

Guidelines for Central Sector Scheme “Promotion of MSMEs in N.E. Region and Sikkim”

1. Introduction:

The Ministry of MSME is working for development of MSMEs in the country. With a focus for development of MSMEs in North Eastern Region & Sikkim a special scheme for ‘Promotion of MSMEs in North Eastern Region and Sikkim’ was approved on 02.08.2016. The scheme was made a component of new Central Sector Scheme ‘Technology and Enterprise Resource Centres’ formulated on 16.01.2018. The operational guidelines of the scheme component were revised and issued on 15.01.2019. Impact of COVID-19 pandemic on MSME-Sector and various initiatives of Govt. of India such as ‘Atma Nirbhar Bharat Abhiyan’, ‘Vocal for local to Global’ and ‘Zero defect to Zero defect’ and Act East Policy to boost indigenous manufacturing and service sectors necessitated revision of the scheme guidelines. Various consultations with MSME-DIs, State Implementing Agencies and State Governments have suggested bringing simplification in the scheme guidelines so as to reduce layers of various processes and reduce the time required for approval of the projects and which can help in better execution. It has also necessitated a greater involvement of State governments in project identification, execution and monitoring its impact to the local industry especially micro enterprises.

2. Revised Guidelines of the Scheme:

These revised guidelines of Scheme ‘Promotion of MSMEs in North Eastern Region and Sikkim’ are issued in supersession of the previous guidelines and encompasses, inter-alia, the procedures and funding patterns. The guideline would be effective in prospective manner from the date of issuance. The past liabilities will be addressed as per the previous guidelines of the scheme. Ministry of MSME may amend guidelines on need basis.

3. Scheme Components:

The Scheme ‘Promotion of MSMEs in North Eastern Region and Sikkim’ approved by Govt. of India has the following components: -

3.01 Setting up of new and modernization of existing Mini Technology Centres:

Objective: The Scheme envisages financial assistance to State Governments for setting up new and modernization of existing Tool Room/ Mini Technology Centres. Projects for creation of common facilities to supplement manufacturing, testing, packaging, R&D, product and process innovations and training for natural resources such as fruits, spices, agri, forestry, sericulture and

[Handwritten Signature]
26/5/2022

bamboo etc. available in NER and Sikkim would be given priority. The Geo tagging of the project is mandatory.

Financial Assistance: The maximum assistance from Government of India will be limited to Rs. 13.50 crore or 90% of the project cost, whichever is less, balance and any excess amount to be contributed by State Government. The GoI assistance towards the building cost for up-gradation of infrastructure would be limited to Rs.1.00 crore within the total permissible GoI assistance. Government of India financial assistance would not be admissible towards the cost of land.

3.02 Development of new and existing Industrial Estates:

Objective: Government of India financial assistance will be provided for development of new and existing Industrial Estates, Flatted Factory Complexes. The infrastructure facilities will include power distribution system, water, telecommunication, drainage & pollution control facilities, roads, storage and marketing outlets etc. Geo tagging of the project is mandatory.

Financial Assistance: The maximum assistance from Government of India will be limited to Rs. 13.5 crore for development of New Industrial Estate or Rs. 9.00 crore for development of Existing Industrial Estate or 90% of the project cost, whichever, is less balance and any excess amount to be contributed by State Government.

3.03 Development of Tourism Sector:

Objective: Looking into immense scope of tourism sector in NER and Sikkim, projects for creation of common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infra, potable water, display centre for local products, centre for cultural activities etc. in a cluster of home stays may be considered. There has to be linkages of projects with local MSEs. Projects of State Tourism Development Agencies or Central/State Autonomous bodies for Tourism Development shall be allowed.

The following will be the mandatory requirements-

- a. Geo tagging of the project ;
- b. The validation of DPR by Ministry of Tourism;
- c. Nos. of minimum beneficiaries- 10 MSEs (in tourism services);
- d. Beneficiaries should essentially be linked to any renowned e-commerce platform.

Financial Assistance: The assistance from Government of India will be limited to Rs. 4.50 crore or 90% of the project cost whichever, is less balance and any excess amount to be contributed by State Government.

4. Procedure for Processing Proposals and Release of Funds:

4.01 Mini Technology Centre

As regards Tool Room/ Mini Technology Centre, the methodology of sanction will be as follows:

- 4.01.1 The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably Department of Industries & Commerce or any State Govt. organization engaged in promotion of MSMEs to implement the project. In case, any assistance is needed at this stage, they may approach office of Development Commissioner (MSME), New Delhi or its field offices viz. MSME-DIs.
- 4.01.2 The State Government will prepare a Detailed Project Report (DPR) covering aspects like the status and potential of the enterprises of the region, proposed location, demand analysis of sector to be served, objective of the project, services to be offered, organizational structure, capital cost (Building, plant & machinery including other infrastructure facilities), operating expenses, total estimated cost of Mini Technology Centre, funding pattern, Implementing Agency, cash flow analysis indicating techno-economic viability of the project and projection on outcome of the project on increase in percentage of revenue of MSMEs receiving assistance under the project and number of employment opportunities generated. MSME-DIs may help State Government in preparation of DPR. The State Government will constitute a Committee to specify plant & machinery required for a project.
- 4.01.3 While forwarding the proposal (in the prescribed format in Annexure-IA) along with DPR to Government of India, the State Government would confirm that:
- (i) The balance cost over and above the permissible grant and the recurring cost will be borne by the State Government. The project escalation cost if any shall be borne by the State Govt.
 - (ii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.
- 4.01.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, would be communicated to State Government within 20 days of receipt of proposal. Thereafter, Office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee'.

