

Refresher Training Program on
Cluster Development in Agriculture
(27-29 December 2022)



Sponsored by



National Centre for Management of Agricultural Extension
Rajendranagar, Hyderabad - 500 030



NATIONAL INSTITUTE FOR MICRO SMALL AND MEDIUM
ENTERPRISES (ni-msme)

An Organisation of the Ministry of MSME, GoI and ISO 9001-2015 Certified
Yousufguda, Hyderabad 500 045 (India)

**Refresher Training Program on
Cluster Development in Agriculture
(27-29 December 2022)**

Rationale

Cluster approach has become one of the popular strategies for development of Micro and Small Enterprises including traditional rural enterprise clusters. Clusters are defined as geographical concentration of enterprises, specialized suppliers, service providers and associated institutions and organizations in a particular field that compete but also co-operate. The Cluster strategy helps the enterprises to enhance their productivity and develop new innovative products suitable for national and international markets.

To make traditional enterprises more productive and competitive, the Government of India through its Ministries is implementing a good number of cluster based development programmes. Micro and Small Enterprises Cluster Development Programme (MSECDP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI).

The Department of Commerce is focusing on agriculture crops on a cluster approach to extend support for exports under the Agriculture Export Policy, and the Ministry of Agriculture is also focusing on a cluster approach for the development of specific agriproducts in districts having a comparative advantage. The ODOP approach of the scheme would lead to easing in providing common facilities and other support services.

Also, The Ministry of Rural Development is implementing Shyama Prasad Mukherji Rurban Mission (SPMRM) which follows the vision of Development of a cluster of villages that preserve and nurture the essence of rural community life with focus on equity and inclusiveness without compromising with the facilities perceived to be essentially urban in nature.

Keeping this in view the National Resource Centre for Cluster Development (NRCD) of **ni-msme** in association with National Institute of Agricultural Extension Management (MANAGE) is organizing Refresher Training Programme on “Cluster Development in Agriculture” for the benefit of Agricultural Extension Professionals during 27-29 December 2022.

Content

- Cluster Strategy
- Cluster Development Models
- Cluster Diagnosis
- Development of Agro & Food Processing Clusters
- Significance of Detailed Project Report
- Intellectual Property Rights
- Cluster Based Development Schemes

Duration

Three days (27-29 December 2022)

**Refresher Training Program on
Cluster Development in Agriculture
(27-29 December 2022)**

Day	Time	Session
27/12/2022	9.30-10.30 hrs.	Inauguration
	10.30-11.30 hrs.	Cluster Strategy
	11.30-12.30 hrs.	Cluster Development Models
	12.30-13.30 hrs.	Cluster Diagnosis
	14.00-15.00 hrs.	Role of Cluster Development Executive
28/12/2022	9.30-10.30 hrs.	Development of Agro & Food Processing Clusters
	10.30-11.30 hrs.	Implementation of Cluster Interventions
	11.30-12.30 hrs.	Advantages of ODOP Approach
	12.30-13.30 hrs.	Cluster Development Schemes
29/12/2022	9.30-10.30 hrs.	Management of Common Facility Centre (CFC)
	10.30-11.30 hrs.	Significance of Detailed Project Report
	11.30-12.30 hrs.	Intellectual Property Rights in Food Industry
	13.30-14.30 hrs.	Role of Cluster Stakeholders
	14.30-15.00 hrs.	Summing-up

Cluster Concepts and Methodology

Background

Clustering of enterprises as a phenomenon is found to be existing both in economically developed and developing countries. Geographical proximity among each other gives rise to specialized labour, nurtures subsidiary industries, stimulates innovative activity, enables technological spill-over and makes the economic and non-economic inter-firm linkages feasible. Such a form of industrial organisation is also known as industrial clusters or industrial districts. According to the well-known business economist Michael Porter, an industrial cluster is a set of industries related through buyer-supplier relationships, or by common technologies, common buyers or distribution channels, or common labour pools. Such a relationship leads to improved efficiency and international competitiveness of the micro, small and medium enterprises (MSMEs) on account of the economies of scale and scope.

In 1970, Alfred Marshall used the expression industrial districts while remarking that industries tend to concentrate in specific geographical areas. Marshall mentioned straw plaiting in Bedfordshire or cutlery in Sheffield. Industrial districts are an instance of the dictum that the whole is more than the sum of its parts. A cluster of competing and complementary firms, local institutions and shared values has more to offer on the international arena than the very same firms taken in isolation. Clustering, thus leads to collective efficiency gains, which individual firms can hardly achieve.

The international interest in the emergence and growth of SME clusters in 1990s has been fuelled by the success stories of Italian industrial clusters or what has come to be called as the 'Third Italy'. The concept of the Third Italy came up in the late 1970s. It referred to the north-eastern and central Italy, which witnessed fast growth, compared to the north-western (First Italy) and the poor southern part of the country (Second Italy).

Industrial clusters are quite popular in first world as well as third world countries. A Nadvi and Schmitz (1994) have reviewed industrial clusters in third-world countries and have highlighted that industrial clusters are thriving in developing countries. However, research on the subject in developing countries was prompted by studies on industrial clusters in developed countries. According to Tandler and Schmitz, clusters are viewed as an important factor for providing sustenance to micro, small & medium enterprises (MSMEs), which make up the industrial base of a large number of developing economies.

Despite the availability of information on industrial clusters in first world countries, empirical evidence and understanding pertaining to SME clusters in developing countries is only beginning to emerge now. Nadvi and Schmitz studied

many clusters in developed and developing economies and have concluded that there is surplus labour in developing economies, which “induces competition based on low wages rather than innovation and quality improvement”.

What are clusters?

Broadly defined, an industrial cluster is a loose, geographically bounded collection of similar and/or related firms that together create competitive advantages for member firms and the local economy.

Policy makers, researchers, authors and experts from diverse areas have evinced interest in small and medium enterprises (SMEs) in the wake of its success in the Third Italy.

Rosenfield defined clusters as *“geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions, communications and dialogue that share specialized infrastructure, labour markets and services, and that are faced with common opportunities and threats”*.

United Nations Industrial Development Organisation (UNIDO) defines cluster as: “A sectoral and geographical concentration of enterprises faced with common opportunities and threats which: a) gives rise to external economies (e.g., specialised suppliers of raw materials, components and machinery; sector specific skills, etc; b) favours the emergence of specialised infrastructures and services; and c) enables cooperation among public and private local institutions to promote local production, innovation and collective learning” One of the predominant elements of clusters is the presence of micro enterprises. SMEs engaged in manufacturing related products get together and give rise to various kinds of economic and noneconomic linkages.

A typical example of a cluster may be of knitwear and garment industry in a specific geographic region and includes knitting firms, cloth finishing, dyeing and printing firms, garment producers, merchant buyers and exporters, and producers of specialised inputs, such as thread, buttons, zips, etc. The rate of specialisation and the level of development may vary from cluster to cluster. A cluster may comprise firms that merely compete with each other.

Clusters do not recognise man-made boundaries, though they are geographically bound. Clusters need some basic components to operate. They include basic infrastructure, vertical depth, supply chain, and the presence of necessary public and private service providers. The soft components include levels and avenues of interactions and cooperative behaviour among cluster actors to successfully meet challenges and exploit opportunities, without adversely affecting fair competition; and, presence of an autonomous governance mechanism among them to achieve

the same. It also includes government policies that encourage fair competition, investments and innovations.

Some of the key characteristics of industrial clusters are geographical proximity, sectoral specialisation, close inter-firm collaboration, inter-firm competition, social embedding, common infrastructure, common opportunities and threats, and state support. A large number of small and medium sized firms have to be physically present in the same geographical area so that they share infrastructure related advantages or disadvantages or opportunities or threats on an equal basis and they should all specialise in a specific sector, and vertical integration is must within a firm. Besides, these firms generally have a distinct socio-cultural identity.

All enterprise clusters can be broadly classified into three categories in a developing country context and more specifically in the Indian context: industrial, artisanal and services.

Broad classification of clusters:

Industrial Clusters	Artisan Clusters	Services Clusters
Traditional SME Clusters (including power looms, but excluding Ancillaries and exporting clusters)	Handicraft clusters	Service clusters (e.g. Health, Information technology, Business Process Outsourcing, Software, Repair, Recycling, Tourism, Education, logistics, business & financial services, research & development services etc.)
Ancillary SME Clusters	Handloom clusters	
Export SME clusters	Tiny SSI clusters	

Lack of communication and scepticism towards common ventures characterize traditional business practices in underachieving clusters. Moreover, local firms in such clusters rarely make use of business development services (BDS) and are not accustomed to presenting articulated calls for action to the local policy makers. Left on their own, such underachieving clusters remain trapped in a vicious cycle of cut-throat competition, falling profit margins and decreasing business performance.

To improve their business performance and comparative advantages – to become dynamic clusters – such clusters must learn to undertake targeted joint action and increase their stock of social capital.

Objective of cluster development

The cluster development approach sees the key problem faced by SMEs as one of relative isolation rather than size. Its aim is to help cluster actors to (1) develop a consensus-based vision for the future and (2) strengthen their capacity to act upon that vision. To elaborate these two points, the objective is to:

- a Strengthen linkages within the cluster – with other SMEs, larger enterprises, support institutions, local government, banks, business schools, etc.;
- b Assist cluster stakeholders to develop a consensus-based vision for the cluster as a whole;
- c Help stakeholders to coordinate their actions and pool their resources to move towards a shared vision for the cluster as a whole; and
- d Create an autonomous governance framework, in a step-by-step process that will sustain dynamism and change in the cluster after the withdrawal of the implementing agency.

Implementing agency

Attaining these objectives requires external assistance in the form of sensitisation, trust building, conflict resolution, network creation, etc. As explained later, private (that is profit-oriented) agencies are unlikely to initiate such activities since the outcome is so uncertain that they are unlikely to be profitable in the short term, and at the same time, since the beneficial effects are freely available to all the cluster stakeholders, it is nearly impossible to price them appropriately, the latter being a pre-requisite for private sector involvement in initiating cluster development.

Basic principles

The key characteristics of the cluster development approach are:

A need-based approach

Cluster development does not start with a predetermined agenda. The developmental agenda for each cluster is based on the demands articulated by its stakeholders. In the medium term, only those activities that are endorsed by the stakeholders are implemented. In those instances when supply-driven activities are launched, this is only to create interest among stakeholders. While each cluster faces a wide range of challenges and opportunities, some priority areas for action (“pressure points”) can be quickly identified. In all cases, however, pressure points and the way in which they should be addressed depend on the peculiar features of the cluster.

Flexibility

As the approach must be applicable across a wide range of sectors and countries, a flexible intervention mechanism is required to produce a customized action plan. The success of a cluster development initiative thus depends on the flexibility and empowerment of the programme designers and implementers, and in particular to the CDA who works directly with the stakeholders. The approach acknowledges that a sizeable part of any annual plan cannot be known in advance, as it emerges naturally from day-to-day interactions with the cluster stakeholders. Development of cluster through this approach is therefore hard to undertake for implementing agencies with a specific mandate (say, for technological upgrading or financial support), as day-to-day developments may well lead to requests for support outside the agency's mandate.

Intermediary driven support

An integral part of the approach to cluster development is to give responsibility to intermediary institutions such as industry associations, NGOs, institutionalized firm networks, service providers, etc. In underperforming clusters, they often have very poor implementation capacities and may need to be revived, depending on the nature of the cluster and types of intervention. These intermediaries are expected to take increasingly a leading role in the identification and implementation of activities, with the aim of “institutionalizing” the process of cluster development – of creating a system of self-governance in the cluster. In due course, most of these intermediaries become fully empowered and emerge as the centre point of the governance framework in the cluster.

Steps of cluster development approach

The principals of the approach are:

Selection of clusters: A judicious selection based on the cluster's importance, promotability, viability and sustainability helps to ensure an effective and wide-reaching impact. This ensures that the available resources are concentrated on clusters where the approach can have significant impact by contributing towards business gains of the SMEs, revitalization of systemic interactions among stakeholders, dissemination of best practices, etc.

- **Diagnostic study:** Implementation of the cluster development initiative starts by gathering information about the cluster in a strongly participatory manner. Such information includes constraints faced by the stakeholders, untapped potential, local linkages and support mechanisms available, etc. The participatory process helps to build initial trust with the local stakeholders.
- **Trust building:** Establishing an atmosphere of trust within a cluster is an essential prerequisite to earn the support from those involved in the cluster.

Here the CDA must first develop “bilateral” trust with individual stakeholders and then use it to create/enhance trust among the other stakeholders. The process starts with informal/formal interactions and later takes the route of trust building through participation in activities.

- **Action plan:** This list of activities (generally for a year) which is more than the sum total of demand from the different cluster stakeholders starts with inputs from the diagnostic study. It is a roadmap that will help foster relationships among the stakeholders while delivering visible results. It is also an attempt to embody the vision for the cluster as a whole in a set of activities that can be implemented through stakeholder collaboration. Action Plan is made annually.
- **Implementation:** This is not simply the realisation of the targets set, but involves a radical change in the way the cluster stakeholders interact and conduct activities. The responsibility for implementation of various activities is progressively shifted to the stakeholders, particularly those in the private sector, with support from local institutions. In the implementation of the action plan the stakeholders discover the advantages of closer cooperation. Joint activities with intermediaries also enhance their capacity and strengthen the governance structure of the cluster.
- **Monitoring and evaluation:** Monitoring of the quantifiable and qualitative outcomes of implementation helps to disseminate best practices and strengthen trust among stakeholders. It also allows the identification of emerging changes in the relationships among cluster stakeholders and the adaptation of cluster activities and governance structures to these.

A process approach

The process of cluster development is non-linear because the volume of activities is a positive function of social capital. As long as social capital is low, activities move very slowly and gather momentum only slowly. As confidence builds up and linkages increase, the activities pick up, which again increases confidence in each other. Mistrust can again slow down the process.

As the programme matures, certain activities may lose significance either because they were of a purely instrumental nature (such as activities to “break the ice” among stakeholders) or because of better understanding of the real issues confronting the cluster. For this reason it may be counterproductive to insist on pre-conceived milestones to gauge the development of the programme. It should on the other hand not be a surprise to learn that a significant proportion of the activities implemented (up to twenty per cent) are unplanned.

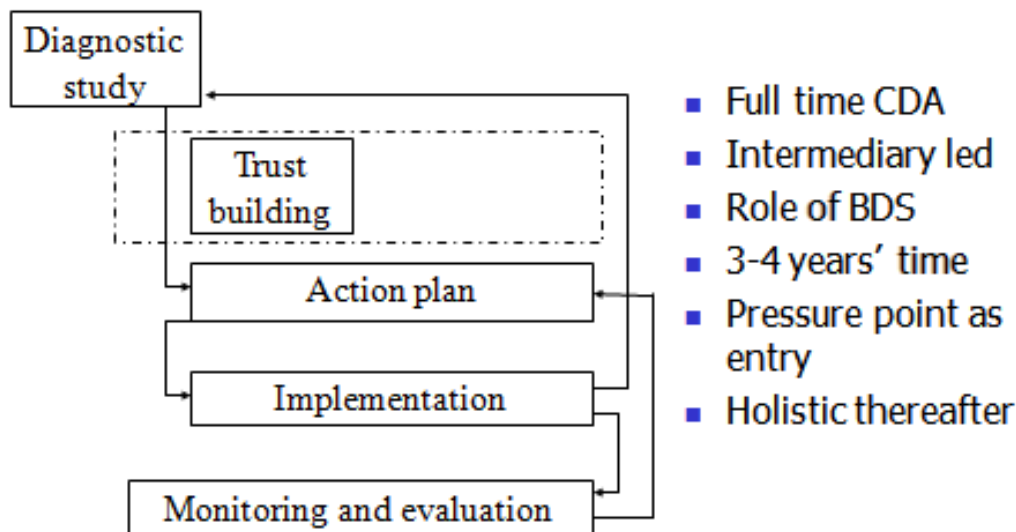
The role of CDAs

The approach calls for the appointment of a full-time cluster development agent (CDA) for a fixed time period by the implementing agency. The CDA plays a pivotal role in the assessment of the development potential of the cluster. Especially in the early stage of the intervention, the CDA being neutral and mandated to encourage group activities with direct or indirect business relevance - are also the engine behind cluster development. Increasingly, as trust is built up among the stakeholders, the CDA leaves “routine” activities to others and passes on the task of initiation as well as implementation of activities to local intermediaries. Through these intermediaries, the CDA can upscale activities in the cluster, especially where initial success leads to higher demand for those. The final task is to fill the gaps in the ability of intermediaries to identify tasks and implement activities on a continuous basis, to establish a system of self-governance in the cluster.

The loop approach

The various stages of cluster development are not mutually exclusive. They often overlap. In particular, the trust building phase is a continuous one. There are formal ways of building trust (discussions, workshops, etc.), but trust building between the implementing agency and the cluster starts even during the process of project selection, and also during the diagnostic study. Trust is also an integral part of the interaction among stakeholders during action plan formation, implementation and monitoring and evaluation. The diagnostic study is basically a continuous process. As trust between the CDA and the stakeholder increases, more relevant information emerges and a clearer picture regarding the cluster is revealed. The diagnostic study is thus revised (at least internally, if not formally) and the action plan is modified accordingly. The information the CDA gathers during implementation is vital for updating a diagnostic study and the subsequent revision of action plans or formulation of new ones. During the monitoring and evaluation phase, vital information similarly emerges regarding the speed, scale, coverage and resource requirements of activities that are being implemented. These have their effects on new or revised action plans which in turn determine the partners for implementation, degree of up-scaling, etc. The cluster development approach is therefore not linear; it is a loop – a dynamic approach

Cluster Development A Loop Approach



Approximate duration of stages of cluster development approach

	1-6 month	7-12 month	13-18 month	19-24 month	25-42 month	42-48 month
Diagnostic study						
Trust building						
Action plan						
Implementation						
Monitoring and review						

Some Case Studies:

(i). UNIDO cluster intervention in Jaipur

Colorful hand-block printing enjoys a long tradition in Jaipur, the capital of Rajasthan, where approximately 550 small firms engage in both hand-block and screen printing and provide employment to almost 10,000 workers. Since the 1980s exports have picked up as a consequence of the growing worldwide appreciation for ethnic design and eco-friendly dyes. Traditional hand-block printers based around the city of Jaipur, mainly in the villages of Bagru and Sanganer, failed to keep up with growing demand, especially in the 1990s, progressively giving way to locally based screen printers. The latter not only enjoy lower production costs, but they have been able to take advantage of the

industry's reputation by picking up the same designs while doing away with vegetable dyes in favor of synthetic ones (even though the textiles are marketed as having been printed with natural dyes). The increasing competition from the screen printers has forced the block printers to squeeze their profit margins and increase the degree of self-exploitation.

The diagnostic study conducted by UNIDO in 1997 identified an unexploited capacity for the traditional artisans in the cluster to target profitable national and world markets. The vision and action plan developed for the cluster envisaged the revaluation of the traditional form of production and the improvement of the living standards of the artisans by:

- Reducing the cluster disarticulation (i.e. lack of linkages among the different cluster actors);
- Enhancing the design, production and marketing capacity of the firms;
- Developing a product image (including a common brand) in line with current market demand; and
- Improving and increasing the types of business support services available in the cluster.

The most significant obstacles preventing the realization of such a vision included:

- The lack of communication among the artisans;
- The absence of an active association;
- Inadequate quality control capacity of the entrepreneurs;
- Lack of design and marketing skills as the hand-block printers had grown accustomed to working as sub-contractors for exporters; and
- Inadequate access to credit.
-

As a result of the UNIDO intervention the dormant artisan association, Calico Printers Co-operative Society (CALICO), was revitalized. As an outcome, its membership increased from 26 artisans to 120, and a common show room was created. In addition, several networks were promoted and an export consortium - Consortium of Textile Exporters (COTEX) - was formed.

Initially the local support institutions displayed much less interest in the UNIDO activities than the entrepreneurs. The first cluster-wide meeting called in January 1998 had therefore limited results. In spite of the proposals coming from CALICO and COTEX and of the previous sensitization by UNIDO, the local institutions failed to pick up any of the projects identified, thus contributing to a further worsening of the relationships between the local producers and support institutions.

UNIDO thus opted for a more time-consuming sensitization of the support institutions both at the local level and through their headquarters, whereby the

main thrust of the cluster approach was repeatedly presented, the initiatives identified by the artisans were introduced and financial support was requested. This strategy finally started to pay off as the National Bank for Agriculture and Rural Development agreed to make a " token" contribution (little more than 15% of the total costs) for the participation of the cluster artisans in a fair at Jaipur city. Since this ice-breaking initiative, collaboration within the cluster improved considerably. In fact the Small Industries Development Bank of India (SIDBI) initiated various critical activities along with UNIDO and the cluster actors especially in areas related to marketing training, design development, technical training with National Institute of Design (a lead design institute), creation of Dhabu (mud-dye) pasting machine, creation of an innovative credit mechanism and targeted national and international exposure of artisans and exporters. SIDBI has also adopted this cluster under its Rural Industrialisation Programme for further intervention.

Moreover, in an attempt to secure the emergence of a partner institution within the cluster, UNIDO started to collaborate more and more closely with a local NGO, the Indian Institute for Rural Development (IIRD) which was invited to participate and contribute to all cluster initiatives. Numerous other nation-wide SSI support institutions joined, most prominent among them the Small Industries Development Bank of India, the State Bank of India, the Development Commissioners (Handicraft), the Development Commissioners (Handlooms) and the Chamber of Commerce. By the end of 1999 their financial contribution to cluster related activities reached an average of 20%. Furthermore, it is now common for the local branch officers of these institutions to get in touch directly with CALICO, COTEX and the IIRD to learn about upcoming initiatives and to inquire about the possibility of co-financing them.

Strengthening the business system also required the improvement of the relationships between SSI and commercial banks, which had effectively ceased since a serious flood had hit the village in 1991 depriving the SSIs of their collateral. The initial meetings between members of CALICO and the bank managers was stormy. Thanks to the efforts of the Focal Point (who personally chaired the meeting), all participants agreed on a common platform and assigned individual responsibilities accordingly. One of the major outcomes was that the president of CALICO (one of the largest and most respected businessmen of Sanganer) could facilitate loan disbursement by providing collateral on behalf of the consortium's other members and by screening applications in light of his knowledge of the local firms. 15 loans applications were signed between the local banks and CALICO members within few months after the agreement had been reached. Subsequently, the supply of loans increased so dramatically that it is now common for bank

managers to contact CALICO directly to ask if any other loan application has been handed in. With a view to reduce the gap between the bankers and the potential borrowers, SIDBI with UNIDO support conceived and sanctioned a Mutual Credit guarantee Fund Scheme where the former will contribute on a matching basis to the guarantee corpus created by the beneficiaries, 2 banks have already expressed their interest in making use of this scheme and is expected to have a wider outreach in the coming months.

(ii). Strengthening co-operation among the block-printers of Bagru

Creating an environment of mutual trust among competing SSIs rarely proved as hard as in the case of the block printers of Bagru, a village near Jaipur. The diagnostic study disclosed that an attempt to co-operate had failed some twenty years before and that no further move had been made ever since. The reluctance of the firms to participate even in an introductory meeting indicated that 20 years of bitter competition had made any trust-building initiative remarkably difficult.

The Focal Point therefore shifted the focus of awareness building towards the artisans' sons (themselves block printers) hoping that they may not yet share the same mutual mistrust and that their superior education would equip them with a longer-term approach to business. A series of one-to-one interviews were conducted to identify the needs and priorities of these young artisans. It thus emerged that they shared a keen interest in strengthening marketing skills, and that they would contribute to a suitably designed training course. In conjunction with a locally operating NGO and with the support of the Small Industries Development Bank of India, a market orientation training program was organized in Bagru for 23 young artisans with an average age of 21. Besides class teaching on marketing promotion, quality testing, product development, advertising and distribution, the program included a visit to Delhi (to showrooms and representatives of artisan support agencies) and to Jaipur (to the larger block-printers as well as trading houses).

The reaction of the young artisans was enthusiastic. These young people emerged more confident about their marketing skills. They also reported a greater deal of interest towards various existing artisan support schemes (about which they admitted they had not known anything before the program) as well as their surprise regarding the profit margins that show rooms earned on products bought at Bagru. Their enthusiasm rapidly spread to their parents who started to show up at the following meetings (often the very same people that had declined to participate earlier on and had actually displayed a great deal of aggressiveness). As a result, 16 hand-block printers voluntarily took part in a UNIDO supported pilot project with SIDBI's support whereby an external designer was hired to pool together the block design of the various

printers and to develop new designs which would appeal to foreign buyers. Subsequently, a common brand was created which distinguishes original Bagru products. On the basis of this brand, the same printers have been able to participate jointly in major textile fairs in India, thus significantly broadening their markets.

(iii). The introduction of IT in the cluster of Ludhiana

The diagnostic study showed that the adoption of Information Technology (IT) in the hosiery cluster of Ludhiana was limited prior to intervention, while Internet access was prohibitively expensive due to the lack of a point of presence (POP) in the area. Since the cluster action plan gave high priority to exploiting the opportunities offered by IT, UNIDO organized a workshop in Ludhiana where a well-known IT consultant from Delhi introduced the principles of electronic mail, web browsing and e-commerce to the cluster entrepreneurs. From there onwards, however, all responsibilities have been transferred to the Ludhiana partner institution, Knitwear Development Group (KNIDGRO), an association representing 12 cluster SSIs created in March 1998 with the support of UNIDO. In April 1998, the director of KNIDGRO was hosted in Delhi where UNIDO co-financed his participation to an *ad hoc* training course on IT.

