquired that there are many powerlooms in that area and how they are able to meet current demand of raw materials.

12.2.2 It was decided that official from DC, MSME may visit cluster location and verify / comment on relevance of plant & machinery w.r.t. cluster business processes.

12.3 AS&DC, MSME said that CFC can also avail benefit of excise exemption under EPCG, even if it is catering to job requirements of cluster units, by taking license from concerned DGFT Authorities. This is possible as future projection in this proposal indicate export market. Hence, export obligations can be met. The EPCG license, upon revalidation, would entitle excise exemption on machinery purchase.

12.4 GM, SIDBI mentioned that a detailed appraisal has been undertaken by concerned SIDBI branch for this CFC project and confirmed project viability. SIDBI has also recommended less cost for building construction (by about Rs. 73.00 lakhs).

12.5 After discussions, Committee accorded in-principle approval for setting up of Common Facility Centre for Powerloom Cluster at Shirpur, Distt Dhule. Project cost would be worked out after reviewing the plant and machinery requirement in the light of para 12.2 & 12.3 above. Final approval of proposal will be subject to fulfillment of following requirements:-

- (i) After change of land use has been notified with necessary entries in revenue records of rights,
- (ii) Reviewing of project cost taking into account ,
  - (a) Plant and machinery of CFC by DC, MSME (para 12.2.2)
  - (b) Reworking cost of plant and machinery with excise exemption – (para 12.3) and
  - (c) Review of scope of CFC processes vis-a-vis actual requirements of cluster units, keeping in view nearby powerloom cluster facilities

**13. Agenda Item No. 6 : Proposal for cancellation of clusters : (a) Diagnostic Study – Plastic Cluster, Cherrapally, AP, Lacquer and Wooden Toy Cluster, Chennapatna, Bangalore, (b) Soft Interventions – Boiled Rice Cluster, Kalahandi, Orissa, Pottery Cluster, Ganjam and Gajapati, Orissa and Kota Doria Saree Cluster, Kota and Leather Cluster, Bansur.**

Above clusters have not shown any further progress and therefore Committee approved cancellation of these clusters. As observed by AS & FA, Committee decided that interest applicable should be recovered from agencies to whom funds, if any, have been released in respect of above clusters.



**14. Agenda Item No. 7 : Approval for utilization of unspent funds released to Govt. of J&K for Soft interventions in Cricket Bat Manufacturing Cluster, Sethar, Anantanag and Wooden Furniture Cluster, Srinagar.**

Chairman emphasized that proposed soft interventions should be taken up expeditiously without any further delay, within next one year. Committee approved proposal for extension of one year for utilization of unspent funds of Rs.42.906 lakhs for soft interventions in Cricket Bat Manufacturing Cluster, Anantnag and Wooden Furniture Cluster, Srinagar.

Meeting ended with a vote of thanks to chair.

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**Annexure-I**

**List of the participants of the 26<sup>th</sup> Meeting of the Steering Committee of Micro & Small Enterprises – Cluster Development Programme (MSE-CDP) held on 25<sup>th</sup> February 2011 at Committee Room No. 152, Udyog Bhawan, New Delhi.**

<b>S. No.</b>	<b>Name &amp; Designation</b>	<b>Office</b>
1.	<b>Shri Uday Kumar Varma,</b> <b>Secretary (MSME)</b>	(In chair)
2.	Dr Shyam. Agarwal AS&DC(MSME)	O/o DC(MSME)
3.	Shri Saurabh Chandra AS&FA (MSME)	Ministry of MSME
4.	Shri Sesh Kumar Pulipaka, Joint Secretary	Ministry of MSME
5.	Shri R.K. Manchanda, Economic Adviser	Ministry of MSME
6.	Shri Chandan Saha, Joint Adviser	Planning Commission
7.	Shri Abay Bakre, Joint Development Commissioner	Office of DC (MSME)
8.	Shri R.K. Das, Chief General Manager	SIDBI, New Delhi
<b><i>Officers of office of DC (MSME)</i></b>		
9.	Shri S.K. Basu, Director	Office of DC (MSME)
10.	Shri S. Sivagnanam, Director	MSME-DI, Chennai

<b>S. No.</b>	<b>Name &amp; Designation</b>	<b>Office</b>
11.	Shri D. Bandyopadhyay, Director	Office of DC (MSME)
12.	Dr. Izzatulah, Director	Office of DC (MSME)
13.	Shri A.K. Jha, Dy. Director, IFW	Ministry of MSME
14.	Shri Vinod Kumar, Dy. Director	Office of DC (MSME)
15.	Shri Sanjeev Chawla, Dy. Director	Office of DC (MSME)
16.	Shri C.V. Saraf, Dy. Director I/c	MSME-DI, Mumbai
17.	Shri D. S. Tomer, Asstt. Director	Office of DC (MSME)
18.	Shri Subash Chand, Asstt. Director	Office of DC (MSME)
19.	Shri A.K. Jaiswal, Asstt. Director	Office of DC (MSME)
20.	Shri Kuldeep Singh, Asstt. Director	Office of DC (MSME)
<b><i>Representative from Industries Department of State Government</i></b>		
21.	Shri Harminder Singh, Commissioner of Industries	Govt. of Tamilnadu
22.	Shri S.M. Ghias, Joint Director	Govt. of Tamilnadu
23.	Shri M. Muthukumar, Dy. General Manager	TANSIDCO, Chennai
<b><i>Industries Associations / SPV</i></b>		
23.	Shri A. Mohan Thangapandian, General Manager, Saraal Agro Food Pvt. Ltd.	Rice Mill Cluster, Keelapavoor
24.	Shri K. Ananthakumar, Director	Rice Mill Cluster, Keelapavoor
25.	Shri C. Ravindranath, Technical Consultant	Rice Mill Cluster, Keelapavoor
26.	Shri T. Aranganwal,	Hosur Small & Micro Engineering

<b>S. No.</b>	<b>Name &amp; Designation</b>	<b>Office</b>
	Director	Components Pvt. Limited, Hosur
27.	Shri K. Ramalingam, Jt. Managing Director	Hosur Small & Micro Engineering Components Pvt. Limited, Hosur
28.	Shri Bharat Agarwal, Director	Powerloom Cluster, Shirpur, Dhule, Maharashtra
29.	Shri Ashish Gujrathi, Director	SPV, Powerloom Cluster, Shirpur, Dhule, Maharashtra