4.01.5 'Project Approval and Monitoring Committee' (PAMC) comprising of following would consider and approve the proposal:

1.	Secretary (MSME)	Chairperson
2.	Additional Secretary & Development Commissioner (MSME)	Member
3.	AS&FA or his/her representative	Member
4.	Representative of M/o DoNER	Member
5.	Representative of M/o Food Processing Industries	Member
6.	Representative of M/o Rural Development	Member
7.	Representative of M/o Tourism	Member
8.	Representative of M/o Textiles	Member
9.	Representative of DPIIT	Member
10.	Representative of concerned State	Member
11.	Additional Development Commissioner (scheme)	Member
12.	Director (SFURTI), Director (Cluster Development) and Director (Tool Room/TCSP/TCEC) MoMSME	Member
13.	Director/HoO concerned MSME-DI	Member
14.	JDC/Director (scheme)	Member-Secretary

4.01.6 PAMC, while considering and approving the proposal may:

Co-opt any eminent person / expert in the Committee with the approval of Chairman (PAMC)

4.01.7 After PAMC approves the proposal, formal approval of the Project will be conveyed to the State Governments.

- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organisation engaged in promotion of MSMEs and one from Implementing Agency.
- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of Implementing Agency.
- c.) Implementing Agencies have to submit Utilization Certificates (UCs) timely in form GFR-12C (as per annexure-II) for GoI grants before the release of next installment and final UC within 6 months of completion of projects.

- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may be decided by the State Govt.

4.01.8 Time Period for completion of the project:

The projects have to be completed within 36 months from the date of approval order.

- 4.01.9 State Government shall keep a provision for including a nominee of Central Government on the Governing Body of the Mini Technology Centre.

4.02 Development of Industrial Estate

As regards development of Industrial Estate and Flatted Factory Complex, the methodology of sanction will be as follows:

- 4.02.1 The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency, preferably Department of Industries & Commerce or an organization engaged in promotion of enterprises to implement the project. In case, any assistance is needed at this stage, they may approach Office of Development Commissioner (MSME), New Delhi.
- 4.02.2 The proposal may include financial assistance towards creation of Infrastructure facilities like roads; water supply; water harvesting; drainage; power, ETPs and Administrative Services like office building, telecommunication/cyber centre/documentation centre, Conference Hall/Exhibition centre, Raw material storage facility, Marketing outlets/First Aid Centre, Creche, Canteen facilities etc. The DPR should also include projections on outcome of the project on increase in percentage of Revenue of MSMEs receiving assistance under the project and number of employment opportunities generated.
- 4.02.3 While forwarding the proposal (in the prescribed format in Annexure-IB) along with DPR to Government of India, the State Government would confirm that:
- (i) Suitable land of requisite size is available.
 - (ii) The balance cost over and above the permissible grant and the recurring cost will be borne by the State Government. The project escalation cost if any shall be borne by the State Govt.

(iii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.

4.02.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, the same would be communicated to State Government within 20 days of receipt of proposal. Thereafter, Office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee' (PAMC) as detailed in Para 4.01.5&6 above.

4.02.5 After PAMC approves the proposal, formal approval of the project will be conveyed to the State Governments. The financial assistance shall be released as per following procedure;

- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organization engaged in promotion of MSMEs and one from Implementing Agency.
- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of IA.
- c.) Implementing Agencies have to submit Utilization Certificates (UCs) timely in form GFR-12 C (as per annexure-II) for GoI grants before the release of next installment and final UC within 6 months of completion of projects.
- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may be decided by the State Govt.

4.02.6 Time Period for completion of the project:

The projects have to be completed within 30 months from the date of approval order.

4.03 Development of Tourism Sector:

As regards Development of Tourism Sector, the methodology of sanction will be as follows:

- 4.03.1 The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably State Tourism Development Agencies or Central/State Autonomous bodies for Tourism Development/Tourism Development Corporation or any State Govt. organization engaged in promotion of Tourism Sector. In case, any assistance is needed at this stage, they may approach office of Development Commissioner (MSME), New Delhi.
- 4.03.2 The State Government will prepare a Detailed Project Report (DPR) covering aspects like the status and potential of the tourism of the region, proposed location, demand analysis of sector to be served, objective of the project, services to be offered, organizational structure, capital cost (Building, plant & machinery including other infrastructure facilities), operating expenses, total estimated cost of project, funding pattern, Implementing Agency, cash flow analysis indicating techno-economic viability of the project. The DPR should also include projections on outcome of the project on increase in percentage of Revenue of MSMEs receiving assistance under the project and number of employment opportunities generated. The MSME-DIs may help State Government in preparation of DPR. The State Government will constitute a Committee to specify plant & machinery required for a project.
- 4.03.3 While forwarding the proposal (in the prescribed format in Annexure-IC) along with DPR to Government of India, the State Government would confirm that:
- (i) The balance cost over and above the permissible grant and the recurring cost will be borne by the State Government. The project escalation cost if any shall be borne by the State Govt.
 - (ii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.
- 4.03.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, the same would be communicated to State Government within 20 days of receipt of proposal. The DPR shall be forwarded to M/o Tourism for their vetting. After vetting of DPR by M/o Tourism, Office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee' as detailed in Para 4.01.5&6 above.

4.03.5 After PAMC approves the proposal, formal approval of the Project will be conveyed to the State Governments.

- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organisation engaged in promotion of MSMEs and one from Implementing Agency.
- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of IA.
- c.) Implementing Agencies have to submit Utilization Certificates (UCs) timely in form GFR-12 C (as per annexure-II) for GoI grants before the release of next installment and final UC within 6 months of completion of projects.
- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may decided by the State Govt.

4.03.6 Time Period for completion of the project:

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

4.03.7 State Government shall keep a provision for including a nominee of Central Government on the Governing Body of the project.

5. Other administrative expenses

Up to 5% of total approved budget may be utilized to meet expenditure under the Budget Head for impact studies etc. and other administrative expenses for operating of the scheme.

6. Time extension for project

State governments shall ensure time bound completion of the project. However, in special circumstances time extension may be given by the Ministry on recommendation of the Chief Secretary of the respective State as per the following:

- I. Six months from the stipulated date of completion of the project-AS &DC(MSME)
- II. Six to twelve months from the stipulated date of completion of the project-
Secretary(MSME)
- III. More than one year from the stipulated date of completion of the project- Minister of
MSME/Minister In-charge for MSME.

**FORMAT TO APPLY FOR CENTRAL ASSISTANCE FOR MINI TECHNOLOGY CENTRE IN
NER / SIKKIM**

To

The AS&DC (MSME),
Ministry of MSME,
O/o DC (MSME),
7th Floor, Nirman Bhavan
Maulana Azad Road
NEW DELHI 110 108

Subject: Financial Assistance to States/State Agencies in North Eastern Region and Sikkim, for setting up / up-gradation of Mini Technology Centres/Mini Tool Rooms

Sir,

Based on the Detailed Project Report prepared by M/s _____, State Government of _____ have approved a proposal to set up / upgrade a Mini Technology Centre at _____ with central assistance under the above mentioned scheme at the estimated cost of Rs. _____ crore as per details given below:

S.No.	Items	Rs. (in crore)
1	Land	-
2	Buildings (----sq.m)	-
3	Machinery/Equipment	-
4	Other Capital Expenses	-
5	Pre-operative expenses	-
6	Contingencies	-
	Total:	

2. The project will be implemented by _____ and the funding pattern will be:-

(Rs. in crore)

- (a) Grant from Govt. of India -
- (b) Share of State Government -
(including cost of land)

(c) Others (to be specified) -

3. Necessary provision of Rs. _____ crore has been made in the State Government's Budget for the year _____ for the purpose, and any escalation would be met out of State Government's budget.
4. You are requested to sanction the Central assistance under the scheme. A copy of the Detailed Project Report is enclosed for perusal.

Yours faithfully

Secretary/ Director of Industries /
Competent authority

FORMAT TO APPLY FOR CENTRAL ASSISTANCE FOR DEVELOPMENT OF INDUSTRIAL ESTATE IN NER / SIKKIM

To

The AS&DC (MSME),
Ministry of MSME,
O/o DC (MSME),
7th Floor, Nirman Bhavan,
Maulana Azad Road,
NEW DELHI 110 108

Subject: Financial Assistance to States/State Agencies in North Eastern Region and Sikkim, for Development of Industrial Estate/ Flatted Factory Complexes

Sir,

Based on the Detailed Project Report prepared by M/s _____, State Government of _____ have approved a proposal for development of Industrial Estate at _____ with central assistance under the above mentioned scheme at the estimated cost of Rs. _____ crore as per details given below:

S.No.	Indicative Items	Rs. (in crore)
1.	Land Development and Other Overhead Infrastructure	
(i)	Cost of land filling / leveling including boundary wall / fencing /Cost of construction for Flatted Factory Complex	
(ii)	Cost of laying roads	
(iii)	Road side greenery & social forestry	
(iv)	Water supply including overhead tanks, and pump houses	
(v)	Water harvesting	
(vi)	Drainage	
(vii)	Power (Sub-Station and distribution network including street light etc), Generation of non-conventional energy	
(viii)	Others (Sanitary Conveniences etc.)	
	Sub Total (1):	
2.	Administrative and Other Services Complex	
(i)	Administrative Office Building	
(ii)	Telecommunication / Cyber Centre/ Documentation	