After a series of awareness-building initiatives and training courses organized by KNIDGRO in which over 30 Ludhiana firms took part, and after a joint request from KNIDGRO members had reduced the cost of internet access, KNIDGRO embarked on an ambitious attempt to further bridge the gap between the cluster entrepreneurs and the local providers of IT-related services.

KNIDGRO contacted all the local training institutions in the field of IT with the request for greater customization of their existing courses in line with the needs and capacities of SSIs. Thanks to the expertise acquired at the Delhi course and to the in-depth knowledge about its association's members, the director of KNIDGRO was able to devise a suitable syllabus and to put it forward to all the previously contacted institutions. Having identified the institution providing the best offer in terms of facilities, quality as well as price, and with the full endorsement of its members, KNIDGRO signed a contract on behalf of 17 of its members. A very similar strategy was implemented the following month, when a dozen KNIDGRO members came up with a request for an on-line outlet site for e-commerce. Once again, KNIDGRO brokered a deal with the most experienced Internet provider from Ludhiana.

As some of the association's members expressed an interest in ERP

(Enterprise Resource Planning) technology and their dissatisfaction with the inability of the local software providers to come up with a sufficiently integrated and robust package, KNIDGRO contacted one of the larger private software providers operating in India. Considering that the cost of developing such a tailor-made product would have made it unbearably expensive for an SSI, KNIDGRO called a meeting with all interested entrepreneurs where it emerged that a further 20 SSIs would be ready to purchase the software if it was successfully tested by someone operating in the cluster. Furthermore, it emerged that up to 500 Ludhiana entrepreneurs were in a position to purchase such a product. Supported by this evidence, the software provider agreed to undertake pilot product development in association with two local producers (who at the end received the software at a very subsidized price) and signed a contract accordingly.

As a result of this initiative (which lasted approximately one and a half years) the use of IT in the Ludhiana cluster increased dramatically. In particular, there has been a spectacular increase in the use of e-mail (as an instrument for entrepreneurs to get in touch with one another, to share ideas and projects, and to identify and implement new and more ambitious action plans) and of the Internet (as a source of information and a marketing opportunity through e-commerce). IT penetration in the textile industry appears to be higher than anywhere else in Ludhiana, in spite of the technological backwardness normally characterizing the industry.

(iv). Articulating demand in the cluster of Pune

The diagnostic study revealed that the vast majority of the food-processing entrepreneurs in the cluster of Pune identified the stringency of the 1954 Food Adulteration Act as the greatest obstacle to their growth. Their initial request was for UNIDO to act at the most senior level to relax this legislation. In collaboration with a leading figure from the cluster (himself the owner of a well-known local private testing facility), UNIDO undertook a long-term awareness-building initiative lasting over four months in the attempt to help the cluster entrepreneurs re-focus this request. Bilateral as well as group meetings were organized to identify in greater detail the reasons behind their inability to meet regulations.

As a result of these initiatives, the great majority of cluster entrepreneurs admitted their ignorance about the law and their inability to keep up with its continuous amendments. As this issue was further discussed with the producers, their requests increasingly shifted towards the need for an information point within the cluster where all the relevant legislation could be rapidly looked up. Furthermore, it emerged that the cluster producers lacked any opportunity of dialogue with the food regulation agency at the federal level

because of the intense fragmentation of their representative associations. As a result, the demand was increasingly raised for the establishment of an "umbrella" organization with sufficient critical mass and representativeness to liaise directly with New Delhi. The bilateral meetings also disclosed that the lack of sufficiently reliable and independent testing facilities reduced the capacity of the local producers to monitor their compliance. This realization led to a broader demand for the creation of a technical center in Pune. It also helped introduce the producers to the more general issue of quality control. Finally the importance of acquiring new skills also became apparent to the majority of the cluster producers.

At a joint meeting of the various cluster actors held towards the end of this awareness-building phase, it therefore proved relatively easy to identify a set of pilot projects (including the creation of an umbrella organization, of a dedicated info point about food legislation, and of a feasibility study for a technical center). These projects have been enthusiastically taken up by a significant number of cluster entrepreneurs who are slowly becoming accustomed to collaborating intensively with one another.

1. Cluster Development Agent

- Definition
- Job Description
- Selection Criteria
- Sources of recruitment
- Principles of implementation
- Changing Role
- Handholding support of a CDA

2. Defining a CDA

- Does not have a business interest in the cluster
- From outside the cluster?
- Single person or a team?
- Works full time?
- Mandated to work for a fixed time period?
- Entry point into the cluster of the implementing agency

3. JD of CDA

- Understands need, motivates, resolves conflicts and build linkages among different stakeholders
- Helps formulate a common vision
- Assists in action plan formulation
- Implementation
- Creation and reorientation of local institutions/associations
- Source funds
- Documentation

4. Qualities of a CDA

- Has familiarity/experience of how SSI/micro/village/kahdi units work
- Is a neutral person
- Is self-motivated, assumes responsibility – a dreamer
- Open to new ideas, tries them out
- Enjoys autonomy and takes decisions
- Likes to work with people, communicates, connects and motivates
- Physically fit to travel a lot, preferably in late 20s to maximum of late 40s
- Based in the cluster
- May or may not be technically qualified
- Not the residual or known non-performer of an agency

5. Sources of CDA recruitment

- Nodal Agency
- Other support agencies
- Industry association/chamber of commerce
- Technical, training, academic institutions
- Consultancy organizations
- Freelance development specialists
- NGO/voluntary organizations

6. Principles of implementation techniques of CDA

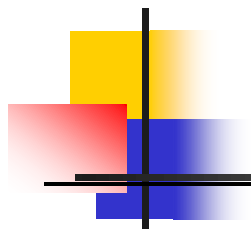
- Guiding and not deciding
- Not doing but getting done
- Not a perfectionist but logical
- Creating but not owning - giving ownership
- Strategising
- Innovating – taking risk
- Professional support system of CDA

7. Changing role of CDA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4
CORE FIRM				
SUPPORT FIRM				
ASSOCIATIONS				
TECH/FIN. INSTITUTION(s)				
BDS PROVIDER (s)				
GOVERNMENT				
NETWORK(s)				
NDA(s)				
UMBRELLA ASSOCIATION				

8. Handholding support to CDA

- On the basis of monitoring results – additional support
- Bring CDA back from activity trap – balancing act
- Literature support and lessons from elsewhere
- Put forward non-resolvable issues to top management
- Quick decision and flexibility
- Exposure
- Get involved with cluster only and definitely when required
- CDA is the ambassador – he must be taken into confidence
- Convince the CDA



Role of IA & TA





Role of TA

- ❖ Sensitization and awareness generation in the clusters about the scheme
- ❖ Identification of potential IAs;
- ❖ Preparation of Preliminary Project Reports (PPRs) for in-principle approval of the SSC
- ❖ Diagnostic Study and suggest possible Soft, Hard and Thematic interventions
- ❖ Preparation of comprehensive DPRs for final approval of SSC
- ❖ Assisting the identified IA in establishment and structuring the project specific SPV



Role of TA

- ❖ Assist the NAs/SSC in examining the proposals for in-principle and final approval
- ❖ Assist IAs in selection of agencies/ experts for various services and in developing suitable operational framework for various interventions;
- ❖ Assist the NA's in periodic monitoring of the progress of the projects and disbursement of funds
- ❖ Formulate a Sustainability Roadmap for the Cluster detailing the exit strategy for the IA and the plan for business operations of the cluster beyond the project duration.



Role of IA

- **Formation of SPV**
- **Execution of Agreements**
- **Recruitment of CDE**
- **Opening of Bank Accounts**
- **Mobilization of SPV Contribution**
- **Providing suitable land for impanation of the Project**
- **Implementation of Interventions as approved by SSC**



Role of IA

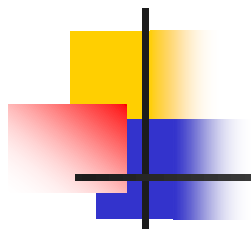
- **Formation of Working Committee and CAG**
- **Building drawings & Machinery specification**
- **Preparation of Tender Notice and Tender Documents**
- **Promotion of Linkages for marketing**
- **Management of CFC**
- **Establishment of Raw Material Bank and Sales Outlet**
- **Documentation – Activity wise**
- **Submission of UC**
- **Detailed Documentation Report (End of Project Report)**



IMPLEMENTING AGENCIES (I.As.)

Who will be the IAs:

- **NGOs**
- **Institutions of Central & State Govt.**
- **Semi Government Institutions**
- **Field Functionaries of State & Central Govt.**
- **Panchayat Raj Institutions (PRIs)**
- **One IA will be assigned one cluster (unless it is an agency of state-wise coverage)**
- **IA shall appoint Cluster Development Executive (CDE)**
- **IA shall have regional reputation & experience of working at the grass root level**



THANK YOU

Case Studies - Global Experiences

Fishery Cluster Uganda

Challenge

- New regulations and enforcement of EU market standards caused risk of potential exclusion for Uganda fishery processing firms from global supply chain.

Cluster Objective

- Skill development of employees of cluster firms on how to meet hazard analysis and critical control points (HACCP) criteria, mandatory to export to EU.
- Trained the minimum number of firms needed to assure the minimum amount of supply.

Key Factors for Success

- The key success factor was the common undertaking for fishery process-related upgrading: government, donor agencies, fish-processors association and private firms worked closely together. The Development Organisation and Fish processors Association (UFPEA) was key instigator that took the lead.

Results

- 85 % of cluster firms rapidly upgraded the process to meet EU requirements, mainly down due to the proximity that facilitated knowledge spill-overs needed to spread mandatory knowledge as fast as possible among the cluster firms to avoid ban-out from EU market

Automotive Cluster Serbia

Challenge

- After the disintegration of Yugoslavia, the automotive industry faced huge transformation processes. Furthermore, productivity and quality was not appropriate to be exposed to global competition.

Cluster Objective

- Besides productivity and quality improvements, the main goal of the cluster development was to enable more firms to become embedded in global automotive supply chains and to increase export shares.

Key Factors for Success

- There were several key success factors that contributes to the successful cluster development.
- The key instigators: The Serbian Ministry for Economy as well as GIZ were the key drivers behind the development, assuring strong political and financial backing.
- A professional cluster manager was recruited, well experienced in setting up Automotive clusters in the Balkans.
- Key automotive firms actively joined from the beginning.
- External investors stepped in, which made the cluster very attractive. The time sequence of the individual success factors contributed to the overall success of the cluster.

Results

- Today, almost 15 years after its inauguration, the Automotive Cluster AC Serbia is still very active and lively. It gathers 40 members and 15 support partners. It is commonly considered as one of the good practices of cluster development in the West Balkans. The current focus of the cluster management is on new services, support in digitalization and topics on ecology

Georgian Apparel and Fashion Association (GAFA)

Challenge

- Up until 2015, Georgian apparel SME produced mainly for the local market.
- Their huge export potential was untapped.
- Producers lacked access to international markets, were unable to document their adherence to international standards and lacked sales power and experience in presenting and marketing their products.

Cluster Objective

- Integration of the industry into global apparel value chains with a focus on sustainability
- Branding “Made in Georgia” as a quality seal for sustainable clothing and fashion

Key Factors for Success

- The first step was to identify market opportunities through an in-depth analysis of the value chain.
- Next, three selected companies were strengthened in their capacity to comply with international buyer standards.
- The basis of the cluster was then expanded to further industry players including fashion designers, producers of men’s and children’s wear and to the regions of the country.
- Cluster members implemented innovative approaches, e.g. production of eco-textiles or specific clothing produced with and for persons with disabilities.

Results

- The Georgian Apparel and Fashion Association was registered in December 2020 with 24 members and continues to grow. Focusing on sustainability and innovation
- GAFA prioritizes digitalization in the production process as well as for online sales globally.
- The Association (the term “cluster” is avoided because of its connection with the corona pandemic in Georgian public discourse) will drive export and thus create jobs

Key Drivers for Cluster Development

There are no “quick wins”, but medium and long term development.

- Clusters are a tool for the further development of existing regional or entrepreneurial strengths, not for resolving structural weaknesses in the short-term.

A critical mass is needed.

- An adequate number of supplementary and active businesses is a prerequisite for successful cluster development.

Actively involve champions.

- Reaching a critical mass of engaged cluster actors matters. Individual instigators, anchor firms and interested policy makers are vital for a cluster development process right from the very beginning.

Common core competences have to be in place and common goals envisioned.

- A clear focus on core competences, a common identity and a common vision is required from the start.

Key Drivers for Cluster Development

Professional cluster management is the main engine.

- Clusters need professional cluster management structures with competent, experienced and motivated people.

There is no “one size fits all” support for cluster actors.

- The premise is, that cluster management must offer services that add value for cluster actors.

Targeted policy support stimulates clusters but doesn't build clusters.

- Authorities can provide decisive support for clusters through appropriate stimulating programmes, partnerships and innovative service models, such as the “one stop shop” model. However, they cannot “build” clusters.



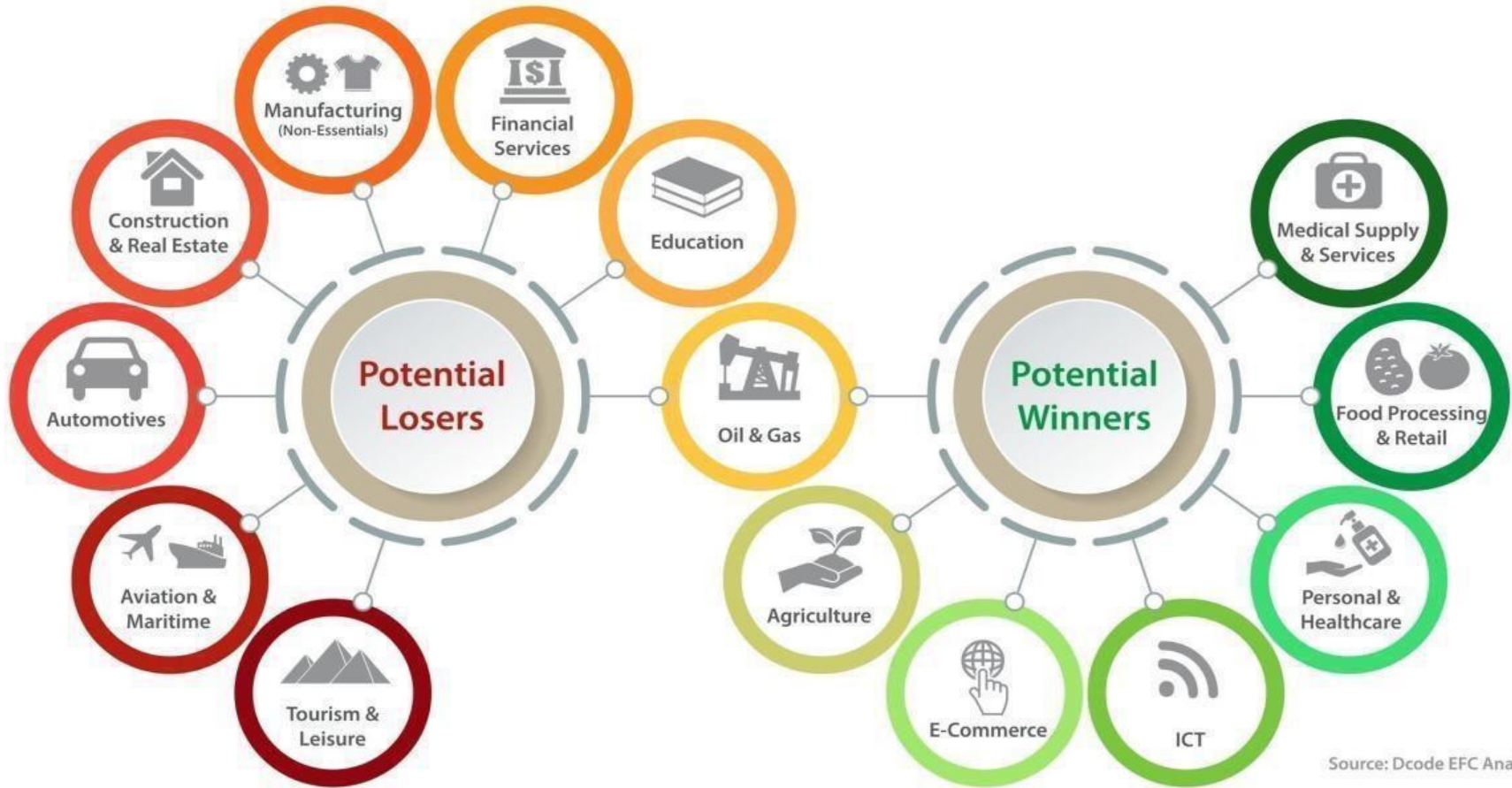
Impact and Opportunities in Clusters post COVID-19

(Branding of Clusters)

Presentation By
Dr. Dibyendu Choudhury, FM, SEM

DECODING THE ECONOMICS OF COVID-19

POTENTIAL WINNERS & LOSERS IN THE SHORT TERM



Source: Dcode EFC Analysis

Challenges

- ▶ COVID-19 is threatening many businesses. They are experiencing a huge economic loss from drastic decreases in numbers. Businesses and authorities can take strategic actions to reduce the impacts and restore the market demand.
- ▶ Supply of raw materials reduced with decreased market demand.
- ▶ Source of capital is scarce and costlier with less working capital.
- ▶ Higher market debts and low recovery of pending payments
- ▶ Supply chains been disrupted.
- ▶ The immediate likely impact, however, would be that millions of jobs both in India and globally are at risk of being lost, as most of the tourism business is in MSME Sector.
- ▶ Further, liquidity crunch and a shortage of working capital.



Supplier Always Supported You. Now It's Yours Turn.



5 Golden Rules To Maintain Business Relation

**Slow
Payment**
Slow
Supply

**Fast
Payment**
Fast
Supply

**Goods
Return**
No
Business

**Extra
Discount**
Advance
Payment

**Pending
Payment**
No
Supply

Key Highlights



- ▶ **Most regions** has been severely impacted, particularly Asia, Europe and the Americas. Italy, China, the US, Spain and France are also experiencing devastating mortality rates.
- ▶ **The uncertainty**, further restrictions and announcements are dramatically impacting tourism destinations. This is due to many companies being under threat of closing permanently if governments do not provide assistance such as bailouts.
- ▶ **The brand image** irreversibly damaged due to how the outbreak has been responded to within specific countries.
- ▶ If a country has responded poorly towards COVID-19 and shown a **slow reaction** may have a negative attitude
- ▶ **Authorities** must promote and reassure when COVID-19 is controlled but also organize some interim relief for the Industries to sustain and survive in immediate effect.

Life-will-never-be-the-same-after-covid-19



Image Source

1. <https://memoori.com/coping-with-covid-19-potential-impact-on-the-physical-security-industry/>
2. <https://www.lark.com/blog/coronavirus-and-hypertension/>

Challenges



CHANGES IN DEMAND
AND ACCESS TO
FINANCE - ALTERNATE
SOURCES



ACCESSING INPUTS
AND MANAGING
INVENTORY



MANAGING WORK
ENVIRONMENT



POLICY DECISIONS
AND SUPPLY CHAIN
MANAGEMENT



ACCESSING
EMERGENCY SUPPORT

Retail Challenges



Changes in demand
and access to finance
- alternate sources



Accessing inputs and
managing inventory



Managing work
environment

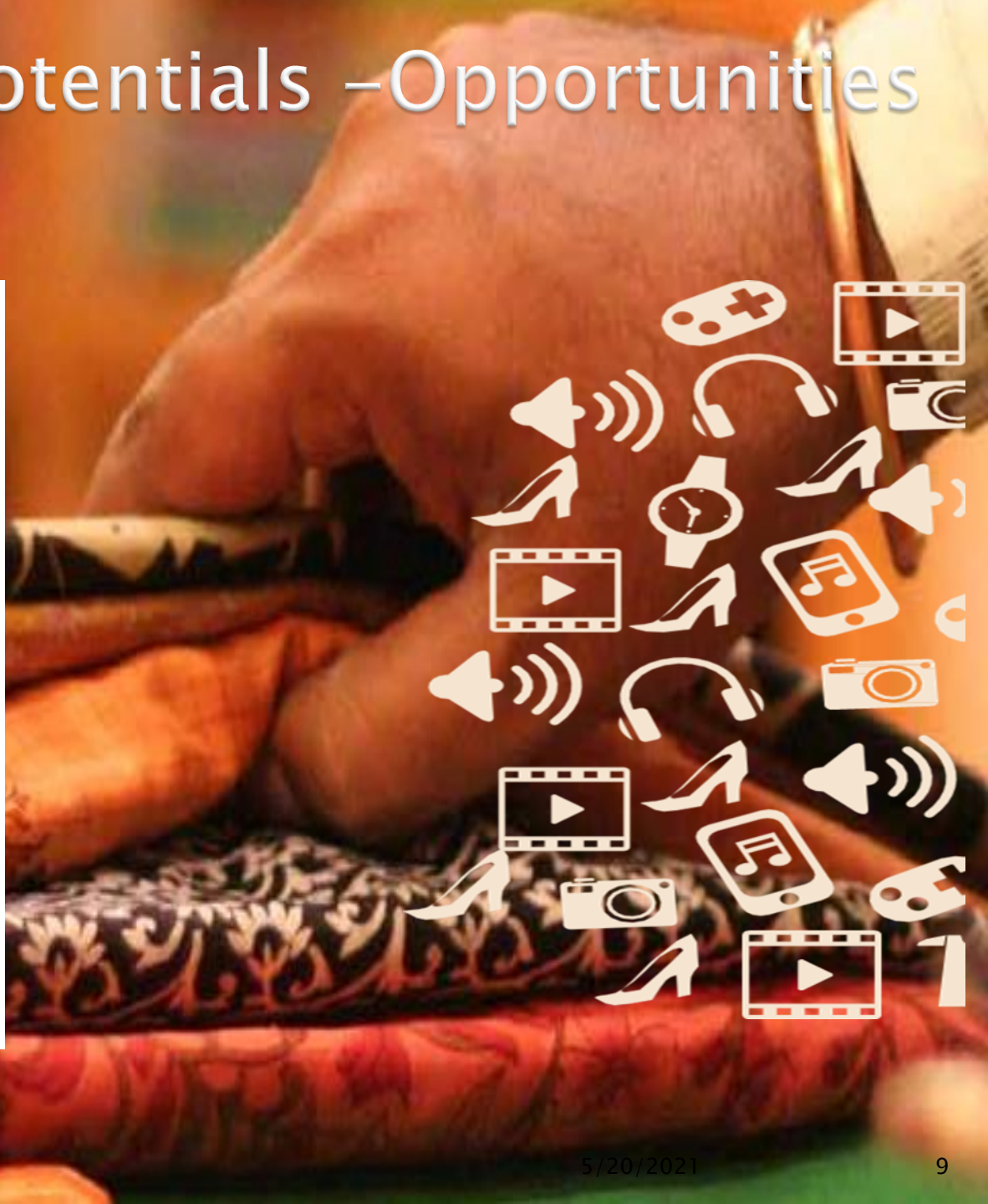
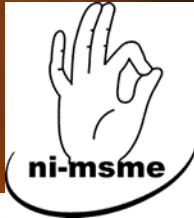


Policy decisions and
supply chain
management

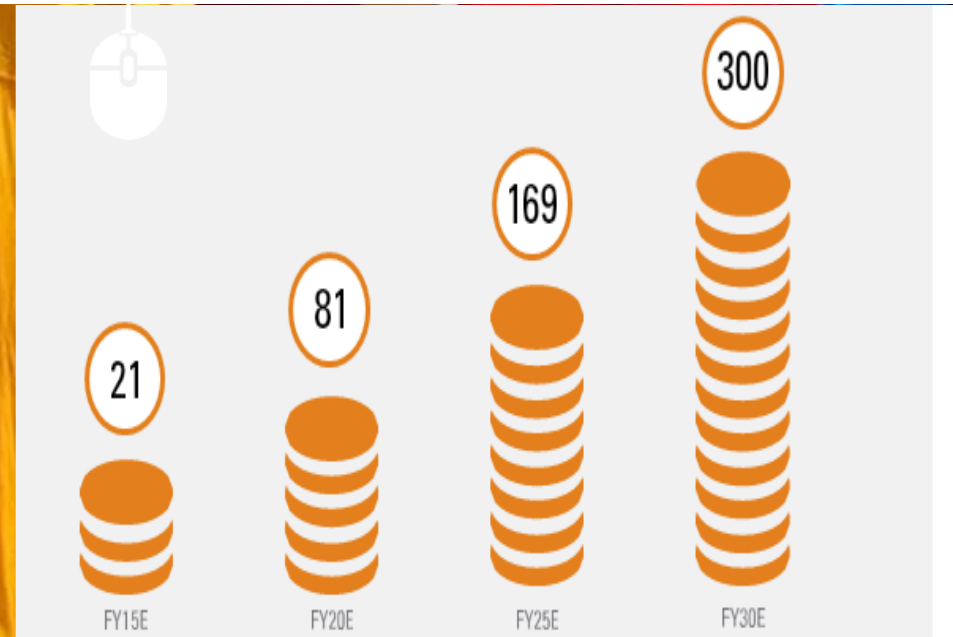


Accessing emergency
support

E-Commerce Potentials – Opportunities



e-commerce in India to cross USD80 billion by 2020



Source: 'India Internet - Unlocking the potential of a billion digital users', Goldman Sachs, 04 May 2015



With work-from-home and social distancing becoming imperative because of sanitation crisis, people, world over, will be taking to E-commerce sites to buy their regular supplies.

B2C

- Same-day and slot-based deliveries
- Customer is at the heart of E-commerce
- Great last-mile delivery service
- Warehousing
- Barcoding & recycling
- Robotics and Artificial Intelligence
- Automated no-touch delivery system (Drone based)
- Direct human interaction and face-to-face meetings, travelling will further reduce.

The Indian B2C e-commerce market was valued at USD 38.5 billion in 2017 and is estimated to rise to USD 200 billion in 2026,

Dr. Dibyendu Choudhury, Faculty Member, ni-msme

B2B

As India Govt. will try to find immediate relief for Indian MSMEs to grow, so several products manufacturing will boost for import substitution

- GeM
- CPP
- Vendor Development Scheme, Make in India
- Other online Channels for e-Procurement for large corporates i.e., e-Junction by Tata Steel, e-Choupal by ITC, etc.
- Digital India initiatives e.g., Sugamya Bharat Abhiyan, BHIM, COE-IT, CERT-In, DigiDhanAbhiyaan, Digitize India, Ebiz, Electronic Development Fund. etc.

B2B e-commerce was estimated to be around USD 300 billion by 2026



2.9
billion internet
users worldwide



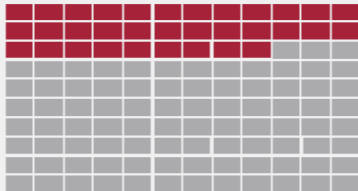
348
million internet users in
India in 2015



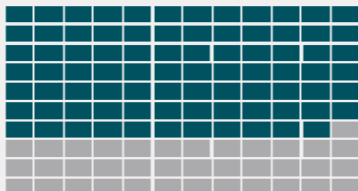
52
million new internet
users shall log into the
digital world by mid-
2015



50
million of the 100
million online shoppers
in India shall belong to
tier I and tier II cities in
2016



27%
of SMEs using the
internet
are engaging in
e-commerce



69%
of SMEs report
an increase in
customers due to
the internet

Source:
- Statista.com, May 2015
- e-commerce Rhetoric, Reality and Opportunity, KPMG-IAMA
- 100 million online shoppers in India by 2016: Report, Livemint, November 2014
- Unleashing the Potential, FICCI and Nathan Associates

SME contribution to employment

	Growth rate of employment	Growth rate of number of enterprises
Manufacturing 	18%	23%
Services 	34%	31%

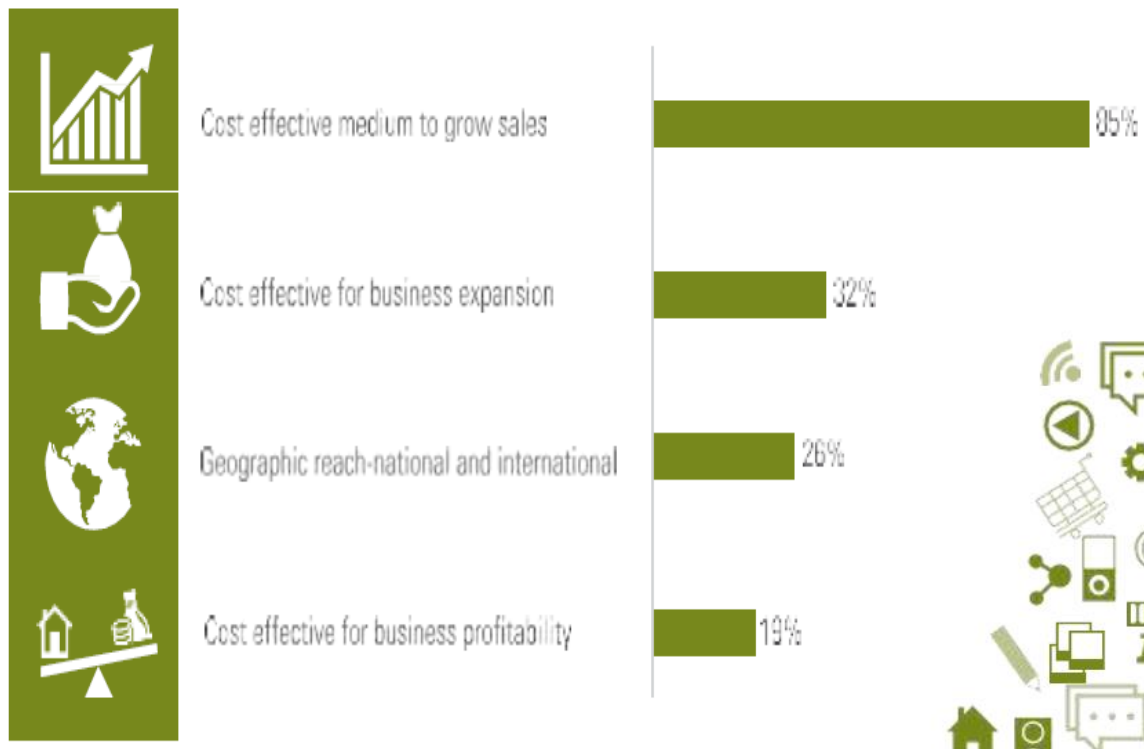
Source: Ministry of Micro, Small and Medium Enterprises, Annual Report, 2013-2014



Impact of e-commerce too real to ignore



Key factors for e-commerce adoption among SMEs

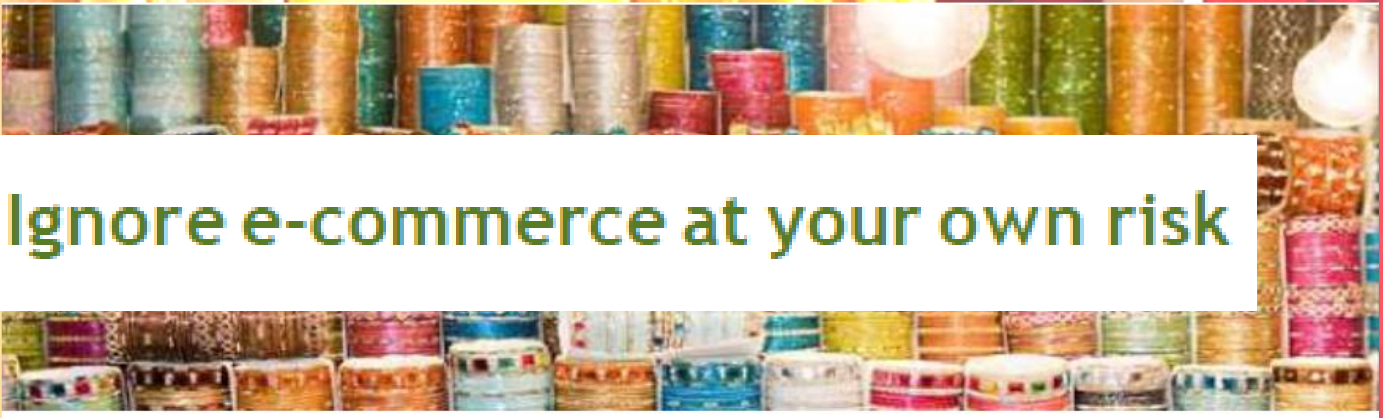


Source : SMEStreet survey-The Status of e-commerce among Indian MSMEs (MSME Insights), 2014



Potential benefits of e-commerce to Indian SMEs

 <p>upto 51% higher revenues</p>	 <p>60-80% Spend reduction</p>
<p>Increase in revenues</p>	<p>Lower marketing and distribution spend</p>
 <p>upto 49% more profit</p>	 <p>upto 7% broader customer base</p>
<p>Increase in profit margins</p>	<p>Improved geographic reach and accessibility</p>
 <p>73% SMEs agree that e-commerce helps make accurate market comparisons⁷</p>	 <p>46% SMEs agree they get regular business through marketplace listings⁷</p>
<p>Shorter time to market</p>	<p>Improved customer experience</p>



E-Commerce & Supply Chain Optimisation

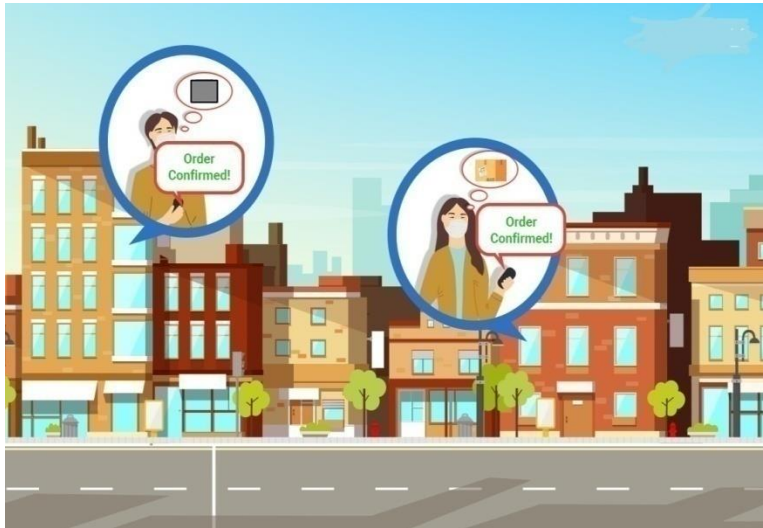


Image Sources:

1. <https://locus.sh/business-sectors/e-commerce/>
2. <https://jaipurbeat.com/2019/06/01/first-cafe-in-north-india-to-be-served-by-a-robot/>



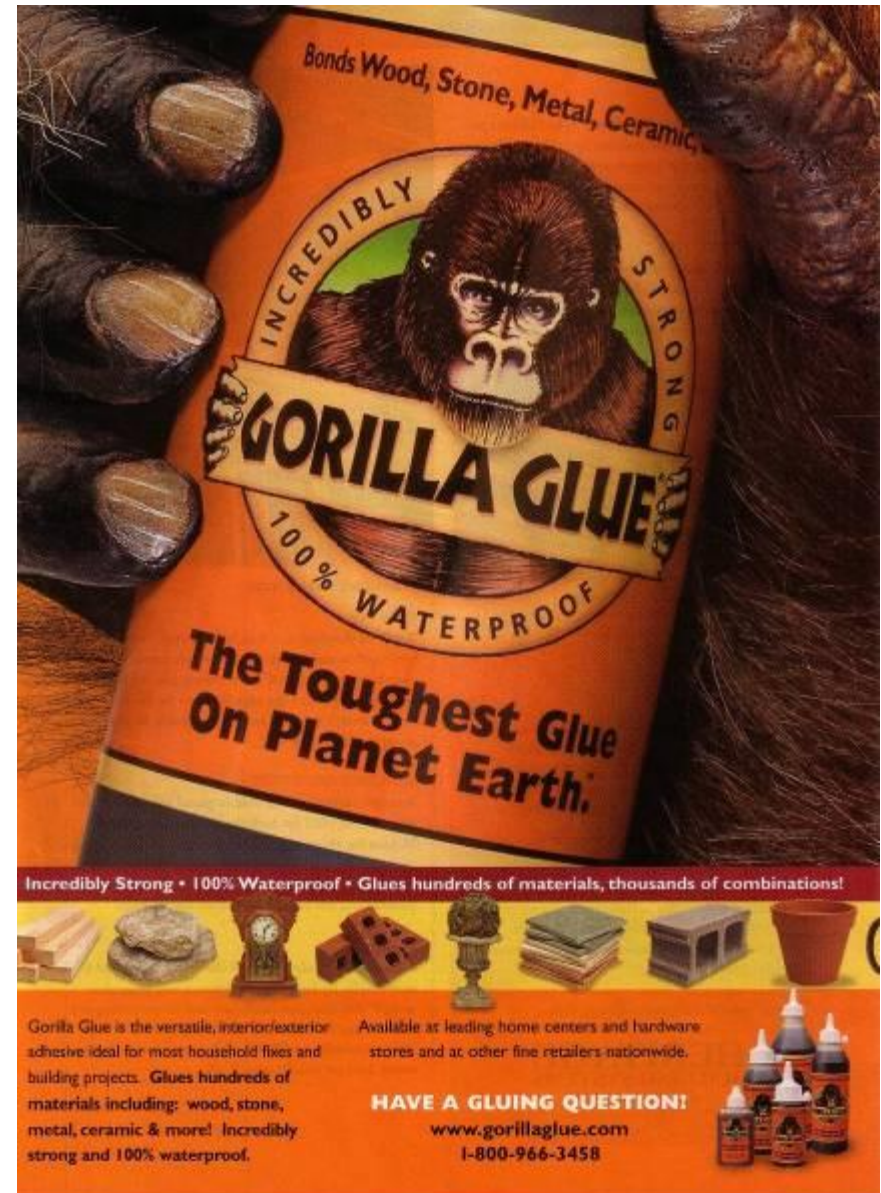
tactics tactics

Better cluster policies and tools for implementation

Cluster marketing and branding



**We now associate
this product
with strength.**



Bonds Wood, Stone, Metal, Ceramic, ...

INCREDIBLY STRONG

GORILLA GLUE

100% WATERPROOF

**The Toughest Glue
On Planet Earth.**

Incredibly Strong • 100% Waterproof • Glues hundreds of materials, thousands of combinations!

Gorilla Glue is the versatile, interior/exterior adhesive ideal for most household fixes and building projects. Glues hundreds of materials including: wood, stone, metal, ceramic & more! Incredibly strong and 100% waterproof.

Available at leading home centers and hardware stores and at other fine retailers nationwide.

HAVE A GLUING QUESTION!
www.gorillaglu.com
1-800-966-3458

Branding of Clusters-1



Globalisation has dramatically increased the need for specialization and excellence. Clusters are often a remarkable lever to foster and accelerate this process as they speed up innovation, boost the cooperation among actors and contribute to the territorial economic development.

1

Nowadays, no territory or cluster can think of itself as self-contained and sufficiently endowed of resources and competences to operate in international markets and world-scale value chains.

2

Local actors and territories should define their position within global value chains and re-think their functions within a global space.

3

Marketing and branding strategy within a comprehensive process which requires a strong analytical effort and the involvement of key stakeholders.

4

As a first step, it is necessary to understand where the cluster is positioned in relation to the market and to the surrounding ecosystem (local institutions, business associations, innovation actors, other clusters).

Branding of Clusters-2



Secondly, a strategic and forward-looking approach has to be adopted with a view to define where the cluster and its members are heading to.

5

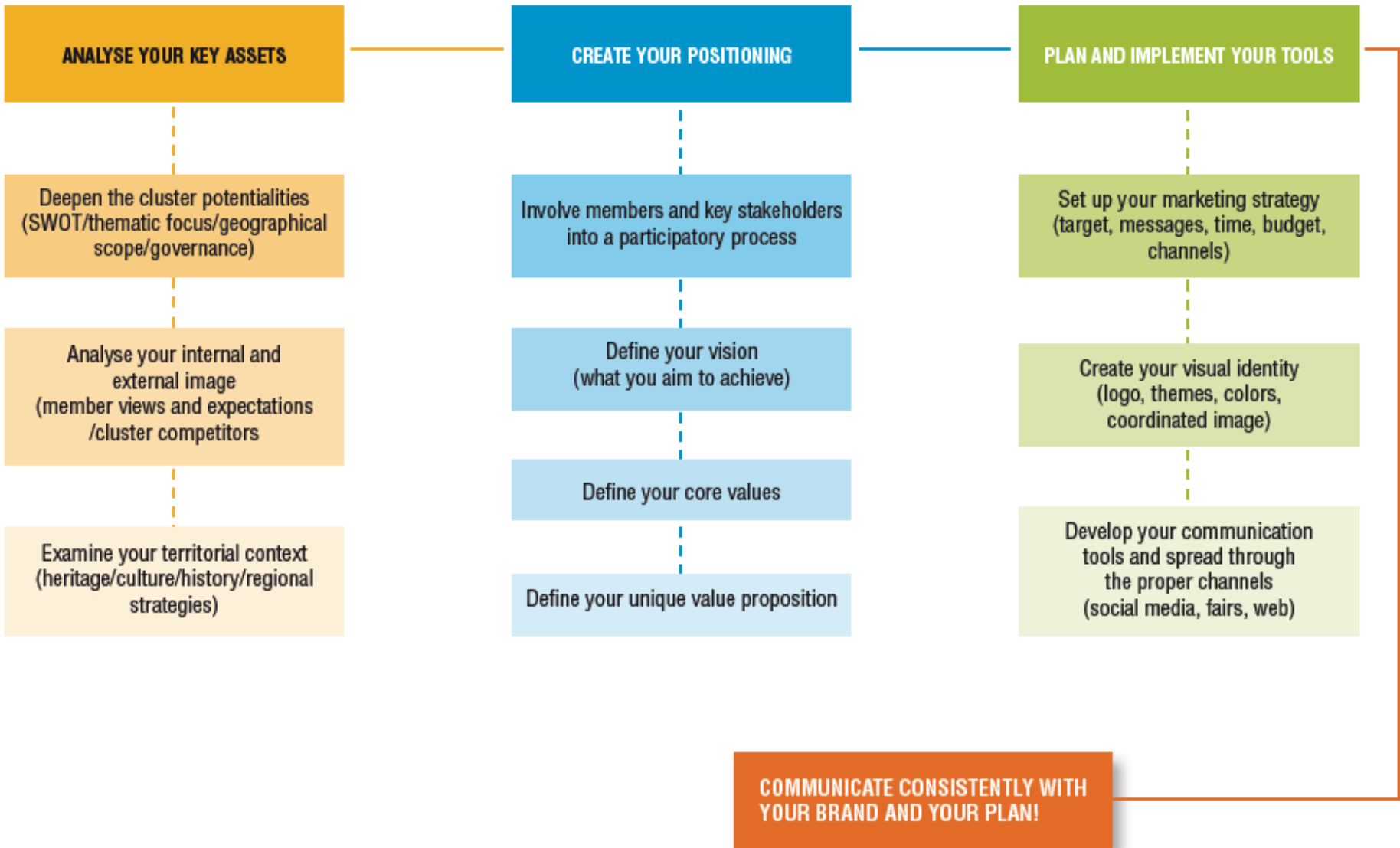
Clearly setting the mission, values and goals cluster members can easily identify with. Reaching a consensus on this point is a valuable result to better build a regional branding strategy and to enlarge the participatory process to key stakeholders.

6

Whether the inward-looking (cluster membership) or the outward-looking (potential clients, internationalisation activities) perspective is considered, the cluster's reputation can be strengthened only if a sense of ownership from the cluster members and from the institutions/organisations supporting the cluster is fostered.

7

It is important to clarify who leads the process, in order to carry it out in a structured way, and to make sure to have the right tools to manage it. Once agreed how the cluster has to be perceived, it is important to develop a communication strategy accordingly to the messages to convey and to the target groups



1. Why branding for clusters



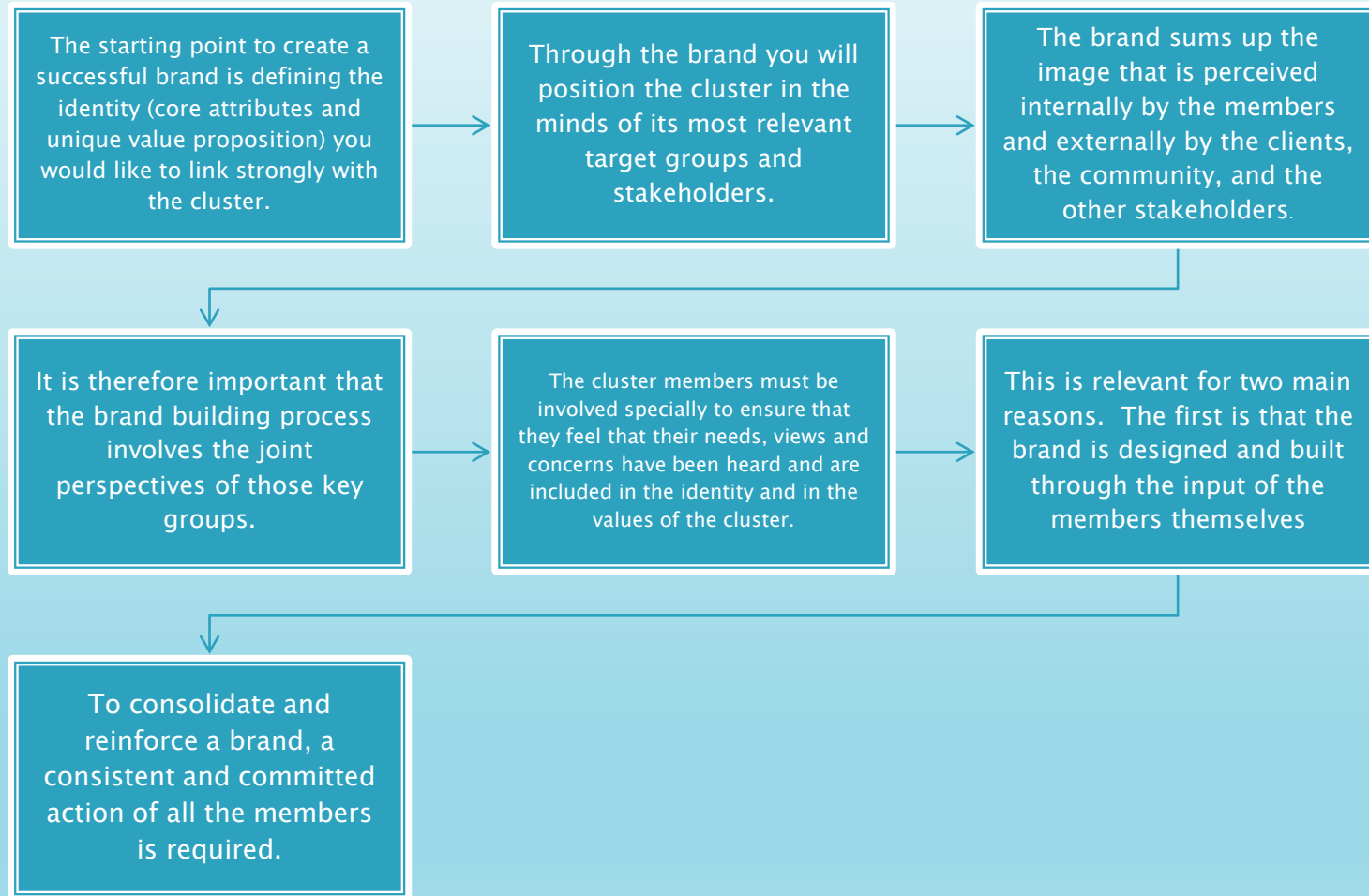
This increases opportunities and visibility. Powerful brands can enable:

- Stronger and more profitable collaborations;
- Better visibility outside the parent organisation;
- More effective outreach;
- Shortened time to technology transfer;
- More consistent and swift application of research results;
- Lower cost of licensing;
- Stronger partner loyalty;
- Competitive platforms for market impact;
- An effective means for greater, faster and more reliable funding;
- Lower costs of funding campaigns and capital;
- Hiring of top talents.

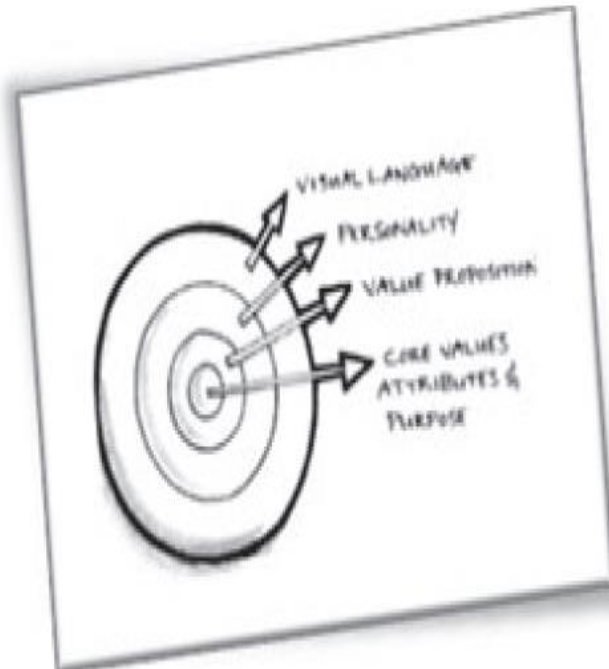
Other benefits for SMEs include the cut in communication costs and the higher degree of perceived quality.

For Regions and Countries, visible and excellent clusters and a successful cluster marketing strategy bring several benefits. For instance it is possible to enhance the image of the territory and to establish linkages between the cluster itself and the place where it is located.

DEVELOPING THE BRAND IMAGE



From a marketing point of view, a **brand** is “a name, term, sign, symbol or a combination of these that identifies the maker or seller of the product” (Philip Kotler).
 Simply put, a brand is a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality (Walter Landor).



The brand includes some key elements:

Core values and attributes:

The integration into business and brand strategy, as well as any interaction.

Value Proposition:

The unique selling proposition.

Personality:

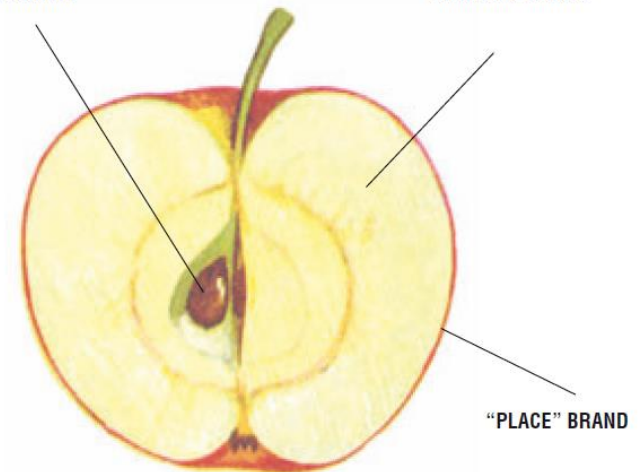
Attributes and Associations.

Visual System:

This is the mark, logotype, typographic system. Colour palette and imagery.

CLUSTER BRAND

MEMBERS BRAND



2. How to include new cluster trends in marketing and branding

CONSIDER THAT:

- ◆ It is important creating a branding strategy coherent with the development strategy of the cluster;
- ◆ Marketing actions have to be planned to promote the brand;
- ◆ Visible clusters attract new companies, investments and resources;
- ◆ Branding supports the local economic development;
- ◆ It is possible to strongly connect the image of a brand to a specific geographical area (e.g. Province).

CONSIDER THAT:

- ◆ Clusters represent very fluid phenomena: new networks and new aggregations can appear quickly modifying radically the previous structure;
- ◆ If it is up to the business level to catch the change and adapt, it is within the duties of policy makers to have a role in branding these initiatives;
- ◆ Clusters can determine the landscape of a territory economic evolution;
- ◆ Policy makers have to intercept the evolution of the territory to create and consolidate regional branding strategies connected to the clusters' ones.

CONSIDER THAT:

- ◆ It is smart taking advantage of the image/slogans created by media if this is in line with the cluster identity and vision;
- ◆ The idea of visualising the cluster (with a map) is worth because it helps the audience to understand better the potentiality of the cluster;
- ◆ Clusters branding strategies should be harmonised with the regions branding strategies;
- ◆ The activity of revamping a brand should be carefully carried on;
- ◆ Different brand layered in time for the same cluster, too many visual identities, overlapping of branding strategies produce a confused message for the audience.

CONSIDER THAT:

- ◆ Cluster marketing and branding can be a powerful communication tool if it is in line with the regional innovation strategy for smart specialisation;
- ◆ The synergic branding and marketing initiatives of cluster organisations, cluster members and public authorities reinforce reciprocally their identities;
- ◆ Using elements taken from the tradition to promote clusters connected to technology and innovation is original and appealing;
- ◆ Organising promotional initiatives targeted to the community (museums, awards, events for children, training...) is important to consolidate the image of the cluster internally (in “place” where the cluster is located).
- ◆ Using elements taken from the tradition to promote clusters connected to technology and innovation is original and appealing;
- ◆ Organising promotional initiatives targeted to the community (museums, awards, events for children, training...) is important to consolidate the image of the cluster internally (in “place” where the cluster is located).

“No Plastic Zone” could be a Cluster Branding



3. Branding? marketing? promotion? Let's set up the scene



Unique experiences
- year round

Responsible: Skistar - Holiday Club

Concern for the
environment

Responsible: Åre Local Authority

A borderless
welcoming Åre

Responsible: Åreföretagarna
(the local business association)

Attractive habitation

Responsible: Åre Local Authority,
Åreföretagarna, Peak Innovation

CONSIDER THAT:

To build consensus on the brand strategy you need:

- ◆ Shared vision and identity;
- ◆ Supportive institutional framework;
- ◆ Close collaboration among the actors (with a strong leadership from the private side);
- ◆ Broad community involvement;
- ◆ Formal and informal flows of information.

4. Developing a Brand



CONSIDER THAT:

- ◆ Clear definition of goals, responsibilities, milestones and timelines help to implement the project. Professional project management and clear responsibilities are necessary;
- ◆ A successful branding campaign requires
 - ◆ Consistency – repetition of a clear story over multiple years
 - ◆ Dissemination – delivering the right message to the right markets
 - ◆ Organisation – an entity responsible for sustaining the message (and the quality of the experience) over a long term
 - ◆ Continuous dialogue of politicians, public authorities, economy, researcher community, education organisations and intermediates creates broad acceptance for the project.

CASE ÅRE. BUILDING A VISION, BUILDING A DESTINATION



Even though the cluster can brand itself as part of a region/country without putting a specific reference in the logo, the association among the technology/sector and geographical area often brings reciprocal advantages: it valorizes the perception of quality deriving from the “made in” and, at the same time, it promotes the image of the territory itself. It is clear that, in order to promote the place, the place has to be recognizable.

Welcome to Tucson!

Optics Valley

Mayor Bob Walkup



CONSIDER THAT:

- ◆ The brand of the Valley was built starting with a strong commitment and partnership with the local stakeholders (banks, airport, business community);
- ◆ The reference to the “Silicon Valley” was used smartly to underline the differences and possible competitive advantages;
- ◆ The durable visibility of a cluster requires a consistent marketing activity and it needs to keep updating the branding strategy;
- ◆ The lessening of the cluster reputation could have been prevented if a branding strategy was refreshed and kept evolving along with the sectorial development in the following years.



Case Study



The brand is engraved on every object produced in the cluster and guarantees that the jewel is not imported or made with imported components.



The jewelry cluster in Valenza, located in the North-West of Italy, has a long tradition in goldsmith's art. It stands out for being at the forefront of jewelry design, for its capability to innovate, for the presence of technical know-how and specialized workforce.

The cluster has a strong propensity for internationalisation as two thirds of the production is exported, representing 13,8% of the Italian exports in the sector. Gathering more than 300 firms, with 6,7 workers per firm on average, the cluster mainly consists of micro-companies.

In recent times, the cluster and its companies had to face the emergence of organized retail systems and the rising of big brands in the industry. The goldsmith artisans were not able to face competition being too focused on the product and not enough investing in marketing.

The challenge consisted in creating a strategy for strengthening the commercialization of products in order to renovate the relation with the customers on a new basis.

The DIVALENZA ("Made in Valenza") brand aims to promote the originality and superior quality of jewels created by the associated companies.

The cluster brand has made it possible to create a network of jewel sellers that agree on prices and take care of the product image.

Examples of other Countries and Places Branding

be  Berlin

I amsterdam.

I  NY

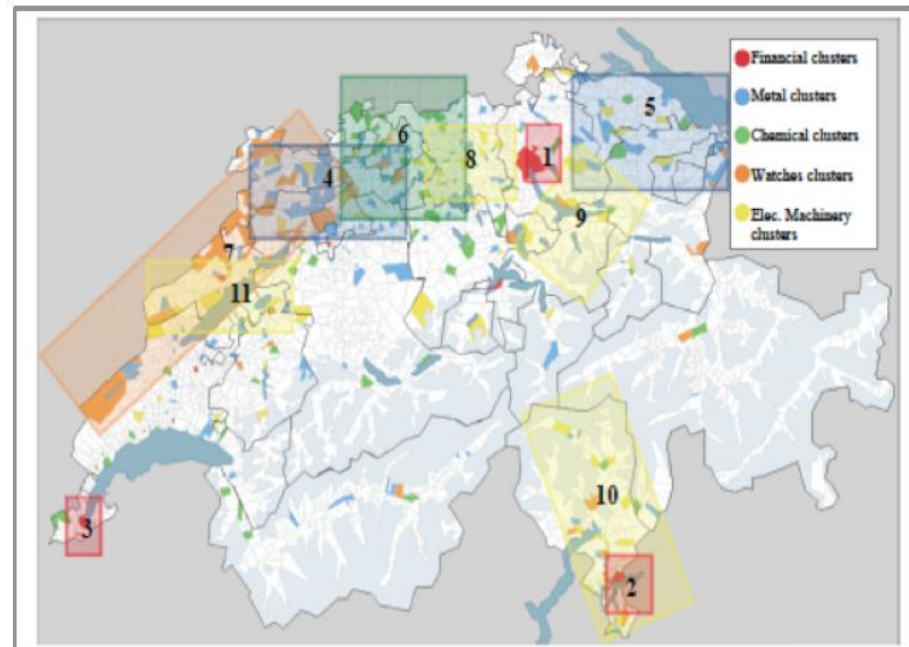


México

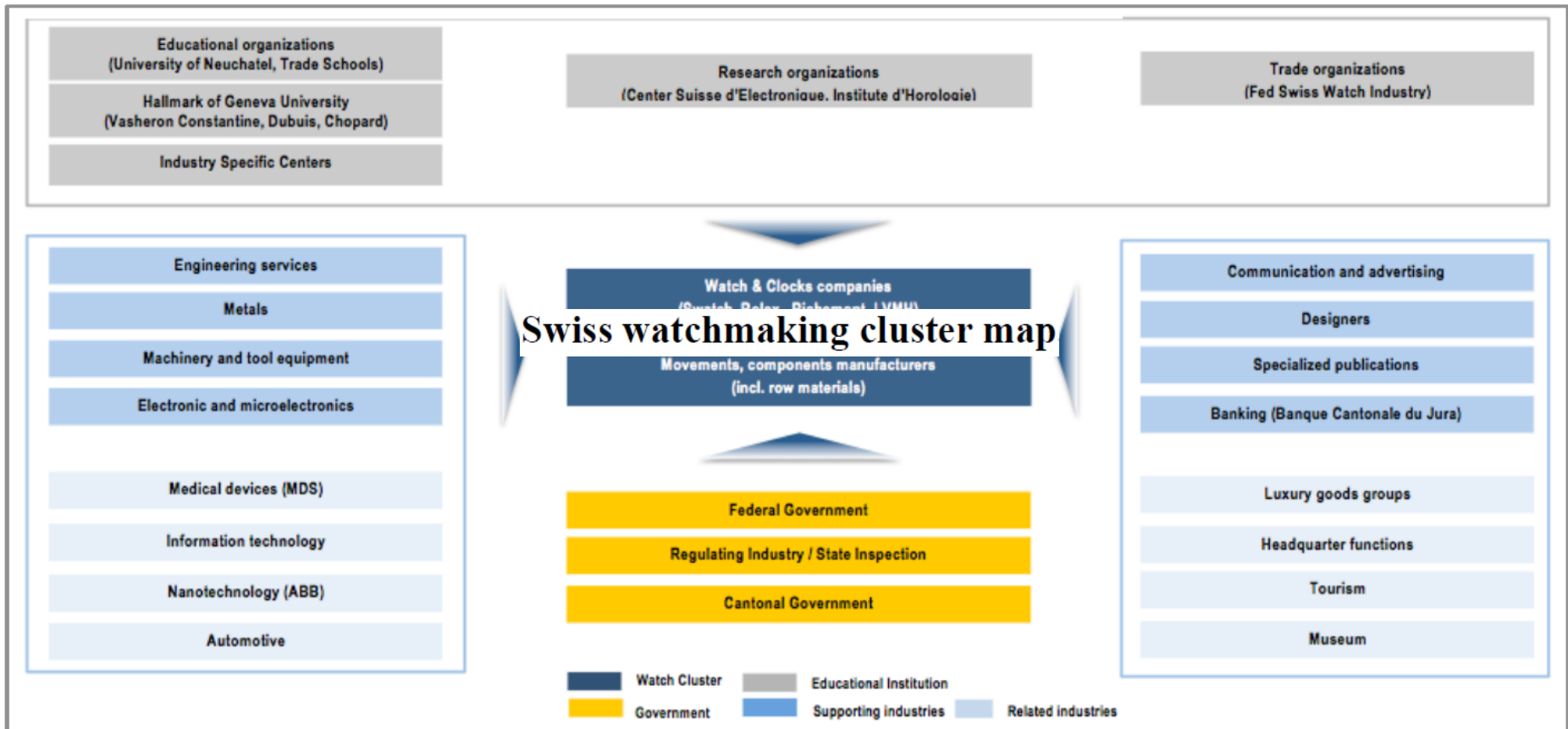


What is cluster branding?

The easy answer to this central question is that cluster branding is merely the application of product branding attached with a places



Swiss Watch Making Cluster Map



5. Branding Building Process



CONSIDER THAT:

- ◆ The consolidation of a strong and renowned brand of the cluster is useful especially for small companies that have not the resources to afford a brand building process on their own;
- ◆ In this case, the “made in strategy” is conducted at a double level: a trademark (DIVALENZA) for the promotion at national level and one (Made in Italy) for the international promotion;
- ◆ The “made in strategy” is useful especially for clusters that address the “quality” as a core value;
- ◆ Since in the “made in strategy” the place of origin is clearly referred and mentioned, a selection process to assess the quality of the cluster has to be planned.

**This attempts to
change the
attitude toward
calcium in a soft
drink situation.**

CALCIUM.
WITH THE EMPHASIS ON YUM.

7UP PLUS™ WITH CALCIUM. Introducing a whole new kind of soft drink. With real fruit juice, 10% of your daily calcium and only 10 calories in every 8 oz serving, it tastes so good you can feel it in your bones. For great taste with calcium, the only way to go is UP.™

The advertisement features three bottles of 7UP PLUS WITH CALCIUM soft drinks. The bottles are arranged in a row, with the orange-flavored bottle on the left, the red-flavored bottle in the center, and the purple-flavored bottle on the right. Each bottle is condensation-covered and has a white cap. The bottles are surrounded by a variety of fresh fruits, including a whole pineapple on the left, several strawberries, blackberries, and slices of orange and lemon scattered around the base of the bottles. The background is a solid, vibrant pink color.

5. Vision & Identities Consolidation

IT IS ADVISABLE TO LINK THE VALUES OF A CLUSTER WITH THE VALUES OF THE PLACE WHERE THE CLUSTER IS LOCATED. IN THIS WAY BOTH THE REGION/COUNTRY AND THE CLUSTER ITSELF GET BENEFIT FROM THE COMMUNICATION ACTIONS. IT IS STRONGLY RECOMMENDED ANYWAY THAT THE CORE VALUES WHICH ARE COMMUNICATED ARE COHERENT WITH BOTH THE CLUSTER AND REGIONAL STRATEGIES.



CONSIDER THAT:

- ◆ It is sometimes possible to create a cluster brand that is located in two different regions;
- ◆ The “storytelling technique” is useful to catch the imagination of the audience and communicate intangible values;
- ◆ This is a good example to show that it is possible to balance the visibility of the cluster and that of the companies;
- ◆ If the cluster opts to structure its brand strategy on values linked with the tradition and the history of its “place”, it is worth to support the preservation of such a heritage through ad hoc initiatives (creation of museums, visual instruments, dissemination events).



CASE A SPARKLING REGION. THE REFERENCE TO THE TERRITORY



CONSIDER THAT:

- ◆ For some clusters, especially those anchored to the values of their territory, it is strategic to promote the “place” in order to reinforce their brand. This is a win-win situation because also the public administration can count on a positive impact in terms of tourist presence, increase in attractiveness etc.;
- ◆ A cluster brand that is based on the territory implies a strong commitment of all the actors, private and public, and a strong self awareness of the community.

The cluster of Prosecco⁴ in Conegliano Valdobbiadene is a real self-contained economic system.

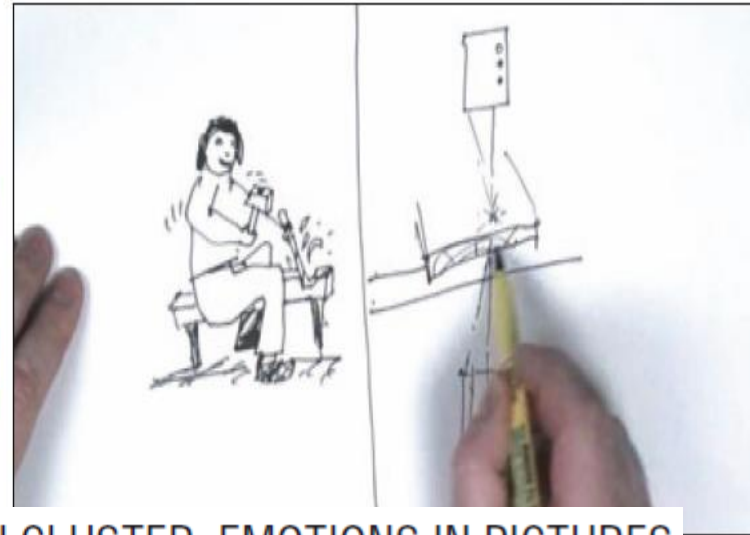
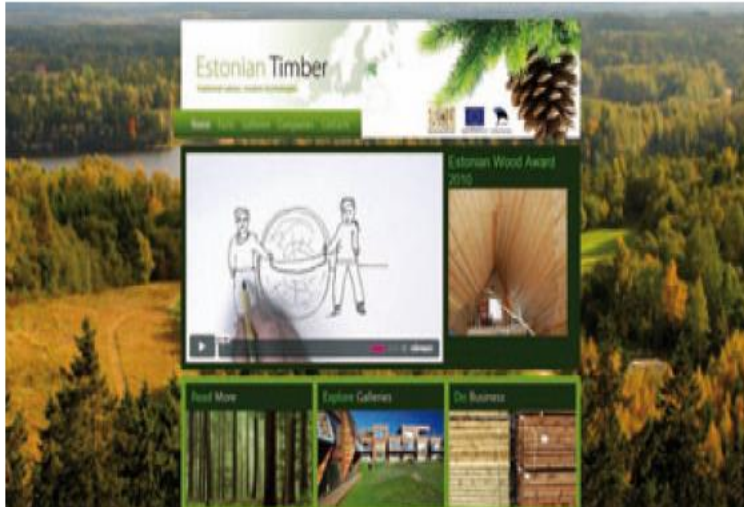
Thanks to the wine production that is the core business of the cluster, many related activities have started up, so as to create a veritable value chain. For instance, member of the cluster are the companies that design and manufacture winemaking machinery together with some of the most important firms producing technology for vineyards and wineries around the world, as well as laboratories providing analyses and companies supplying winemaking products and services. Also of great importance is the role played by the scientific institutions, which each year train young professionals, and by the local institutions, which defend and promote the identity of the area. The Prosecco cluster includes also the main players in the hospitality and accommodation sector, including restaurants, wine shops, trattorie and agriturismo, “where a glass of fragrant, bubbly wine provides an excellent welcome”.

IT IS IMPORTANT TO START WITH A MARKETING PLAN IN ORDER TO PLAN AND SYNCHRONIZE THE ACTIVITIES TO PROMOTE AND CONSOLIDATE THE BRAND.

- The marketing plan is a strategic approach to define the goals, the key target groups, the channels and the promotional activities.
- It is also a tool to manage and monitor the budget as well as the timing of the activities.
- Target groups can include: existing cluster members, potential cluster members, financiers (including government on different levels), owners, policy stakeholders, the press, as well as potential employees/human resources or partners (including those located outside of the region).
- For each target group, the objectives of the communication activities need to be agreed to guide the choice of tools and channels (e.g. web, print, events, etc.) and the timing of the marketing activities.
- Clusters can use the identified brands and marketing strategy for a number of purposes:

- to strengthen interest, commitment and engagement within the cluster;
- to further anchor and clarify/cement the cluster initiative's strategy;
- to recruit new members to the cluster;
- to increase visibility in the global market;
- to increase attractiveness (i.e. attract human resources, partners, investors, etc.); and
- to foster inter-cluster linkages.

6. Making use of the Brand



CASE ESTONIAN TIMBER CONSTRUCTION CLUSTER. EMOTIONS IN PICTURES

The country carried out the Brand Estonia project in early 2000s, producing the Estonia Style brandbook. The main concepts included in it have been embraced by the Timber construction cluster, in particular:

- Clear communication;
- Rootedness (history, language, indigenous culture, natural, heroic, romantic, traditions, heritage, civilization);
- Nordic influence (clean, northern, purity, freshness, quality, strength, clarity, nature, elegance, simplicity);
- Progress (first, fast, infrastructure, business environment, adaptability, creativity, modernity, resourcefulness).

Location matters and the image of the cluster focus on it with a photo- and video story. The idea is quite simple: the business environment is based on unique natural resources, competence and common values.

adidas

RE-INVENTING
sweat control

100%
Aluminum Free

The first Absorbent Deodorant
for WOMEN

ALUMINUM FREE
cotton
TECH™
ABSORBS WETNESS

adidas
24hr Control
ABSORBENT-DEO
WETNESS CONTROL
for WOMEN Pure Powder

adidas
24hr Control
ABSORBENT-DEO
WETNESS CONTROL
for WOMEN Fitness Fresh

cotton
TECH™

WETNESS ABSORPTION TECHNOLOGY

See sweat control re-invented at
www.adidas.com/body

Walgreens

Positive attitudes toward brands help with brand extensions





Thank you

Intellectual Property Rights



V. SWAPNA

Associate Faculty Member
Registered Patent Agent & Trademark Agent
Intellectual Property Facilitation Center for MSMEs

ni-msme

swapnaipfc@nimsme.org



National Institute for Micro Small and Medium enterprises

- ✓ An autonomous arm of the **Ministry of Micro, Small and Medium Enterprises (MSME)**, Government of India
- ✓ A premier institution for the promotion, development and modernization of the MSME sector
- ✓ Cater services like **training, consultancy, research and education, to extension and information services.**

ni-msme has made significantly contributions towards promotion & development of MSMEs both nationally and internationally.

The Institute so far has trained **540,877 participants by organizing 16,106 programmes**, which includes officials from various Central and State Government Ministries, **10,132 International Executives from 143 developing countries.** The Institute has undertaken **945 research and consultancy projects** and also involved in promotion of about **150 rural/industrial clusters** till date.



Website: <https://nimsme.org/>

Intellectual Property Facilitation Centre (IPFC) for MSMEs

The Intellectual Property Facilitation Centre (IPFC) for MSMEs has been established at ni-msme in the year 2009-10, sponsored by Development Commissioner (MSME), Ministry of MSME, Govt. of India.

Role at IPFC, **ni-msme**

- Conducting IPR awareness & training programmes
- Filing of IPR registrations
- Providing support services in the area of technology and IPR services including prior art search, filing procedures, etc.
- Advice for MSMEs on of their intellectual property and its exploitation

The center has done significant number of trademarks, patents, copyright and geographical indications filings from industry and individuals. The center has more than 150 members who are from different industries and associations

Most of the Institute's entrepreneurship development programmes, executive development programmes and MSME related training initiatives includes inputs on IPR protection and Its significance to create wider awareness among the entrepreneurs & Start-ups.



IP REFERS TO “CREATIONS” OF THE HUMAN MIND

It gives the creator an exclusive right over the use of his/her creation for a certain period of time to inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

IP is used as

- Protecting yourself from others using your assets for their benefit without giving you a recognition
- Selling the IP and retaining the morals, licensing of IP for use by others but retaining the ownership



- India is a member of the World Trade Organization (WTO).
- The WTO agreement, inter-alia, contains an agreement on IP, namely, the Agreement on Trade Related Aspects of Intellectual Property (TRIPS).
- This Agreement made protection of Intellectual Property- an enforceable obligation of the Member States.
- TRIPS Agreement sets out minimum standards of intellectual property protection for Member States.
- India has complied with the obligations contained in the TRIPS Agreement and amended/enacted its IP laws.



7 SEVEN FORMS OF IP

- **Patents**
- **Trademarks**
- **Industrial design**
- **Copyrights**
- **Geographical Indications**
- Layout designs for integrated circuits
- Trade secrets
- Plant Variety protection or Plant Breeders' Rights

Trade Related Aspects of Intellectual Property Rights (TRIPS)

- International Agreement administered by the World Trade Organization (WTO).
- Sets down minimum standards for many forms of intellectual Property (IP) regulation.

A **PATENT** is an exclusive right granted for an invention, which is a product or a process that provides a new way of doing something, or offers a new technical solution to a problem

20 YEARS

Period of Patents

EXAMPLES

Drugs, Mobiles, Machinery, etc.



US009349246B1

(12) **United States Patent**
Paradise et al.

(10) **Patent No.:** **US 9,349,246 B1**
(45) **Date of Patent:** **May 24, 2016**

(54) INTEGRATIONS PORTAL FOR A PEER-TO-PEER GAME PLATFORM	8,360,873 B1*	1/2013	Wickett et al.	463/29
	8,414,387 B1*	4/2013	Paradise et al.	463/25
	8,512,129 B2*	8/2013	Ginsberg et al.	463/25
(71) Applicant: Skillz Inc , Boston, MA (US)	8,545,330 B2*	10/2013	Wickett et al.	463/42
	8,562,422 B2*	10/2013	Lutnick	463/25
	8,568,222 B2*	10/2013	Gagner et al.	463/25
(72) Inventors: Andrew Paradise , Boston, MA (US); Dennis Zografos , Somerville, MA (US)	8,613,662 B2*	12/2013	Morrow et al.	463/29
	8,641,511 B2*	2/2014	Ginsberg et al.	463/21
	8,651,948 B2*	2/2014	Asher et al.	463/25
(73) Assignee: Skillz Inc. , Boston, MA (US)	8,683,272 B2*	3/2014	Cadima et al.	714/54
	8,715,077 B2*	5/2014	Paradise et al.	463/31
	8,900,054 B2*	12/2014	Patel	463/29
(*) Notice: Subject to any disclaimer, the term of this	2001/0031663 A1*	10/2001	Johnson	463/42

The **limited monopoly right** granted by the state enables an inventor to prohibit another person from manufacturing, using or selling the patented product or from using the patented process, without permission

G07F 17/3288 (2013.01); H04L 67/104 (2013.01)

(58) **Field of Classification Search**
CPC G07F 17/3288; G07F 17/3262; G07F 17/3276; G07F 17/3279; G07Q 50/34
USPC 463/9, 25
See application file for complete search history.

(56) **References Cited**
U.S. PATENT DOCUMENTS
6,443,841 B1* 9/2002 Rossides 463/25
6,856,986 B1* 2/2005 Rossides
8,088,000 B2* 1/2012 Ginsberg et al. 463/25
8,210,926 B2* 7/2012 Asher et al. 463/25
8,313,368 B2* 11/2012 Filipour et al. 463/20

third-party game mechanics. A peer-to-peer wagering platform can be in communication with the integrations portal and a plurality of player clients and can receive data from the integrations portal that includes the peer-to-peer competition settings and the third-party game mechanics. A peer-to-peer competition can be caused to be provided to the plurality of player clients according to the peer-to-peer competition settings in which at least one of the plurality of player clients wagers on an outcome of the peer-to-peer competition. At least a part of the wager can form a reward for a winner. The outcome of the peer-to-peer competition can be determined based on a received performance and the third-party game mechanics. Related apparatus, systems, techniques, and articles are also described.

14 Claims, 18 Drawing Sheets

WHAT CAN BE PATENTED IN INDIA?

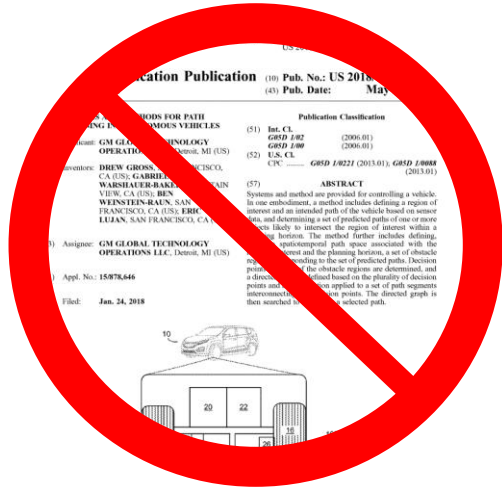
Inventions in all fields of technology, whether products or processes, if they meet the criteria of

- **NOVELTY:** Not known to public prior to claim by inventor
- **NON-OBVIOUSNESS (INVENTIVE STEP):** Should not be obvious to a person with ordinary skill in the art
- **INDUSTRIAL APPLICATION (UTILITY)**

A patent is not granted if the invention is already available in the public domain in any form; published literature anywhere in the world or through common knowledge.

NOT PATENTABLE INVENTIONS

1. Frivolous inventions
2. Contrary to law or morality or injurious to public health
3. Scientific principle or formulation of abstract theory;
4. New property or use of known substance
5. Mere use of known process, machine or apparatus
6. Substance by mere admixing
7. Mere arrangement/rearrangement/duplication of known devices
8. Method of agriculture/horticulture
9. Method of treatment of human beings, animals
10. Plants & Animals in whole or any part other than microorganisms
11. Mathematical/Business method/Computer program per se/ Algorithms
12. Mere scheme/Rule/Method of performing mental Act/ Playing game
13. Presentation of information



NOT PATENTABLE INVENTIONS [CONTD.....]

14. Topography of integrated circuits

15. Invention on traditional knowledge/Aggregation or duplication of known properties of traditionally known components

16. Related to atomic energy



PATENT RIGHTS

INTELLECTUAL PROPERTY OFFICES IN INDIA



The Patent Office, Intellectual Property Office Building, G.S.T. Road, Guindy, Chennai-600032,
Phone: 044-22322824-25, FAX: 044-22322878, Email: chennai-patent@nic.in



The Patent Office
Boudhik Sampada Bhawan,
S.M.Road, Near Antop Hill Post Office,
Antop Hill, Mumbai - 400 037.
Phone : 24137701, 24141026,
24150381, 24148165, 24171457
FAX : 24130387
EMAIL: mumbai-patent@nic.in



The Patent Office, Intellectual Property Office Building, C2
Sector V, Salt Lake City, Kolkata-700091
Phone : 23671945, 1946, 1987,
FAX-033 2367-1988,
Email:- kolkata-patent@nic.in



The Patent Office, Intellectual Property Office Building, Plot No. 32, Sector 14, Dwarka, New Delhi-110075,
Phone : 011-28081923-25, FAX: 011-28081920-40,
Email: delhi-patent@nic.in



Example

Tetra Pak International AB



Patents : 1,210 results approx.

Packaging containers, Machinery, Methods, Opening arrangement, Packaging material, application of film wrappings for packaging container , printing plate for offset printing, Sensing arrangements on material rolls etc.

Self chilling Cans

- Patented cutting edge Food & Beverage Technology

<https://www.youtube.com/watch?v=0fddP8RP-Qw>





A **TRADEMARK** is one or more words, designs or symbols that are used to distinguish goods and services of one person or firm from those of others in the marketplace.

PERIOD OF REGISTRATION :

10 years (renewable every 10 years)

NON- USE OF TRADEMARK:

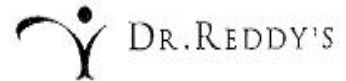
If not used for > five years from the date of registration, TM will be cancelled for non-use

EXAMPLES : Coco Cola®, Nike®, IBM and McDonalds®, LUX, Godrej, TVS ,Telco, 555, APPLE

PERIOD OF REGISTRATION : 10 years
(Renewable indefinitely)

KINDS OF TRADEMARKS:

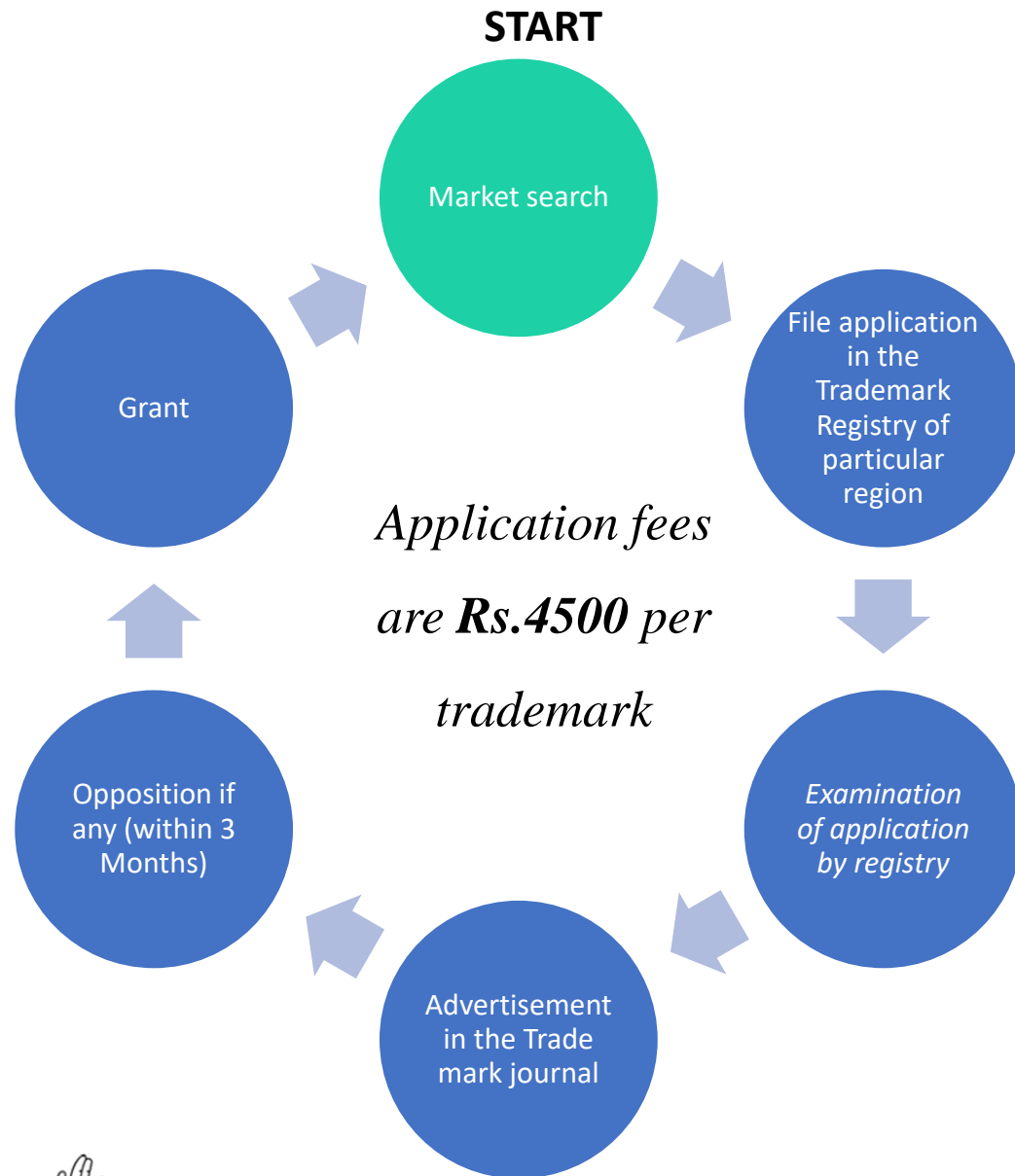
- Marks on goods
- Service Marks
- Certification trademark
- Collective Marks
- Well known marks
- Trade Names (Brand name)



WOOLMARK



APPLICATION REQUIREMENTS



Individuals & Sole Proprietorship

- Copy of the logo, preferably in black & white (Optional). In case the logo is not provided, the trademark application can be filed for the word.
- Signed Form-48. [Form-48](#) is an authorisation from the applicant to a Trademark Attorney for filing the trademark application on his/her behalf.
- Identity Proof of the individual or Proprietor
- Address Proof of the individual or Proprietor

Small Enterprise or Startup (Partnership / LLP / Company)

- Copy of Logo (Optional)
- Signed Form-48.
- Udyog Aadhar Registration Certificate.
- Incorporation Certificate or Partnership Deed.
- Identity Proof of Signatory.
- Address Proof of Signatory.

FORMS OF TRADEMARK

- Visual
- Audio
- Olfactory

WHAT'S NOT PROTECTED UNDER TRADEMARK?

- State Emblems,
- Official Hallmarks,
- Emblems of Intergovernmental Organizations

•  (for an **Unregistered Trademark**, that is, a mark used to promote or brand goods)

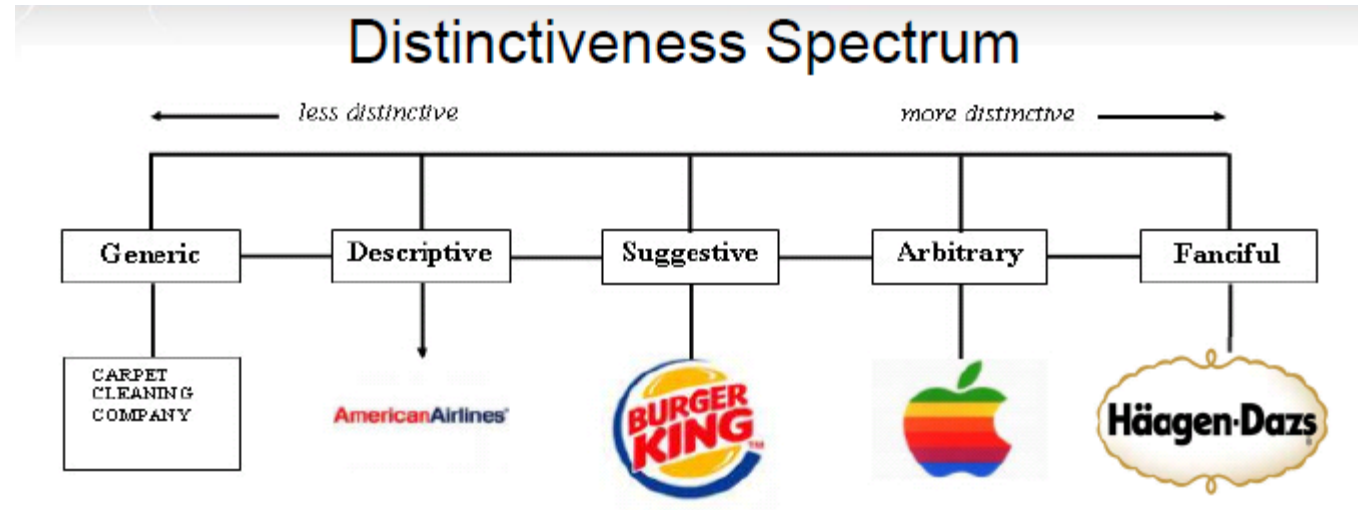
• **SM** (for an unregistered **Service mark**, that is, a mark used to promote or brand services)

•  (for a registered trademark)

Trademarks Selection

When Selecting A Trademark Following Should Be Kept In View:

- Mark should be capable of getting a strong protection
- From the legal point of view not all trademarks are equally protectable.
- Trademarks category ranges generic to descriptive or suggestive or arbitrary and fanciful, to those which are very strongly protected such as coined.



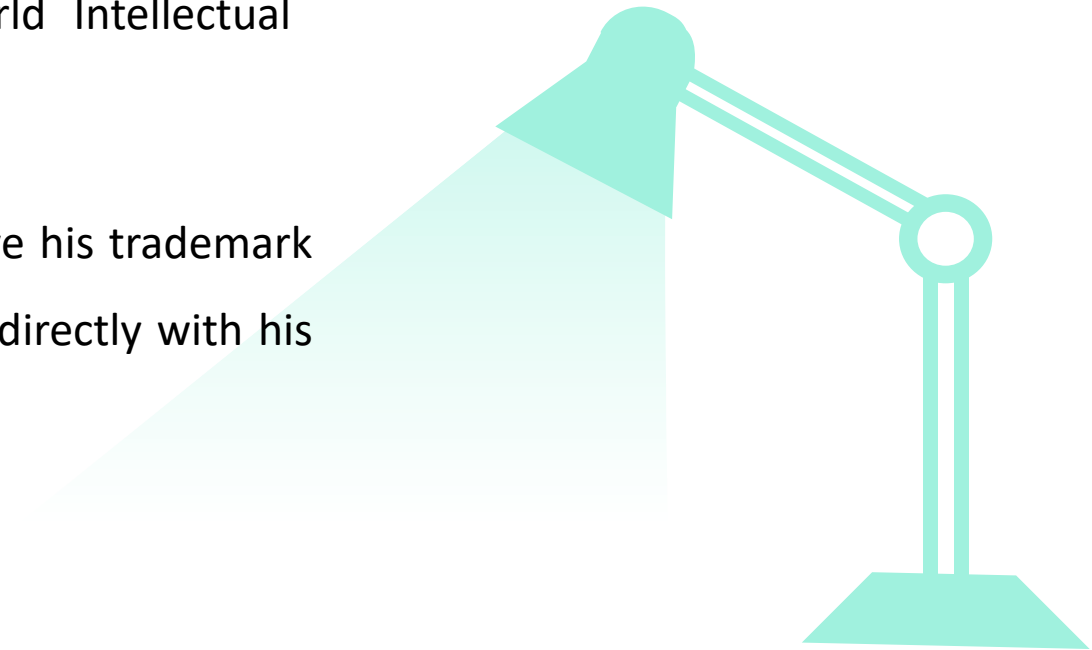
The more distinctive the mark, the greater its level of legal protectability. Generic marks are not capable of trademark protection. Descriptive marks are capable of protection only with a showing of secondary meaning.

The Madrid System functions under the Madrid Agreement (1891) and the Madrid Protocol (1989).

It is administered by the International Bureau of the World Intellectual Property Organization (WIPO) located in Geneva, Switzerland.

Madrid system offers a trademark owner the possibility to have his trademark protected in several countries by simply filing one application directly with his own national or regional trademark office.

No. of Member countries: 93



The Amul logo consists of the word "Amul" in a white, stylized, gothic-style font, set against a red rectangular background.The slogan "The Taste of India" is written in a white, serif font on a green rectangular background.The title "AMUL-IMUL TRADEMARK CONTROVERSY" is written in white, uppercase, sans-serif font, oriented vertically on a red rectangular background.

Ichhamati Co-operative Milk Producers' Union Limited filed an application for registration of the mark 'IMUL' (depicted in a triangular shape) (Application No. 1281174) under class 29 (milk goods and other dairy products) of the Trademarks Act, 1999.

Kaira District Co-Operative Milk Producers' Union Limited. opposed registration of the trademark. The opposition was based on the ground that the appellant was carrying on a well established business of manufacturing, marketing and exporting milk products under the name AMUL since 1955.

The adoption and use of 'Imul' as a trademark would cause confusion and deception among the trade and public.



Advantages of Trademark Registration

- Protects your hard earned goodwill in the business
- Protects your Name / Brand Name from being used in a same or similar fashion, by any other business firm, thus discourages others from cashing on your well built goodwill
- Gives an impression to your customers that the company is selling some standard Products or Services
- The exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered
- Gives your products a status of .Branded Goods
- To obtain relief in respect of infringement (misuse by others) of the trade mark
- Power to assign (transfer) the trade mark to others for consideration.



COPYRIGHTS

- Original Literary, Dramatic, Musical and Artistic Works
 - Work: Ideas expressed in material form
 - No copyright in ideas or facts
- Cinematograph Films
- Sound Recordings

TWO KINDS OF RIGHTS

MORAL RIGHTS

To protect personality of author

ECONOMIC RIGHTS

To bring economic benefits

EXAMPLES:

Registered for databases, websites, Books, etc.

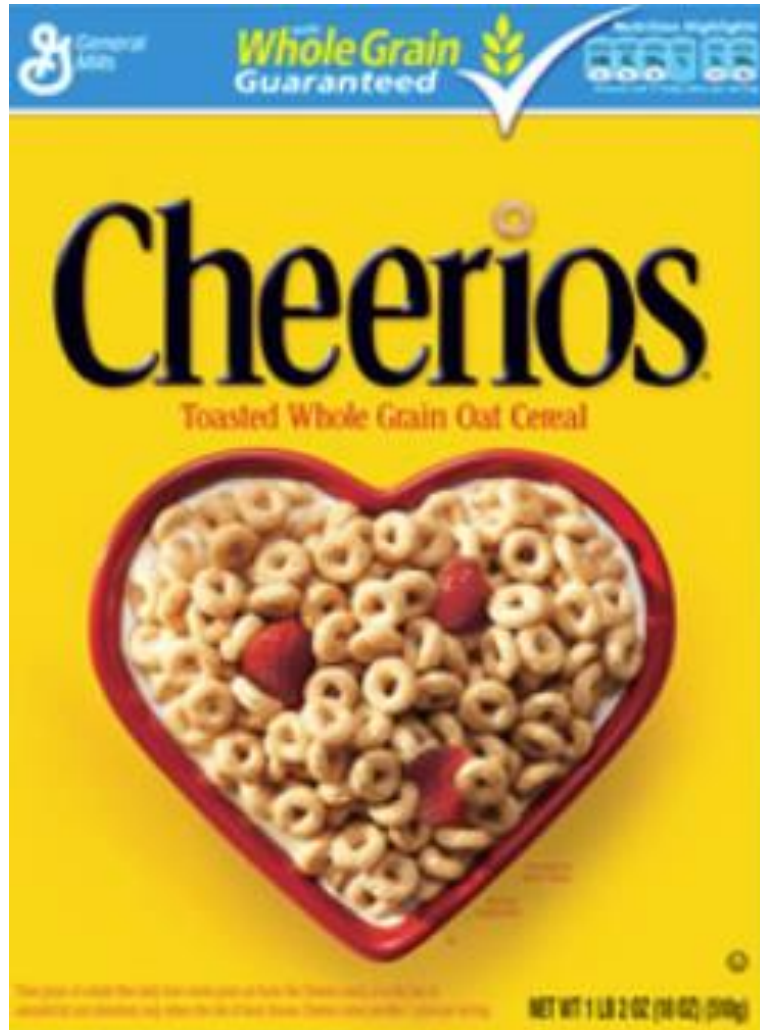
PROTECTION PERIOD :

life of the author plus 60 years



COPYRIGHTS

Example



General Mills' Copyrighted packaging for Cheerios incorporates a professional photograph (of a heart shaped bowl containing cereal and strawberries).

PROTECTION PERIOD :

10 years extendable by 5 years more



2D or 3D features of shape, configuration, pattern, ornament, composition of lines, colours

Applied to any article by any industrial process or means

The finished article appeals to the eye

CRITERIA FOR REGISTERING INDUSTRIAL DESIGN:

- New or original
- Not disclosed to the public anywhere in the world prior to the filing
- Significantly distinguishable
- Does not contain scandalous or obscene matter
- Not contrary to public order or morality

Poodle Cupcake



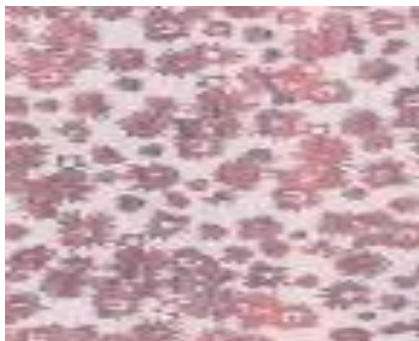
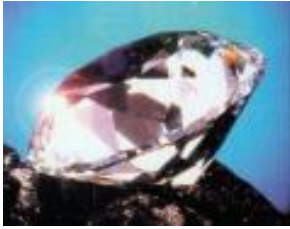
Coffee Cup with Donut in Holder Mockup



Source@ Pinterest







GEOGRAPHICAL INDICATIONS

Ex: Pochampalli Ikat, Darjeeling Tea (word and logo), Allahabad Surkha, Lucknow Chikan Craft, Mango Malihabadi Dusseheri, Handmade Carpet of Bhadohi, Agra Durrie, Farrukhabad Prints, Lucknow Zardozi, Banaras Brocades and Sarees (Logo), Kalanamak Rice, , Darjeeling Tea, Kanchipuram Silk Saree, Alphonso Mango, Nagpur Orange, Kolhapuri Chappa, Bikaneri Bhujia, Agra Petha

Plant Varieties developed with traditional knowledge and associated with particular region can be protected as GI

The marks associated with products originating from country, region or locality where the quality, reputation or other characteristics of the product are essentially attributable to its geographical origin. Most of the GIs derived relate to agriculture products.



Pochampally Ikat Saree



Indian GI Logo and Slogan

- Originates From A Particular Place – Definite Territory
- Some Unique Characteristic – Commercial Magnetism
- Product (Not Services) Known By That GI
- Inspection Structure
- Reputation Criteria
- Particular Class

REGISTRATION DETAILS OF GEOGRAPHICAL INDICATIONS

S. No	Application No.	Geographical Indications	Goods (As per Sec 2 (f) of GI Act 1999)	State
FROM APRIL 2004 – MARCH 2005				
1	1 & 2	Darjeeling Tea (word & logo)	Agricultural	West Bengal
2	3	Aranmula Kannadi	Handicraft	Kerala
3	4	Pochampalli Ikat	Handicraft	Andhra Pradesh



Benefits of GI

The Geographical Indication registration confers the following benefits:

- Legal protection to the products
- Prevents unauthorised use of GI tag products by others
- It helps consumers to get quality products of desired traits and is assured of authenticity.
- Promotes the economic prosperity of producers of GI tag goods by enhancing their demand in national and international markets.

REGISTRY

2

PART A:

Details of distinguishing characteristics of the goods and of the registered proprietor which would be an association of persons or producers or a body representing interest of such producers like for instance the Tea Board, Coffee Board, Spices Board etc. To include all producers a collective reference may be made in the application.

PART B:

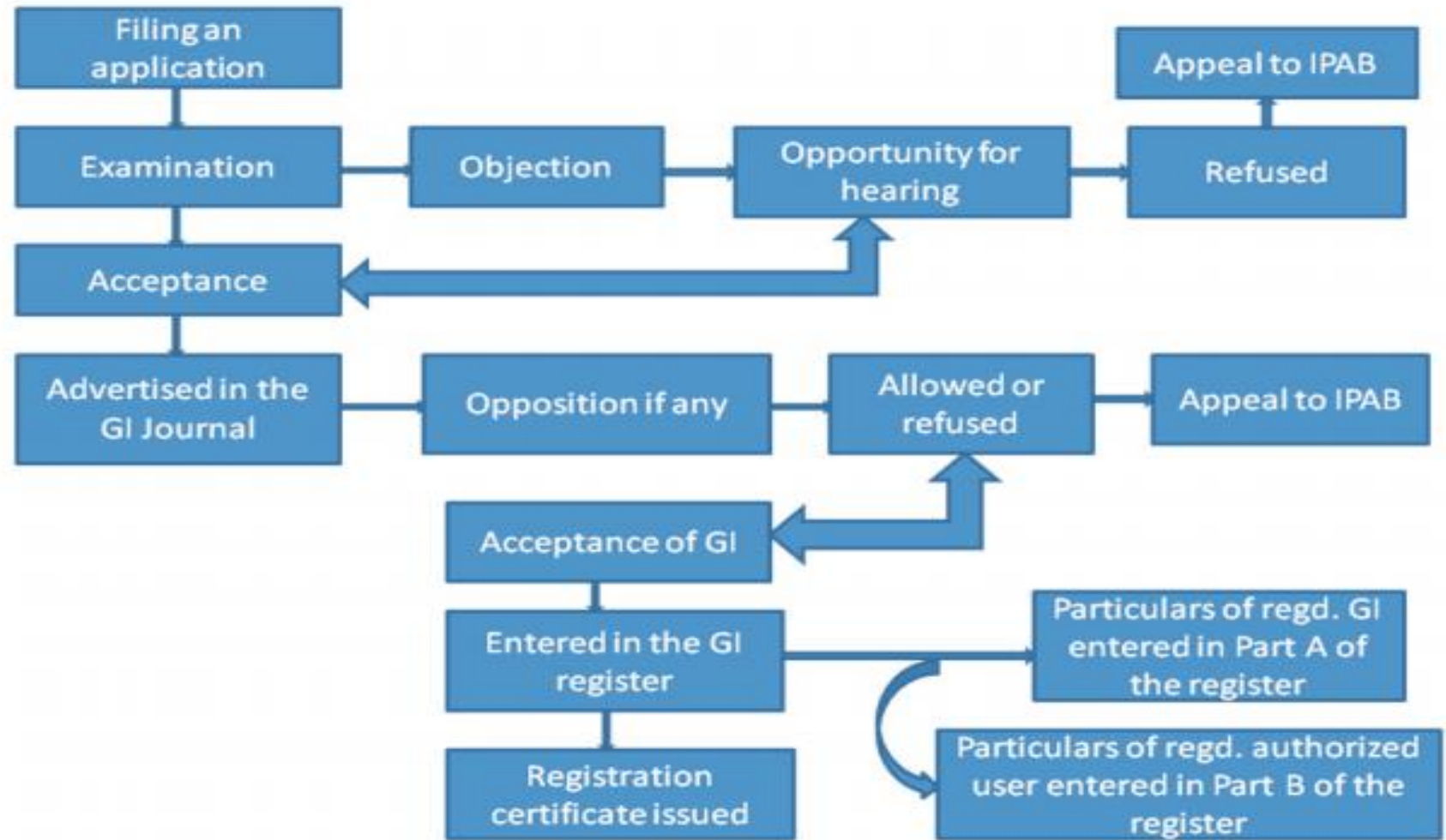
Contains particulars of 'authorised users' of GI such as those producers (traders and dealers) who have not been included in the original application for registration. (this provision included due to socio economic factors)

GI Registry at
Chennai having
all India
jurisdiction



GEOGRAPHICAL INDICATIONS

GI REGISTRATION PROCESS IN INDIA



(Source: GI Registry office, Chennai)

Rights granted to the breeder of a new variety of plant.

These laws typically grant the plant breeder exclusive control of the propagating material (including seed, cuttings, divisions, tissue culture) and harvested material (cut flowers, fruit, foliage) of a new variety for a number of years.

INTERNATIONAL RIGHTS

- International Convention for the Protection of New Varieties of Plants (UPOV Convention).
- Purpose of the Convention was to ensure that the member states part to the Convention acknowledge the achievements of breeders of new plant varieties by making available to them an exclusive property right, on the basis of a set of uniform and clearly defined principles.



PLANT VARIETY PROTECTION OR PLANT BREEDERS' RIGHTS

REGISTRATION OF ALL THE PLANT VARIETIES

- It is Mandatory
- Time period.: 15-18 years



TYPE OF VARIETIES THAT CAN BE REGISTERED

- New Varieties
- Farmers' Varieties
- Extant Varieties



PERSONS ELIGIBLE FOR REGISTRATION OF PLANT VARIETIES

- Breeders, farmers, universities, agricultural institutes



RIGHTS OF BREEDERS

- Production
- Sale
- Marketing
- Distribution
- Export
- Import

FARMERS RIGHTS

- To save, use, sow, re-sow, exchange, share or sell his farm produce including seed in the same manner as he was entitled earlier (Seeds for sale should not be branded)
- To full disclosure of the expected performance of the Seeds or planting material by the plant breeder.

RESEARCHERS RIGHTS

- Free and complete access to protected materials for research use in developing new varieties of plants.

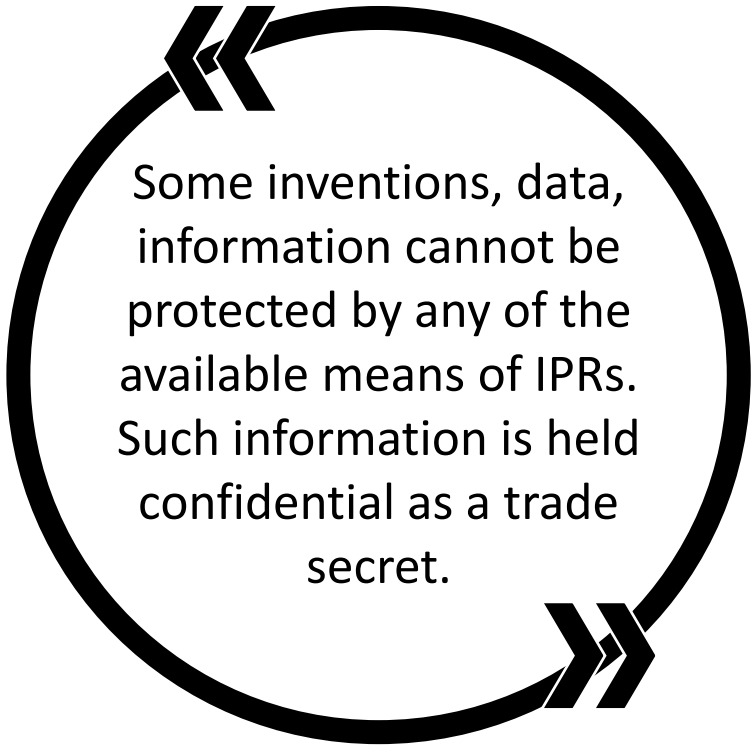


TRADE SECRET CAN BE

- Invention
- Idea
- Survey method
- Manufacturing process
- Experiment results
- Chemical formula
- Recipe
- Financial strategy
- Client database...etc

WHEN TRADE SECRETS ARE PREFERRED?

- When Invention is not a patentable subject matter
- Patent protection is limited to 20 years, when secret can be kept beyond that period
- When it is difficult to reverse engineer



Some inventions, data, information cannot be protected by any of the available means of IPRs. Such information is held confidential as a trade secret.

EXAMPLES:

Hybrid plant varieties; Coco cola formula; Pan parag; Perfumes; Flavor recipes

INTELLECTUAL PROPERTY RIGHTS AT A GLANCE



Patent



Trademark



Copyright



Geographical Indication



Industrial Design



Trade Secret



**ONE PRODUCT
PROTECTED BY
SEVERAL
INTELLECTUAL
PROPERTY
RIGHTS**

Invention of CD player:
protected by **PATENT**

Design of CD player :
protected by **INDUSTRIAL
DESIGN**

Music played on CD player :
protected by **COPYRIGHT**

Brand on CD player :
protected by **TRADEMARK**



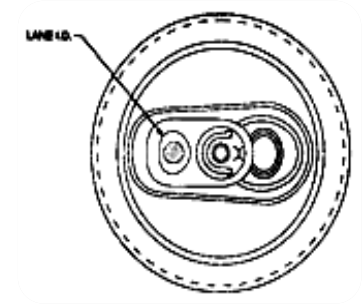
IMPORTANCE OF IP

INTELLECTUAL PROPERTY PLAYS AN IMPORTANT ROLE IN ENTERPRISE DEVELOPMENT AND PROTECTION.

IP HELPS IN

- Preventing competitors from copying or closely imitating a company's products or services
- Obtaining access to new markets
- Creating a corporate identity through a trademark and branding strategy
- Avoiding wasteful investment in research and development (R&D) and marketing
- Negotiating licensing, franchising or other IP-based contractual agreements
- Acquiring venture capital and enhancing access to finance
- Increasing the market value of the company





The inventor licensed the system to Coca-Cola at 1/10 of a penny per can. During the period of validity of the patent the inventor obtained 148,000 UK pounds a day on royalties



File No: S-02/34/2022-KVI-I
Government of India
Ministry of Micro Small and Medium Enterprises
(ARI Division)

Udyog Bhawan, New Delhi-110011
Dated the 9th September, 2022

To
All Nodal Agencies
(As per list attached)

Subject: Revised guidelines of Scheme of Fund for Regeneration of Traditional Industries (SFURTI) - reg.

Madam/Sir,

I am directed to refer to this Ministry's letter No.1/1/2020/Minutes-KVI-1 dated 06.3.2020 circulating therewith Guidelines of Scheme of Fund for Regeneration of Traditional Industries (SFURTI). However, certain changes have been incorporated in the Guidelines of the Scheme.

2. A copy of the revised Guidelines of Scheme of Fund for Regeneration of Traditional Clusters (SFURTI) is enclosed for ready reference. These Guidelines will be effective from the date of issue of this communication.

3. This issues with the approval of the Competent Authority.

Encl: As above.

Yours faithfully,



(P K Singh)

Under Secretary to the Govt. of India

☎: 011-23062573

✉: pk.singh23@gov.in

Copy to:

1. PPS to Hon'ble Minister (MSME)
2. PS to Hon'ble Minister of State (MSME)
3. PPS to Secretary (MSME)
4. PPS to Joint Secretary (ARI)
5. DIR(ARI)
6. US(IFW)
7. US(KVI-3)
9. Director (NIC) - with the request to upload on the website of the Ministry and SFURTI Scheme.

Revised Guidelines for Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

1. Background

1.1 Scheme of Fund for Regeneration of Traditional Industries (SFURTI), a programme of Ministry of Micro Small and Medium Enterprises, Government of India, aims to organize the traditional industries and artisans and producers into collectives and provide them with support in order to make quality and competitive products to ensure long-term sustainability of the sector and its artisans .

1.2 This scheme focusses upon physical infrastructure creation, technology upgradation, training, product development, innovation, design interventions, marketability, improved packaging and marketing infrastructure with aim to improve artisanal income.

1.3 Traditional industries have been broadly categorized as under:

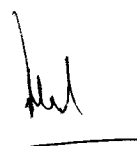
- I. Khadi Industries;
- II. Village Industries; and
- III. Coir Industries.

Details are at Annexure-1

2. OBJECTIVES OF SFURTI SCHEME

The objectives of the Scheme are as follows:

- i. To organize the traditional industries and artisans into collectives to make them competitive and provide support for their long-term sustainability and economy of scale.
- ii. To provide sustained employment for traditional industry artisans and producers.
- iii. To enhance marketability of products of such clusters and collectives by providing support for new products, design intervention and improved packaging and also the improvement of marketing infrastructure.
- iv. To equip traditional artisans and producers of the associated clusters with the improved skills and capabilities through training and exposure visits.
- v. To promote collective business enterprises of traditional artisans and producers.
- vi. To make provision for common facilities and improved tools and



- equipment for artisans and producers to promote optimum utilization of infrastructure facilities.
- vii. To provide for setting up of multi product cluster with integrated value chain and a strong market driven approach for viability and long-term sustainability of the cluster.
 - viii. To strengthen the cluster governance systems with the active participation of the stakeholders, so that they are able to gauge the emerging challenges and opportunities, respond to them in a coherent manner and to ensure equitable distribution of surplus generated by the collective among all the artisans and producers.
 - ix. To promote traditional skills, improved technologies, advanced processes, market intelligence and new models of public- private partnerships, to gradually replicate similar models of collective/cluster-based traditional industries.
 - x. To focus on penetrating uncovered districts, aspirational districts, etc. for setting up collectives covering traditional industries with special focus on endangered art and crafts.
 - xi. To support traditional artisans with special focus on disadvantaged communities like SCs, STs, women, etc.
 - xii. To ensure convergence from the design stage with each activity of the cluster formation and operations thereof.
 - xiii. To identify and understand collective/cluster's target customers, understand their needs and aspiration and develop the present product lines to meet the requirements. Substantial focus should be on the buyer segment that places a premium on natural, eco-friendly, ethically sourced and the uniqueness of the Khadi and Village and Industries products.
 - xiv. To develop specific product lines out of the currently offered diversified basket of heterogeneous products based on the understanding of the target consumer segment. A brand unification exercise also needs to be done to maximize the value.
 - xv. To make a paradigm shift from a supply driven selling model to a market driven model with the right branding, focus product mix and correct positioning and right pricing to make the offering holistic and optimal for each of the focus categories.
 - xvi. To tap E-Commerce as a major marketing channel and devise a quick strategy to make its presence felt in the E-Retail space.
 - xvii. To make substantial investment in the area of product design and quality improvement, Research and Development and emerging technologies based on the market trends with an eye to standardize the quality of inputs and processes so that the products meet the quality benchmarks.
 - xviii. To extensively promote latest technological advancements in order to



- take local to global in lines with the call for 'Atma Nirbhar Bharat'.
- xix. To establish collectives with special focus on adoption of Industry 4.0, Block Chain for traceability, digitization of turnover and artisan income, digitization of training module, effluent treatment, fire safety, green energy, knowledge repositories, etc.
 - xx. To encourage and promote Green and sustainable products and processes.

3. PROJECT INTERVENTIONS

The Scheme would cover three types of interventions namely 'Soft Interventions', 'Hard Interventions' and 'Thematic Interventions'.

3.1 *Soft Interventions*

Soft Interventions under the project would consist of activities such as

- i. General awareness, counselling, motivation and trust building;
- ii. Skill development and capacity building for the entire value chain with special focus on digitization of training modules;
- iii. Machine handling and maintenance training;
- iv. Institution development;
- v. Exposure visits;
- vi. Market promotion initiatives;
- vii. Design and product development
- viii. Participation in seminars, workshops, and training programmes on technology up-gradation, etc.

Note: Digitization of training modules should be done to support training to new artisans, refresher training, assistance to artisans working from home, etc.

3.2 *Hard Interventions*

Hard interventions will include creation of following facilities:

- i. Common facility centres (CFCs) and worksheds with a provision of IP enabled CCTV cameras.
- ii. Procurement of machineries;
- iii. Working Capital and Raw material banks (RMBs);
- iv. Tools and technological up-gradation such as charkha up-gradation, tool-kit distribution, etc.
- v. Warehousing facility;
- vi. Training center.



NOTE:

- (i) Working Capital of up to 20% of HI may be budgeted. This may cover (a) Raw Material procurement, (b) Direct wages to be paid for production, (c) cost of electricity and water.
- (ii) Working Capital support, as a revolving fund, will be provided for initial production cycle as an advance which should be recouped with the sale of products.
- (iii) Need for such expenses should be clearly spelt out in business plans.
- (iv) The assistance for raw material procurement may be leveraged with financial institution for enhanced credit.

3.3 Thematic interventions

In addition to the above-mentioned hard components and soft components, the scheme will also support cross-cutting thematic interventions at the sector level including several clusters in the same sector with emphasis on both domestic and international markets. These will primarily include:

- i. Brand building and promotion campaign;
- ii. New media marketing;
- iii. e-Commerce initiatives;
- iv. Innovation;
- v. Research & development initiatives and technological upgradation of similar group of clusters based on performance.
- vi. Developing institutional linkages existing & proposed clusters

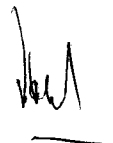
Note: These interventions are illustrative in nature and the project may cover any of the other felt needs of the cluster (as detailed in the DPR and approved by SSC), that will enable the cluster enterprises in improving their competitiveness.

4. INSTITUTIONAL ARRANGEMENT

Given the challenges and wide geographical coverage of the Scheme, an efficient scheme management structure and delivery mechanism has been proposed.

4.1 Scheme Steering Committee (SSC)

The Ministry of Micro, Small and Medium Enterprises (MSME) will be the coordinating Ministry providing overall policy, coordination and management support to the Scheme. A Scheme Steering Committee (SSC) will be constituted



under the chairpersonship of Secretary (MSME), as detailed in Annexure-2.

- I. The SSC may co-opt representatives of industry associations, R&D institutions and other private sector expert organizations as members/special invitees, depending on functional needs.
- II. The SSC will consider the proposals of clusters submitted by Nodal Agencies (NAs) and shall extend approval to the cluster proposals. The cluster proposals will include the details of Technical agency (TA) and Implementing Agencies (IAs) submitted by Nodal Agencies (NAs).
- III. The SSC may make intra-sectoral adjustments of activities and corresponding funds without affecting the basic objectives and thrust of the Scheme.

4.2 Nodal Agencies (NAs)

The scheme will have Nodal Agencies (NAs) which are national level institutions with sectoral expertise in the major sub-sectors of the Traditional Industries.

4.2.1 Khadi & Village Industries Commission (KVIC) shall be the NA for Khadi and Village Industry clusters and Coir Board (CB) shall be the NA for Coir based clusters.

4.2.2 To spread the outreach and to establish competence in cluster development, project management and facilitation of market access of the revamped SFURTI, new Nodal Agencies (NAs) need to be selected and appointed by the SSC. The selection of NAs shall have to be a reputed national, regional level institution with sectoral expertise in the major sub-sectors of the Traditional Industries, competence in cluster/collective development, project management and facilitation of market access and who are operating in the field of cluster/collective development for the last five years. The institutions could be any of the following:

- a a Society registered under the Societies Registration Act, 1860;
- b. a Co-operative Society under an appropriate statute;
- c. A Producer Company under section 465(1) of Companies Act, 2013 (18 of 2013);
- d a Section 8 Company under The Companies Act, 2013 (18 of 2013); or
- e. a Trust registered under the Indian Trust Act

4.2.3 List of existing Nodal agencies appointed by M/o MSME is given in the Annexure 6.



4.2.4 *Submission of Proposals under the scheme for setting up of cluster:*

Proposals for setting up of clusters under the scheme shall be submitted online to any of the Nodal Agencies. The following is the process to be followed for application.

Any IA interested in submitting a proposal under SFURTI Scheme shall first submit a Concept note along with necessary documents on the SFURTI portal.

- I. Once the Proposal Concept meets the basic criteria, it would be submitted to the NA chosen by the IA.
- II. The NA would examine the proposal concept forwarded to , together with the documents submitted.
- III. NA will accept the Proposal Concept for development of Detailed Project Report (DPR) if it meets the minimum criteria, as applicable.
- IV. NA will verify the presence of artisans given in the concept note along with representative of MSME (DI) through physical visits.
- V. NA will engage an appropriate TA to work with the IA to develop the DPR in the prescribed format (Annexure-7). The indicators of a SFURTI proposal is given at Annexure -8.
- VI. MSME (DI) will validate the feasibility of the proposed cluster as per the DPR and submit a report to NA.
- VII. The DPR shall be examined by the Project Screening Committee (PSC) of the NA. If the proposal meets the benchmarks of Indicators of SFURTI proposal, it will be forwarded to the Ministry with its recommendation.
- VIII. Any changes, revisions suggested by the Ministry on assessment of the DPR must be addressed and a revised DPR may be presented before the PSC for approval before forwarding it to the Ministry for further action.
- IX. Any other mechanism as decided by Ministry from time to time.

4.2.5 ***Guidelines for appointment of new Nodal Agency (NA):***

A. Submission of Proposals

Proposal for appointment of new Nodal Agency (NA) (one hard copy and one soft copy) in the prescribed proforma as in Annexure-3 as required along with necessary enclosures and endorsement from the Head of the Institution/Agency/Trust/Company desirous of being empaneled as Nodal Agency for anchoring Cluster development may be sent to JS ARI, Ministry of



B. Appraisal and Approval:

The proposals for engaging the Nodal Agency will be appraised based on the track record, merit, strategies, available manpower, etc. of the entity in promoting cluster development. The appraisal will be done by the Scheme Steering Committee, constituted by the M/o MSME. The SSC shall take a final decision for approval of designated Nodal Agency. Continuation of support to the NA will be entirely performance oriented and subject to approval. The performance will be monitored both at quantitative and qualitative aspects by the Scheme Steering Committee. In case of significant shortfall in the progress of cluster implementation or furnishing of incorrect information, the support/empanelment of the NAs may also be terminated mid-term with approval of SSC.

NOTE: In case of termination of empanelment of any Nodal Agency (NA), the existing proposals of the NA will be transferred to any other NA with the approval of the Project Management Committee (PMC), as mentioned in Section 13.1.

C. Terms and Conditions for Grants-in-Aid for new Nodal Agencies:

Terms and Conditions for Grants-in-Aid to Agencies except those funded by Ministry of MSME or any other Ministry is provided under Annexure-4.

4.2.5 A Project Screening Committee (PSC) shall be constituted under each of the NAs, chaired by the Chief Executive/Head of the NA for the management and implementation of the Scheme. All Nodal Agencies shall constitute a PSC comprising of three independent cluster experts, Director, MSME-DI or authorized representative, a bank representative, a marketing expert and financial expert. [Details in Annexure-5]

Note1: It is to be ensured that any representative of TA or IA who has submitted any proposal for SFURTI to the Nodal Agency should not be part of PSC to avoid conflict of interest.

Note2: Minutes of the PSC has to be enclosed along with the DPR.

4.2.6 Role of the NAs:

The roles and responsibilities of NAs includes the following:

- i. Empanelment & engagement of TAs. NA would duly notify and inform all concerned stakeholders including the industry, State Governments, concerned Ministries / organizations of Government of India and Financial Institutions about the appointment of TA for implementation of

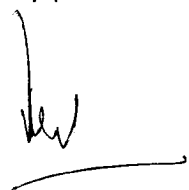


SFURTI.

- ii. NA will be responsible for expanding the outreach of the scheme with focus on aspirational districts, NE and Hilly areas, districts uncovered under SFURTI and endangered arts and crafts.
- iii. NA shall extend all support required to TA for implementation of the scheme as may be required such as obtaining Government Approvals, Environment Clearances etc. for setting up of Clusters;
- iv. Preparation of strategy and implementation plan for sub-sector thematic interventions;
- v. Appraisal of DPRs received from TAs based on due-diligence methodology that clearly establishes the project viability, output, outcomes, impact and sustainability;
- vi. NAs to submit DPR to Ministry/SSC for approval only after ensuring the following:
 - a. Preparation of DPR as per the standard template shared by the Ministry from time to time and in accordance with the Indicators of SFURTI proposal as provided under the scheme.
 - b. Identification of IA and formation of project specific SPV as per provision of the guidelines.
 - c. Authenticate the list of artisans as per the information provided in the concept note in the presence of Director, MSME DI or authorized representative.
 - d. Execution of MOU/MoA and other related agreements between the IA and the SPV and IA and the NA.
 - e. Verification of availability of land of requisite nature where CFC can be constructed through field visits and ascertaining the ownership or registered sale or lease deed (long term of 15 years or more) in the IA/SPV's name.
 - f. Ensuring that the incorporated SPV is a "for profit" entity.
 - g. Confirmation on availability of 10%/5% (NER and Hilly areas) IA/SPVs share.
 - h. Program fund management including NA shall be responsible to ensure timely disbursement of funds to the IAs on recommendation of TA to ensure time bound completion of projects;
- vii. Regular review of the performance of the TAs with appropriate documentation of the same.
- viii. Monitoring and evaluation of the cluster projects being implemented through regular field visits and MIS.
- ix. Ensure that the Business Plan and Projected income of the artisans reflected in Detailed Project Report (DPR) are duly validated by Chartered Financial Analysts (CFA)/Chartered Accountant (CA).



- x. Representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process including floating of the tenders and tender evaluation.
- xi. Submit a certificate in the DPR from Chartered Engineer for civil works in CFC/work shed justifying the cost of the construction, etc. During implementation phase, Chartered Engineer will further certify that the expenditure incurred and the quality of construction, material used, etc. is as per the approved DPR. (Annexure-10 & 10.1).
- xii. Submit a certificate in the DPR from Chartered Engineer for proposed plant and machineries justifying the cost based on item wise components, specifications, etc. During implementation phase, Chartered Engineer will further certify that the expenditure incurred and the quality of procurement, number of items, etc. is as per the approved DPR. (Annexure-11 & 11.1).
- xiii. Ensuring that funds are released only after the Implementing Agency's (IA) contribution for Hard Intervention has been deposited in the dedicated joint account of Nodal Agency (NA) and Implementing Agency (IA)/SPV opened for implementation of the cluster.
- xiv. Monitoring the performance/sustainability of Special Purpose Vehicle for a period of 10 years from approval of the clusters.
- xv. Supporting the Special Purpose Vehicle in creating a sustainable business model in coordination with Technical Agency and Implementation Agency.
- xvi. Ensuring submission of utilization certificate post utilization of funds
- xvii. Maintaining a separate MIS portal for regular updates and progress report on clusters and related activities.
- xviii. NAs are delegated powers to take decisions, under intimation to the Ministry (within 15 days of their taking decision), with regard to the following:
 - a. Change of cost of interventions, i.e. SI/ HI. Thematic (allowed only if cost is equal to or less than the approved cost).
 - b. Change of TA.
 - c. Change of Cluster Development Executive (CDE).
 - d. Change of IA.
 - e. Change of Plant & Machinery (P&M) within the approved cost.
Change of location of CFC within participating villages.
These decisions taken by NA are subject to endorsement by Project Monitoring Committee.
- xix. NAs to take an undertaking from IA at the time of making application that IA has not availed any financial assistance for the same cluster from any Central/State Government Agency and it should be made part of the DPR;
- xx. Tagging of all the clusters may be ensured by all NAs. Necessary provision for IP enabled CCTV should be provided in all clusters.



- xxi. All NAs shall have to act diligently to ensure compliance to all Rules and Regulations, as required, for the proposals at the DPR stage in order to obtain final approval from the SSC.
- xxii. As per statutory financial compliances by the Govt of India towards audits and returns, all NAs are required to furnish audited accounts regularly which shall include income & expenditure, receipt & payments, balance sheet etc. by the appointed Chartered Accountant.
- xxiii. In all such cases, where the NA comes up with a proposal for change of land/site for CFC, post disbursement of funds, the NA will have to submit necessary undertakings that the dimension, location & nature of the proposed new piece of land has been verified by them and found similar in all aspects as proposed earlier, for the approval of Project Monitoring Committee.
- xxiv. Any other tasks assigned by the SSC and Ministry from time to time.

Note: New clusters will be assigned to the Nodal Agencies based on their geographic presence, available manpower, meeting the implementation timeline and Output-Outcome parameters of the already approved clusters. Each Nodal Agency will present, on a quarterly basis the status of the implementation of the approved clusters against the decided timelines to the Ministry/PMC.

4.3 Technical Agency (TA)

Established institutions, with proven expertise in artisanal and small enterprise cluster/collective development shall be engaged as Technical Agencies (TAs) to provide close handholding and implementation support to the SFURTI clusters. The TAs shall provide technical support to the NAs and the IAs. The responsibilities of the TAs will include preparation of and validation of Cluster Action Plans, preparation of DPRs, conducting training of the Cluster Development Executives (CDEs) and other officials of the IAs and NAs, regular monitoring of the cluster on monthly/ quarterly basis and/or whenever necessitated by the competent authorities and submit report on quarterly basis, to the respective field office of Nodal Agencies.

TA is required to have in-house sectoral expertise relevant to the project. TA may hire design/product experts in its team as necessary for implementation of specific projects. TAs who have worked in a similar sector will be assigned a project under SFURTI. Preference may be given to TAs who have prior experience of working in that geographic area.



4.3.1 Role of the TAs:

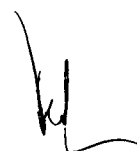
The role and responsibility of TAs includes the following:

- i. Sensitization and awareness generation in the collectives about the scheme;
- ii. To identify focus products and product mix for the collectives for domestic and export markets. That may also include multi products in the cluster and creating linkages with other available networks in the adjoining area within the given budgetary allocation and as per approval of DPR.
- iii. Preparation of comprehensive DPRs for final approval of SSC containing the following details, namely,- business model for self-sustenance, skill up-gradation of artisans, acquiring of new skills, scope for technology transfers, innovations, setting up of physical and financial outcome targets for the project, proposed percentage enhancement of productivity and earnings of the artisans, risk mitigation, compliance, mandatory certifications as per the nature of the industry, creating sales channels, brand building, product segmentation, promotion and advertising through regular publicity modes and participation in fairs and exhibitions, exploring possible export avenues with clear targets for scaling up along with all such relevant information/activities required to meet the objectives envisaged under the scheme. The DPR should be prepared as per the standard template shared by the Ministry from time to time and in accordance with the Indicators of SFURTI proposal as provided under the scheme.
- iv. Assisting the identified IA in establishment and structuring the project specific SPV as a 'for profit' entity.
- v. TA will assist the IA in formulating plans, getting approvals, obtaining clearances from statutory institutions, identifying suitable technologies/ equipment for value addition of the products and will assist the IA in setting up of CFCs after its identification by IA. More than one CFC/worksheds is also permitted provided demand is justified for bringing higher productivity in the cluster.
- vi. TA shall also cross-check through physical visits the land details with statutory agencies for validation of the purpose of the CFC to be erected and made functional vis-a vis Land registration, Water resources, Environmental aspects, local policy matters, electricity norms etc.
- vii. TA will assist the IA for preparation of specification for various procurement of the clusters, prepare tender documents for the



procurement process/CFC construction, selection of competent agencies / experts for various services to be availed by the IA/SPV, ensure that the procurement/construction of CFC is as per specifications and the pricing is competitive. The specifications of the tender documents will be presented before the cluster working committee for consideration and will be forwarded to the NA for verification and approval before floating of tender. TA will also ensure that representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process, including floating of the tenders and tender evaluation.

- viii. Besides, the TA will develop suitable operational framework and service level agreements for various interventions. TA would also assist in periodic monitoring of the all such agencies/experts engaged along with the progress of the projects and disbursement of funds.
- ix. TA would formulate a robust Sustainability Roadmap detailing the exit strategy for the IA and the plan for business operations of the cluster under the SPV beyond the project duration;
- x. TA will assist the IA in ensuring GI tagging of the clusters wherever applicable;
- xi. TA to put in place a suitable business plan detailing the revenue model based on appropriate user fee, mechanism to collect it to enable the SPV to achieve the projected outcomes in terms of productivity, sales, employment, wages enhancement, overall income of the Cluster as projected in the DPR;
- xii. TA should assist the IA/ SPV, wherever needed, in engagement of a Design House/Designer with appropriate terms of reference and detailed scope of work for extending appropriate input of design, product processing, product development and proper packaging in consultation with NA, IA and other stake holders;
- xiii. To assist the IA/ SPV in engagement of Business Development Services (BDS) providers, improving tools and equipment, developing strategies & best practices for credit linkage as far as possible;
- xiv. TA would advise IA/CDE for making plans for procurement of raw materials along with various micro and macro level tools and machineries and other processes as identified and mentioned under DPR. Tools/Kits and Charkhas/Implements may also be distributed among artisans as a part of Cluster Level Intervention as per DPR. TA should assist the IA in establishing a proper, appropriate and transparent system duly examined and vetted by the Cluster Level Committee for distribution of tools/ kits/ charkhas/ implements



- among artisans;
- xv. TA will prepare a detailed Soft Intervention plan covering various aspects of training, awareness building among artisans, exposure visits, design intervention through specialized tie-ups, marketing connect with special focus on E-Commerce. It will submit periodic reports on the deliverables to the Nodal Agency.
- xvi. TA shall ensure refresher training for artisans/ training for newly joined artisans through digitized training material and tie-ups with specialized agencies and institutions for developing latest designs in line of current market demands;
- xvii. TA will draw up a marketing strategy and detailed plan in consultation with NA and IA in regard to the following:
- a) Product development
 - b) Packaging
 - c) Product pricing
 - d) Product positioning and promotion
 - e) Product mix/ diversification
 - f) Dealer/Distributor Network under offline marketing mode
 - g) Tapping e-commerce for online marketing.
 - h) Determining supply chain and logistics
 - i) Ensuring quality of product and standardization
 - j) Tapping the export potential through appropriate interventions
 - k) Digitization of raw material supply, cluster turnover, artisan income as applicable.
 - l) Adoption of renewable energy as applicable, Industry 4.0 principles, including LEAN Management.
 - m) Convergence with schemes of M/o MSME, other schemes of Govt. of India and State Government.
 - n) TA shall ensure by close supervision the following activities are implemented by the IA
 - o) Awareness and exposure visit of artisans.
 - p) Mandatory opening of Bank Account by Artisans under Jan Dhan Yojana
 - q) Health Insurance of all the artisans under the cluster as applicable under KVIC rules (Jana Shree Bima Yojana & Rashtriya Swasthya Bima Yojana wherever applicable).
 - r) Enrolling under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) which will offer a renewable one year life cover of Rs. Lakhs to all the saving bank account holders in the age group of 18-50 years covering death due to any reason for a premium of Rs.330 per annum as applicable.



- s) Enrolling under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) which will offer a renewable one year accidental death cum disability cover of Rs. 2 Lakhs for partial/permanent disability to all saving bank account holders in the age group of 18-70 years for a premium of Rs.12 per annum per subscriber or as applicable.
 - t) Issue of Aadhar based identity card to artisans mentioning the benefits, privileges, right as well as their specific responsibilities along with necessary undertakings in regard to the implementation of the programme.
 - u) The Atal Pension Yojana (APY) will focus on the unorganized sector and provide subscribers a fixed minimum pension of Rs 1000, Rs 2000, Rs. 3000, Rs.4000 or Rs.5000 per month, starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years. Pension and similar other financial benefits as applicable to be provided Aadhar linked.
 - v) Periodic training of Artisans.
 - w) Self Help Groups (SHGs) members may also be extended to these general and miscellaneous supports as extended to the artisans/producers under the scheme.
- xviii. TA shall assist on adoption of digital mode of payments like Aadhar Enabled Payment System (AEPS)/ UPI/Rupay debit card-PoS/Mobile banking app, etc. for receipt and payment related to their business activities, as applicable.
- xix. TA shall assist IA/SPV in organizing and planning Business Development Strategies, buyer-seller meet and implementation of thematic intervention focusing on branding, e-marketing, new media marketing, innovation, research and development etc. for smooth running of Clusters.
- xx. Assisting the IA/SPV in mobilizing additional funds for the project, at no additional cost during the period of its engagement with the cluster, under relevant schemes of the Government as well as tie ups with National Financial Institutions.
- xxi. TA shall facilitate linkages between the SPV and various other stakeholders, particularly the Government organizations, buyers and financial institutions.
- xxii. TA will facilitate in the identification of suitable Technical Consultants in designing appropriate technologies and/or facilitate technical collaborations and transfers for the cluster within the allocation ceiling for the respective type of cluster.



- xxiii. TAs will bring in external consultants for specific functions, as applicable.
- xxiv. TA will plan out in consultation with NA to frame the training requirement of artisans and stake holders and grouping their requirements as per the need of the clusters. Accordingly, the TA will assist in the identification of training institutions will be done in defining the courses duration, fees and other necessary requirement as per the cluster.
- xxv. Assist the NA for seeking and obtaining approval if any from the State Governments/UTs before submission of DPR to the SSC for final approval;
- xxvi. TA shall create appropriate system for online reporting of progress reports to Nodal Agency and to the Ministry of MSME on monthly and quarterly basis.
- xxvii. Any other work assigned from time to time by the NA, Ministry of MSME, for timely completion of project, any changes in nature of intervention, any sorts of addition/alternation in the implementation programme, etc. that may come at any point of time during the project period should very well be considered by TA for execution without any additional cost.
- xxviii. At the end of the Project, TA shall prepare proper documentation covering the entire activities, preparation of case studies and photo/video documentation along with an end-project report articulating the outcomes in terms of productivity and sales. Listing out the outcomes achieved against the targets fixed at the beginning of the project will also be done.
- xxix. Formulate an exit strategy for the IA and prepare a sustainability roadmap for the Cluster with a business plan for the next five years beyond the project duration.
- xxx. Empaneled TAs are permitted to identify and advise upon a suitable IA.
- xxxi. TAs will be assigned a maximum of upto 50 Clusters. However, TA should have a separate dedicated Nodal Officer for each set of 5 approved projects.
- xxxii. TA shall have to act diligently to ensure compliance to all Rules and Regulations, as required for the proposals at the DPR stage in order to obtain final approval from the SSC.

NOTE: Misinformation/misrepresentation and/or furnishing false/incorrect information can lead to cancellation/termination with approval of the Project Monitoring Committee.


_____ 15

4.4. The fee will be paid by the NA to the TA on per cluster basis; the scheme will encourage a success fee based model, linked to milestones achieved, which are as follows-

- i) 40% on Approval of the Project
- ii) 30% on functionalization of the Clusters
- iii) 30% on handover of the cluster by the IA to the SPV.

NOTE: The payment of the TA will also be linked to the output/outcome parameters indicated in the DPR. The same should be defined clearly in the agreement between NA and TA.

4.5 Implementing Agency (IA)

Implementing Agencies (IAs) would be non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions, field functionaries of State and Central Govt., Panchayati Raj institutions (PRIs), registered Producer Collectives, etc. with suitable expertise to undertake cluster development. One IA will be assigned for only one cluster normally (unless it is a reputed agency with State-wide coverage). However, in case IA proposes to set up more clusters, NAs will be responsible for assessing the capability of the IA to set up additional cluster(s). The selection of IAs, based on their regional reputation and experience of working at the grass-roots level, will be done by the Nodal Agencies (NAs), on the basis of transparent criteria.

Private sector participation shall also be encouraged for the implementation of the cluster projects. Corporate entities can also take up projects directly by forming cluster-specific SPVs.

Corporates and Corporate Social Responsibility (CSR) foundations with expertise in cluster development will be encouraged to participate as IAs. In the case where a private sector entity is the IA, it shall contribute at least 50% of the total project cost excluding the cost of land. All or any contribution brought in by an IA shall not be treated as Equity.

NOTE: Producer Collectives can become an IA only if its own members are beneficiaries of the proposed project.

All non-government organisations (NGO)/private organisations/ registered Producer Collectives will be bound by the extant Govt provisions regarding release of funds/grant in aid as applicable in case of such organisations.

4.6 Formation of SPV

4.6.1 (a) Formation of a SPV dedicated for the purposes operating the SFURTI Cluster is mandatory to seek the final approval by IA. The purpose of SPV will be to develop and sustain the cluster operations and profitability after the



project implementation period is over. A SPV will be formed for each cluster which may be any of the following entities:

- i. a Co-operative Society under an appropriate statute;
- ii. a Producer Company under section 465(1) of Companies Act, 2013 (18 of 2013).
- iii. Any other legal entity, with prior approval of SSC

NOTE: In case of Khadi Institutions (KIs) of KVIC, Khadi Institutions (KIs) as IAs are already deemed SPV.

(b) All artisans/workers mentioned in the proposal, along with the subsequent addition of artisans, will be the members of SPV with equal rights to all members. A minimum 2/3rd representation of artisans will be mandatory in the Governing body/Managing Committee of clusters.

(c) In case the Panchayati Raj Institutions (PRIs) at the cluster level desires to be the IA, it can form an SPV ensuring that the cluster micro-enterprises/beneficiaries hold a minimum 66% of the total equity (or representation) in the SPV's governing body.

(d) In case of private sector promoted SPVs the shareholding of the lead investor/private partner shall not normally exceed 50% of the total equity. In this case the SPV may be a Private Limited Company.

(e) The IA/SPV may deposit their share (10% or 5%, as the case may be) in a phased manner with minimum 25% amount in a single installment and maximum of four instalments, as per satisfaction of NA.

- i. All contributions shall be considered as SPV contribution inclusive of the one made by the IA.
- ii. The machinery will be procured in the name of the SPV.
- iii. Land, owned/ taken on lease by IA, will be transferred to the SPV after the release of the 1st instalment by the Ministry to the NA and before the release of the same by the NA to the IA.
- iv. The IA contribution will be considered as voluntary contribution/interest free unsecured loans in the books of the SPV. In case the IA contribution is considered as interest free loan, it may be settled subsequently based on the repayment schedule given in the agreement between the IA and the SPV
- v. A maximum of 10% of the surplus may be given to IA.
- vi. At least 90% of the surplus earned by the SPV is to be shared



- among the artisans, along with re-investment in the cluster.
- vii. At least 60% of the surplus will be shared among the artisans while rest can be re-invested by the SPV within the cluster.
 - viii. In case of any variation within the share of distribution of 90% of the surplus among artisans and re-investment within the cluster, the same can be decided by the SPV Governing Body/Management Committee, with intimation to the Ministry.
 - ix. IA will be required to handover the cluster to the SPV after one year of the functionalization of the cluster.
 - x. IA or the SPV cannot hypothecate the infrastructure, plant and machinery created out of the funds received under SFURTI.

In case of failure/closure or dispute leading to dissolution of SPV the assets created under the SFURTI shall be taken over by NA which in turn shall remain a custodian of all such assets free from incumbrances except the land on behalf of MoMSME till a period 10 years from the date of release of funds. Further to this the competent authority shall take a decision on the matter.

NOTE 1: Indicative handover plan is enclosed at Annexure 9

NOTE 2: The process and terms of conditions regarding the handover of the cluster to the SPV shall be a part of the agreement between NA and IA.

NOTE 3: Existing clusters will be encouraged to change the constitution of the SPV to 'for profit entity'.

(f) IA shall appoint and engage a full-time executive, to be located in the cluster, who will act as the Cluster Development Executive (CDE), and shall be responsible for implementation of the project as per the approved DPR. The responsibilities of CDE shall include preparation and implementation of the Annual Action Plans of the cluster, promoting linkages with professional institutions as well as local institutions including PRIs and facilitate exclusive coordination amongst all stake holders. The CDE shall directly report to the Chief functionary of the IA and shall also have a dotted line reporting to a designated representative of the MSME/NA for functional purposes.



4.7 Role of IAs:

The roles and responsibilities of the IAs includes but not limit to the following:

- i. Recruit a full-time CDE in order to ensure efficient implementation of the project for a period of minimum 3 years. Selection of CDE must be made from 3 options viz. (i) a local capable & strongly acceptable CDE from among the beneficiary group, (ii) grooming of an existing person from the group to become a good CDE and (iii) an externally recruited CDE with a minimum qualification of graduate. Preference may be given to candidates with higher/technical/management qualifications such as Masters in Rural Development, Enterprise Management Skills, etc. CDEs should have direct experience in the sector. Additional qualification, experience and expertise to be considered while selection of the CDE in line with the requirements of the project deliverables. The CDE will be supported by the project for a period of 3 years. In order to ensure that the CDE becomes accountable to the SPV, it is proposed that once the project is handed over to the SPV, before 3 years, the 'employment' of the CDE will be undertaken by SPV. The applicable funds of CDE salary may be transferred by the IA from the IA fee to the SPV. After 3 years, the engagement of the CDE is left to the discretion of the SPV.
- ii. In case of an external candidate is identified having substantial understanding of the community and the enterprise is chosen as the CDE, he/she may be made the deputy to the CDE so that he is groomed to take up the responsibility in the absence of the CDE or once the regular CDE leaves the cluster after its engagement is over.
- iii. IA will furnish an undertaking that no similar support has been availed for the same activities under the cluster from any other scheme of Government of India or State Government.
- iv. The IA would identify and arrange suitable land for the project as per the guidelines.
- v. Implement various interventions as outlined in the approved DPR;
- vi. IA will provide under guidance of TA refresher training for artisans/ training for newly joined artisans through digitized training material and tie-ups with specialized agencies and institutions for developing latest designs in line of current market demands;
- vii. Monitor procurement and issue workorders to the vendors and contractors, when required, in a fair and transparent manner, while adhering to the GFR Norms along with maintaining records for the statutory audits.
- viii. The IA will enter into an agreement/MOA with the Nodal Agency for



- timely completion on cluster intervention and proper utilization of Government Grants; and all such other contributions towards the project cost; under the sub clause within the same MOA that no IA can exit without a proper handover of all Physical and Financial Progress to the succeeding IA , if exiting mid-term or to the SPV in case of completion of the project as per the exit policy laid down by the TA in the DPR.
- ix. Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model with timely compliances, especially in case of advanced technology laden equipments, plant and machinery.
 - x. Responsible for furnishing Utilization Certificates (UCs) and regular Progress Reports to Nodal Agency in the prescribed formats and milestones set for such submissions.
 - xi. Implementing Agency (IA) may suggest a suitable TA to the NA to assist them in implementing the cluster project. The decision in this matter will be taken by the NA.
 - xii. The IA shall endeavor to increase participation of various other cluster stakeholders and institutions by forming a Cluster Advisory Group, preferably headed by the District Magistrate or a designated representative and with representation from PRIs, traditional industry enterprises, eminent local professionals, academicians, support service institutions, banks, etc. with the objective of fostering increased level of involvement of various cluster stakeholders and strengthening the implementation of the project. Once the IA exits, the Cluster Advisory Group will continue with the SPV.
 - xiii. IA shall display artisan rights and cluster activities in the CFC in vernacular language.
 - xiv. IA shall also be responsible for issuing Cluster Identity Cards to all artisans under its clusters and ensure that 100% of the artisans are made shareholders in the SPV and atleast 2/3 of such shareholders have representation on the Governing Board/Management Committee of the Cluster.
 - xv. IA will be responsible for opening bank-accounts for artisans/producers under Pradhan Mantri Jan Dhan Yojana (PMJDY).
 - xvi. IA will be responsible for enrolling all eligible artisans/workers under the social security schemes namely Pradhan Mantri Jeevan Jyoti Bima Yojana (Life Insurance coverage of Rs.2 Lakh at the annual premium of Rs.330), Pradhan Mantri Suraksha Yojana (Accidental Insurance Coverage up Rs.2 Lakh with premium of Rs.12) and Atal Pension Yojana (Contributory Pension Scheme) at the bank branch/BC point.
 - xvii. IA will encourage Artisans/producers to adopt digital payment modes like Aadhar Enabled Payment System (AePS)/UPI/Rupay debit



card-PoS/Mobile banking app etc. for receipt and payment related to their business activities.

- xviii. IA will be responsible for providing all relevant documents relating to the cluster and the digitization of raw material supply, procurement, commercial transaction, cluster turnover, income of artisans, etc. under the guidance of the NA and the TA. After the exit of the IA, the SPV will be responsible for the above.
- xix. It is also to be ensured that the representative of the MSME (DI) will be the member of the Tender Committee, for the entire tendering process including floating of the tenders and tender evaluation.
- xx. Any other direction given by the Ministry of MSME/Nodal Agency from time to time.

NOTE: Misinformation/misrepresentation, furnishing false/incorrect information and noncompliance with the objectives of the project/DPR may lead to removal of the IA.

5. IMPLEMENTATION METHODOLOGY

5.1 *Web-Based Project Management System (PMS)*

5.1.1 In order to effectively manage the scheme of such scale and coverage, a dedicated SFURTI website has been designed to provide status of the applications received in the Ministry and the status of functionalization of approved clusters.

5.1.2 Other provisions as applicable from time to time.

5.2 *Identification of tentative list of clusters*

- i). Ministry will hold meetings with the Nodal Agencies and Nodal Agencies with their respective Technical Agencies to identify potential crafts and districts which are uncovered under SFURTI. Consequently, NA may conduct outreach programme to identify prospective Implementing Agency who can apply under the scheme.
- ii). A market driven approach should be adopted for identification and structuring of the projects so as to ensure viability and long term sustainability of the project activities. The Cluster should be so selected where the products have huge potential market demand and the Cluster can be developed to scale up activities and produce high value products for the market.
- iii). The SFURTI Clusters should preferably be existing clusters (Brownfield) and new clusters (Greenfield), should however be carefully selected after a thorough study of the cluster dynamics and potentiality of the



- products.
- iv). In addition to Khadi, the Clusters should cover traditional rural industries and village industries.
 - v). The SFURTI project should aim to adopt the Growth Pole concept for triggering growth of the traditional village industries. A cluster of clusters approach must be adopted for the project to create cascading positive externalities with the scope of extension of the activities in a larger contiguous area.
 - vi). Multi-product Clusters must be promoted, particularly in the case of Major Clusters for greater project coverage and economic viability/ sustainability of the cluster. Products which are complimentary to each other need to be selected for Multiproduct Clusters.
 - vii). The Clusters and the activities must have a critical mass, for ensuring economies of scale. Projects under SFURTI should be integrated value chain based and the project should be structured with interventions to address the gaps along the entire value chain.
 - viii). End to End product clusters will enhance viability of the clusters. The project must ensure that substantial value addition takes place at the village/Cluster level for greater value capture and higher unit value realizations.
 - ix). It must be ensured that as far as possible the entire value addition should be done at the cluster itself, so that maximum realization is done.
 - x). The project design and structure should specifically provide a plan for sustainability of the project activities, especially beyond the project period along with exit plan.
 - xi). The project must be so structured such as to promote optimum utilization of infrastructure facilities through a range of activities. In case of multi-product Clusters, the possibility of setting up specialized CFCs for each product line, closer to the raw material base, could also be explored.
 - xii). The project should allow involved and active participation of all members of the Cluster. NER projects should focus on the challenges in the region and come out with solution for these.
 - xiii). All NAs may advertise through both Electronic, Print and alternate media, giving wide publicity to the Scheme on regular basis for identification of potential clusters.

Note: To increase the spread of the SFURTI, it has been decided to

- (a) Approve 40% clusters for uncovered and Aspirational districts;
- (b) 20% clusters with innovative production processes, GI, endangered



arts.

(c) In case, suitable proposals are not received under sl. (b), the shortcoming will be covered under sl. (a)

(d) Any other mechanism decided by Ministry of MSME.

NOTE2: The distribution is contingent upon the receipt of adequate quality proposals under Sl.(a) & Sl.(b)

Note 3: The decision on point (b) will be taken by a duly constituted committee with the approval of Minister, MSME

5.3 Engagement and appointment of TAs

As a large number of clusters located in various parts of the country, need to be covered under the program in a time-bound manner; it is required to empanel as many technically competent cluster development organizations as possible, as a pool of Technical Agencies (TAs) to assist in the implementation of the projects.

5.3.1 An Expression of Interest (EoI) will be published by the NA in leading national newspapers requesting for proposals. The TAs will be shortlisted by NA based on technical evaluation of their proposals, mostly in terms of-

- i. Net worth of the organization;
- ii. Organizational experience in implementing projects of similar nature specially artisans and micro-enterprise based developmental initiatives;
- iii. Competence of personnel and in house and extended team
- iv. Geographical presence; and
- v. Any other parameter as deemed fit by the NA/SSC.
- vi. Self-certification of not being blacklisted by any State/Central by any Regulatory/Statutory Authority/PSU/ Government undertaking/Ministry/Department of Govt. of India or any State Govt. in India.

Note: A Technical Agency empaneled with a Nodal Agency for SFURTI can be engaged by any other Nodal Agency, based on mutually agreeable conditions, subject to the applicable conditions of the scheme.

5.4 Approval from SSC

The SSC shall be responsible for approval of the projects and monitoring of their implementation. There would be only one stage approval at Ministry/SSC level.

The project will be accorded approval by the SSC subject to fulfilment of the following conditions:



- i. Preparation of DPR as per the standard template as provided under the scheme with specific details of interventions with cost estimates, timelines and sustainability plan.
- ii. Identification of IA and formation of project specific SPV as per provision of the guidelines.
- iii. Execution of MOU/MoA and other related agreements between the IA and the SPV and IA and the NA.
- iv. Identification and arrangement of land of requisite nature (free from all encumbrances) for construction, erection and commissioning of CFC along with clearances from statutory authorities for such purposes. The standard terms of registered sale or lease deed (long term of 15 years and more) shall be executed in the name of the IA/ SPV as per clause 4.6.1 (e) (iii).
- v. Confirmation on availability of 10%/5% (NER and Hilly areas) IA's share as per the guidelines.

5.5 Release of Funds to NA

- i) The cost of project shall include hard interventions and soft interventions. The project cost shall also include the cost of services of a professional TA and costs incurred by the IA for engaging a competent CDE and other administrative expenses incurred by the TA, which needs to be paid by the Nodal Agency.
- ii) Proposal for release of funds will be submitted by NAs cluster-wise to Ministry of MSME. The release of funds to NAs will be based on approved Plan of Action (PoA), progress of expenditure and as per the funding pattern listed in 5.5.1.
- iii) The funds will be released to the NAs on receipt of UC and Progress Report, and the NAs shall in turn, release the fund to the cluster as per the approved Cluster/ Annual Action Plan.
- iv) Funds to NA will be disbursed under two heads:
 - i. SFURTI Programme Fund
 - ii. SFURTI Administrative Fund
- v) The NA shall maintain two separate accounts for each of the above-mentioned heads and will be subject to audit. All expenses relating to monitoring and management of the Scheme and national level activities will be met out of SFURTI Administrative Fund and rest from SFURTI Programme Fund. Nodal Agencies will be bound to deposit interests earned on the funds received from the Ministry of MSME to the Bharat Kosh, or any account, as per the prevalent instructions of Government of India.
- vi) On receipt of SFURTI Programme funds the NAs shall transfer the Funds to a Bank Account exclusively opened for the Specific Cluster/project. Such Bank



account shall be jointly opened as a dedicated account, with the representatives of the NA, IA, SPV and MSME DI or any other signatory as indicated by the M/o MSME from time to time, duly authorized by the Chief functionaries of each organisations, as joint signatories.

vii) On receipt of SFURTI Administrative Funds, the NA shall transfer it to a project specific separate account opened with an objective of expenditure for administrative purposes only.

5.5.1 Quantum of Fund Release: Consequent upon the approval of the project by the Scheme Steering Committee (SSC), 50% of the Soft Intervention, 50% of the Hard Intervention, 50% of the IA cost and 50% of the TA cost shall be released to the Nodal Agency. On production of Utilization Certificate and actual utilization of 2/3rd of the released amount, remaining 50% of the Soft Intervention, 50% of the Hard Intervention, 50% of the IA cost and 50% of the TA cost shall be released to the Nodal Agency.

5.6 Release of Funds to IA

On obtaining final approval, a sanction order will be issued by NA and 1st installment for the hard intervention will be released by NA in the dedicated bank account opened in the name of the IA. Whereas release of fund by NA to IAs for soft-intervention shall be need-based and a part component of the same is released to the IA after in-principle-approval of the SSC, the following schedule will be adopted for release of scheme funds for hard interventions:

- i. 1st instalment of 50% of the hard intervention as advance on IA arranging land and depositing its applicable share of contribution,
- ii. 2nd instalment of remaining 50% on utilization of 2/3 of 1st instalment; and depositing its corresponding contribution.

6. FINANCIAL ASSISTANCE

6.1 The cost of project shall include Hard Interventions and Soft Interventions detailed in Paragraph 3. The project cost shall also include the cost of services of a professional TA and costs incurred by the IA for engaging a competent CDE and other administrative expenses incurred by the TA.

6.2 The financial assistance provided for any specific project shall be subject to a maximum of Rs.5 (Five) crore.

Type of clusters	Per Cluster Budget Limit
Regular Clusters (upto 500 artisans) *	Rs.2.50 crore
Major Clusters (more than 500 artisans)	Rs.5.00 crore

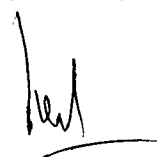


*Clusters with lesser number of artisans/workers etc. can also be proposed by NAs but number of artisans/workers etc. should not be less than 100 (50 for NER & Hilly areas) In such cases, proportionate GIA(Grants-in-aid) may be considered by SSC while granting approval.

6.3 The funding pattern under the Scheme will be as under:

	Project Intervention	Scheme Funding	Financial Limit	IA Share
A	Cluster Interventions			
A1	Soft Interventions including skill trainings, capacity building, design Development	100%	10% of the amount of Hard Intervention (HI) or Rs. 25 lakh, whichever is less.	Nil
A2	Hard Interventions (HI) including CFCs, RMBs, training centres, etc. *	90%	---	10% of Hard Intervention as own contribution in cash.
B	Cost of TA^^	100%	5% of the amount of Hard Intervention (HI) or Rs. 15 lakh, whichever is less.	Nil
C	Cost of IA/SPV including CDE #	100%	8% of the amount of Hard Intervention (HI) or Rs. 20 lakh, whichever is less.	Nil
<p>* 95%:5% in case of North Eastern Region (NER), J&K and hilly states. (IA/SPV may deposit their share in a phased manner with minimum 25% in a single installment as per the satisfaction of NA.)</p> <p>^^ Additional 1%, i.e. 6% to be given to TAs for clusters in NER/J&K/Hilly Areas, upto Rs. 18 lakhs, whichever is less.</p> <p># This includes remuneration of Cluster Development Executive (CDE) and other expenses incidental for a period of 3 years.</p>				

6.4 It shall be the responsibility of the IA to bring in land. The scheme funding shall not be utilized for the procurement of land. The cost of land will not be included in the total cost of Hard Intervention. The cost of land will be exclusive of the approved project cost. A contribution of 10/5% (NER/J&K/Hilly States) in cash has to be provided by the IA/SPV for Hard Intervention.



6.5 The interventions listed in Paragraph 3 are indicative in nature and any other need-based intervention detailed in the DPR, subject to the approval of the SSC shall be eligible to be funded under the scheme. The nature of such interventions whether Soft or Hard will also be decided by the SSC.

6.6 IAs may dovetail funds from other State and Central Ministerial schemes and other sources detailed in Paragraph 9 for the project, provided there is no duplication of funding for the same component/intervention.

7. ADMINISTRATIVE AND SCHEME MANAGEMENT EXPENSES

4% of the total budget allocation is earmarked for Nodal Agency Administrative Fees. 50% of the total project cost for an approved cluster will be released to the Nodal Agency with the approval of the project. 25% of the fee will be payable on functionalization of the cluster and 25% on the handover of the cluster by the IA to the SPV. All administrative expenses of the Nodal Agency including hiring of adequate resources, travel/exposure visit, training, MIS, communication and stationery expenses, etc. will be met from this expenditure.

2% of the total budget allocation is earmarked as Scheme Management expenses with the Ministry which will include monitoring and evaluation, publicity, creation of SFURTI Cell/PMU, management of portal/MIS, etc.

Monitoring and Evaluation to be undertaken by Ministry will include periodic project reviews using innovative M&E systems such as videoconferencing and ICT tools, and third-party evaluations and impact assessment studies by the Ministry of MSME. For outcome level monitoring and evaluation, including profitability analysis, technically qualified agencies will be appointed, which will cover all clusters.

Under publicity, a comprehensive plan using various modes of communication, will be undertaken to expand the scheme, with focus on uncovered areas, aspirational districts, NER.

A Project Monitoring Unit will be created in Ministry for providing necessary assistance and coordination to the Ministry and the NAs. It will be responsible for providing technical and administrative support and assistance for analysis, monitoring, evaluation, conducting of specialized studies and reports, organizing Steering Committee meetings, organizing Project Monitoring Committee meetings, and other related activities.



7.1 Thematic Interventions

In order to promote cross-cutting thematic interventions at the national and international level, an additional 5% of the total budget allocation can be utilized by the NA. Activities such as national level marketing campaigns and brand promotion for Khadi, herbal products, honey, organic food products that are directly connected to the promotion of the scheme shall be supported with due approval of the SSC. Other activities may include training of CDEs, IAs, national level cross-learning workshops and sector specific innovation, research and development initiatives, technological upgradation, etc.

8. PROJECT COVERAGE & DURATION

8.1 Project Coverage

The target is to cover more than 677 clusters across the country between 2021-22 to 2025-26, wherein approx. 4,00,000 artisans/producers/beneficiaries are proposed to be covered under the various scheme components. The focus will be to further strive to ensure poorer artisans in a cluster are included the interventions and work towards substantial improvements in incomes of the artisans. The scheme shall be implemented in all States of India.

The geographical distribution of the clusters throughout the country, with at least 10% located in the North Eastern Region (NER), J&K and hilly states, will also be kept in view.

8.2 Project Duration

The timeframe for the implementation of project will be 12 months for Regular Clusters and 18 months for Major Clusters. The DPR would provide quarter-wise phasing of the interventions and requirements of funds.

9. CONVERGENCE

9.1 Substantial investments are being made for strengthening of rural clusters and the livelihood base of the poor. In order to optimize the efforts and maximize impact & sustainability, it is imperative to ensure convergence and bring in synergies between different private initiatives and government schemes in terms of planning, process and implementation. The Scheme envisages leveraging resources from the following sources:

- i. Private sector participation: The scheme shall encourage participation of private sector retailers with proven track records and established retail networks. Retailers specializing in products sourced from khadi & village




industries, coir & other industries may participate as Implementing Agency or Technical Agency. In cases where private sector agency is the implementing agency, the private partner shall contribute at least 50% of the project cost excluding the cost of land.

- ii. Corporate Social Responsibility: The corporate of public and private sector can participate in the SFURTI program by way of providing additional financial support and professional operations & management support to the projects funded under the Scheme as part of their CSR. Such CSR foundations with proven track record and capability of managing MSME cluster projects, can participate either as IA or TA.
- iii. Participation by Private Equity (PE)/Impact Funds: To leverage the increasing trend of financial institutions floating funds to support clusters that are in nature of social investments, such funds will be encouraged to participate in the SPVs, subject to the condition that their shareholding shall not exceed 49% of the total equity. In case of debt support, patient capital with extended moratorium, low rate of interest and flexible repayment options shall be considered.
- iv. Other schemes of State and Central Government: IAs will be encouraged to dovetail funds from other various state and central government schemes over and above the funds sanctioned for SFURTI scheme, provided that there is no duplication of a specific project component being funded from one source. The Ministry will actively facilitate and encourage both backward and forward linkages. Backward linkages imply that SFURTI clusters are being sought to be established where preliminary work has been done through other schemes/programs. Forward convergence implies that SFURTI clusters are looking to collaborate with other schemes and departments to seek additional resources for expenditure not covered under SFURTI.
- v. Funds from Multi-lateral Development Banks (MDBs): It is envisaged that the funding from the scheme will be leveraged to secure additional financial assistance from the MDBs to ensure sustainability and competitiveness of the clusters.

9.2 The participation of stake holders as illustrated above is indicative. Any such participation or support needs to be detailed out in the DPR and is subject to approval from the SSC.

9.3 TAs and NAs must therefore ensure that convergence is built into implementation framework right from the stage of project design. For example,



the banks and RSETI expressed the need to involve them at the stage of DSRs and Action Plan formulation. Convergence with private sector buyers in the value chain and other key stakeholders must be built into project design. Funding from public and private agencies should also be ensured at early stage.

10. SUSTAINABILITY

10.1 Working Committee to look after CFC: To ensure that the facilities and infrastructure created with grants under SFURTI are sustainably managed to the advantage of artisans for improved production and marketing, IA will constitute a Working Committee for each cluster comprising the following:

- i. Chief functionary of the IA – Convener;
- ii. Representative of a Nationalized bank operating in the area;
- iii. 3 artisans nominated by the SPV (including at least one woman where women artisans are there) on annual rotation basis, re-nomination may not be allowed in five years;
- iv. Representative of the NA;
- v. Representatives of TA;
- vi. Director MSME (DI) or representative;
- vii. GM, DIC or representative.

The Working Committee will meet at least once in a month to review the operational and maintenance aspects of the CFC and decide about the user charges. The NA will invariably maintain the record of all meetings of the working committee. The Ministry/Project Monitoring Committee may review the same from time to time. Once the IA/CDE exits, the SPV will convene the Working Committee, at least till the completion of the project. The Working Committee will be regularly informed of the progress made regarding progress of the scheme, procurement, expenditure incurred on various items of Hard and Soft Intervention, marketing connection, etc. This is only indicative and additional role can be assigned to the Working Committee for ensuring participatory decision making.

The SPV will open and maintain a corpus fund for maintenance of the CFC. The user charges will go to the corpus. The SPV on the basis of recommendation of Working Committee may incur expenditure towards maintenance/ augmentation of the CFC.

10.2 Access to credit: The IA will arrange the credit requirements including **additional** working capital for activities within the cluster. They may also extend credit to individual groups in the form of supplying raw materials on credit, etc., if required. The credit will be arranged at best possible cost preferably (not exceeding the commercial rates of the nationalized banks) from the nearest available source.



11. ROLE OF STATE GOVERNMENT

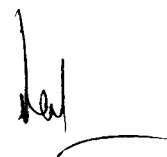
- i. After in principle approval of the concept note by the NA, an intimation for setting up of cluster to be given to the concerned department of the State Govt. with a request to provide inputs, if any, in 90 days and in case no comments are received, it will be considered that they have no objection to the proposal.
- ii. Assist in identification and procurement of suitable land for the projects wherever required, in order to set up cluster infrastructure;
- iii. Providing all the requisite clearances wherever needed for setting up cluster and providing necessary assistance for power, water and other utilities to the cluster;
- iv. Providing necessary external infrastructure to the projects such as power, water supply, roads, effluent disposal etc., wherever needed;
- v. The State Government agencies like infrastructure/ industrial development corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing Grants;
- vi. Providing necessary project related clearances on a priority basis;
- vii. Dovetailing assistance available under related schemes for overall effectiveness and viability of the projects; and
- viii. Extending incentives available under related industrial promotional policies.
- ix. State Govts. may also send such proposals (DPR) to M/o MSME through any of the NAs mentioned in para 4.2 of these Guidelines.

12. OPERATIONS & MAINTENANCE (O&M) OF ASSETS

12.1 NA shall ensure that the services of the facilities created under the Scheme are extended to the cluster in general, in addition to the member enterprises.

12.2 NA shall be responsible for O&M of assets created under the Scheme beyond the project duration. IA shall ensure that the users of these facilities pay for the services rendered, for the maintenance of the assets as per user charges decided and fixed from time to time.

12.3 In case of dissolution of SPV within 10 years from the date of sanction of assistance by the Government under the Scheme, NA will reconstitute a SPV with requisite artisans. In the event of failure, the assets created with such assistance shall be vested with the Government. An agreement between NA and SPV regarding the control of the O&M in case of dissolution of the SPV should be entered into. The Memorandum of Association & Articles of Association of



the SPV shall incorporate this condition. In case of deemed SPVs, the IA will furnish and undertake to this effect.

13. MONITORING OF THE CLUSTERS

13.1- It is proposed to constitute a Project Monitoring Committee (PMC) to periodically review the progress of the projects under the scheme. The composition of the PMC is as following:

- a) AS&DC, M/o MSME- Chairperson
- b) JS, ARI, M/o MSME
- c) EA, M/o MSME
- d) Director, ARI will be the member convenor of the committee.

13.1.1 The role and responsibilities of the Project Monitoring Committee will be as follows:

- (a) Monitoring of the implementation of the approved projects vis a vis
 - i) Achievement of milestones against timelines,
 - ii) Utilization of funds as per activities/amount indicated in DPR,
 - iii) Expenditure pattern as per the sequence of activities indicated in the PERT chart,
 - iv) Output and outcome as per the DPR
 - v) Performance appraisal of NA, TA and IA
 - vi) Any other activity
- (b) Endorsement of the changes proposed by NA regarding Cost of Interventions, IA, TA, CDE, plant and machineries, location of CFC, etc.
- (c) Monitoring of performance of NA and TA and termination of empanelment of TA and recommendation to SSC on termination of NA.
- (d) Transfer of projects from one NA to another, in case of termination of an NA.
- (e) Take decisions as per guidelines, in case of failure/closure of the project or dissolution of the SPV.

The Nodal Agency shall be responsible for obtaining Quarterly Progress Reports and Annual Progress Report through Monthly/Quarterly Progress Report formats showing physical and financial progress and Outputs and Outcome achieved from the clusters and present it before the Project Monitoring



Committee on a quarterly basis.

13.3 Periodic review by Nodal Agency: The NAs assisted by TAs will devise a systematic, intensive and regular monitoring framework for the clusters. In addition to the quarterly progress reports indicating cluster-wise physical and financial progress, the NAs will also track the progress regarding defined outputs and outcome through regular physical visits, video-conferencing and other ICT tools.

NOTE: Nodal Agencies will also take up internal audit of each of its cluster on a periodic basis.

13.4 Monitoring and Evaluation to be undertaken by Ministry will include periodic project reviews using innovative M&E systems such as videoconferencing and ICT tools, and third-party evaluations and impact assessment studies by the Ministry of MSME. For outcome level monitoring and evaluation, including profitability analysis, technically qualified agencies will be appointed, which will cover all clusters.

13.5 Evaluation of the Scheme: It is envisaged to take-up third party mid-term evaluation of the projects to determine the deficiencies and take-up mid-course corrective measures. Impact assessment studies will also be undertaken at end of the project both at the cluster-level and the program-level to validate the outcomes achieved.

13.6 Encouragements through Awards: All NAs may send proposals in this regard to the M/o MSME. Suitable mechanism will be ensured – including third party evaluation- for awards etc.

14 Information and Communication Matrix

In order to implement the project in a transparent manner, all relevant information pertaining to the project shall be clearly displayed through signages at CFC/workshed and other strategic points within the Cluster in English and vernacular language.

- I. Name of the cluster
- II. Name of the IA
- III. Name of SPV
- IV. Name of Nodal agency and contact details
- V. Sanction details of MoMSME under SFURTI, inclusive of
 - a) Number of artisans Covered



- b) GOI assistance along with component wise break-up
- c) Timeline of the Project
- d) Name of Artisans covered under the Scheme
- e) Projected yearly increase in artisan's income
- f) The rights/benefits due to the Artisans from the project
- g) Name and details of the members of the Cluster Working Committee
- h) Contact Details of the M/o MSME for grievance redressal.

NOTE: It will be the responsibility of the IA to display the information under the guidance of TA. The NA shall ensure the compliance of the above.

15 REMOVAL OF AMBIGUITY

Notwithstanding anything contained above, Central Government may issue such instructions as may be necessary to implement the above guidelines. If any difficulty or ambiguity arises in giving effect to these provisions, Central Government may issue appropriate directions which shall be binding on NAs, TAs and IAs.

15.5 In so far as interpretation of any of the provisions of these guidelines, the decision of the Scheme Steering Committee (SSC) shall be final.

A handwritten signature in black ink, consisting of a vertical line followed by a loop and a horizontal line underneath.

CATEGORIZATION OF TRADITIONAL INDUSTRIES

1. Khadi Industries (KI)

“Khadi” means any cloth woven on handlooms in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns. The Khadi Industries comprise of manufacturing units for hand-spun and hand-woven cotton, woolen, muslin and silk varieties.

2. Village Industries (VI)

Village Industries (VI) includes any industry located in rural area which produces any goods or renders any service with or without the use of power and in which the per-capita fixed capital investment does not exceed Rs. 1 lakh (except for hilly areas, wherein the limit is Rs.1.5 lakh); provided that any industry specified in the Schedule and located in an area other than a rural area and recognized as a village industry at any time before the commencement of the Khadi and Village Industries Commission, continue to be a village industry under the KVIC Act.

An indicative list of major VIs is provided as below:

- i). *Mineral Based Industry*
 - a. Cottage Pottery Industries

- ii). *Forest Based Industry*
 - a. Medicinal Plants Industries
 - b. Bee-keeping
 - c. Minor Forest based Industries

- iii). *Agro Based & Food Processing Industry*
 - a. Pulses & Cereals Processing Industries
 - b. Gur & Khandsari Industries
 - c. Palmgur Industries
 - d. Fruit & Vegetable Processing Industries
 - e. Village Oil Industries



- iv). *Polymer & Chemical Based Industry;*
 - a. Cottage Leather Industries
 - b. Non-edible oils & handmade Soap Industries
 - c. Industry/trades focusing on circular economy, provided it emerges out of the traditional industry.
- v). *Rural Engineering & Bio-Technology Industry*
 - a. Carpentry & Black smithy
- vi). *Hand Made Paper &Fiber Industry;*
 - a. Handmade Paper Industries
 - b. Fiber Industries
- vii). *Textiles Industry*
 - a. Apparel and garmenting
 - b. Embroidery and surface ornamentations
 - c. Fabric and yarn dyeing

Khadi & Village Industries (KVI) today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society.

3. Coir Industry (CI)

Coir Industry is an agro-based traditional industry, established in coconut producing states like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a bi-product of coconut having diverse applicability, and potential for exports by developing value added products through technological interventions and product diversification. Coir Industry is an agro-based traditional industry, which originated in the state of Kerala and now has established itself in other coconut producing states like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. Coir, a bi-product of coconut with diverse applicability, has age-old use in making mats, ropes etc. The coir industry employs more than 7 lakh persons of whom a majority are from rural areas belonging to the economically weaker sections of society. Nearly 80% of the coir workers in the fibre extraction and spinning sectors are women. Being an eco-friendly with natural origin, the coir industry is an export-oriented industry and having greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles etc.



COMPOSITION OF SCHEME STEERING COMMITTEE (SSC)

1	Secretary, Ministry of MSME	Chairman
2	Additional Secretary and Development Commissioner (MSME)	Member
3	Additional Secretary and Financial Adviser (AS & FA), Ministries of MSME (or a representative)	Member
4	Principal Adviser, PAMD, Niti Aayog	Member
5	Chief Executive Officer, KVIC	Member
6	Secretary, Coir Board	Member
7	Representative of Indian Banks Association (IBA)	Member
8	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
9	5 Cluster Experts - to be nominated by Ministry of MSME	Member
10	DC (Handlooms)	Member
11	DC (Handicrafts)	Member
12	JS (NRLM), M/o Rural Development	Member
13	Representatives of MoFPI	Member
14	Joint Secretary, Ministry of MSME	Member Convener
15	Representative of National Bamboo Mission	Member
16	Representatives of National Bee Board	Member
17	Representatives of Department of Animal Husbandry & Dairying	Member



PROFORMA OF APPLICATION FOR NEW NODAL AGENCY

- 1. Executive Summary**
- 2. Endorsement from Promoting Organisation (if applicable)**
- 3. Name of the Institution/Organisation:**
Address, Phone, Fax:
- 4. Name & Designation of Head of Organisation:**
Address, Phone, Mobile, E-mail:
- 5. Name, Designation & contact details of the SFURTI Co-ordinator: -**
Address, Phone, Mobile, E-mail:
- 6. Partner Institution Information-General:**
 - I. Legal Status of the organization (enclose certificate of registration)
 - II. Establishment date & summary of registered Objectives
 - III. List of Governing Body / Board of Directors
 - IV. Areas of activity
 - V. Major Regular Donors
 - VI. List of organizations with which formal MoU's / linkages exist
 - VII. Date of last Annual General Meeting (attach the minutes of meeting)
 - VIII. Enclose Annual Audited statement & IT returns for last 3 years
- 7. ENDORSEMENT FROM THE HEAD OF INSTITUTION/ORGANISATION (Annexure-3A)**
- 8. Applicant Organization's preparedness to Manage Collectives/clusters under SFURTI:**

Experience and Expertise of the SFURTI Nodal Officer/SPOC from Institution identified for the managing the SFURTI projects. (Attach a brief CV/bio-data, a person with domain expertise and having conceptual understanding and



deep interest for innovation and entrepreneurship would be preferred to steer the cluster till it gets operationalized and thereafter would be an active interface between NA and cluster).

- I. List of projects undertaken, if any, in the previous **five** years as per the table given below.

Name of Cluster/Collective Project	Sponsoring Agency	Amount Sanctioned in Rs.	Amount released in Rs.	Thrust Area/ Sector/Industry	Duration	Outcome

- II. Awards & Recognition (Last 5 years): Details of Recognitions & Awards (having significant importance) won.

- III. Notable activities in innovation and entrepreneurship:

- a) Indicate details of cluster development with examples
- b) Team/Staff with cluster experience (Different Sector specific experts with cluster development experience)
- c) Organization of relevant cluster development programmes (courses, workshops, seminars, competitions, lectures etc) in the collective / cluster related activities.
- d) Domain and Demography- Elaborate Having specific expertise in a geography or a domain/sector**

9. **Approach, Methodology & experience towards cluster/collective development/enterprise management (To be elaborated against the following parameters)**

- a) Diagnostics & Base line survey
- b) Cluster/Collective Formation and creation of common Infrastructure
- c) Formation of registered producers collective, etc.
- d) Facilitate establishment of the CFC, etc.
- e) Handholding support to producers' collective, etc.
- f) Identify raw material suppliers/ Backward linkages



- g) Marketing of the Products /forward linkages
- h) Promotional campaigns
- i) Linkages with implementing partners engaged in collective/cluster development space
- j) Skill training and capacity building to improve design/ production and develop new artisans
- k) Protection of IP rights
- l) Monitoring Framework/ Progress Reporting
- m) Any other information

**Name & Signature of the Head of the
Institution/Agency**

Name & Signature of the SFURTI SPOC

DATE:

PLACE:

A handwritten signature in black ink, consisting of several vertical strokes and a horizontal line at the bottom, positioned under the signature line for the SFURTI SPOC.

**ENDORSEMENT FROM THE HEAD OF INSTITUTION/ORGANISATION
(on letter head)**

1. We have gone through and agree to abide by the terms and conditions of the grant scheme for SFURTI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. Certified that the hardware, other basic facilities and such other administrative support required for successful running of cluster will be extended as per terms and conditions of the grant.
4. We will get into an MoU with the Technical Agency so chosen to carry out the entire work of the cluster as per the Scheme guidelines.
5. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, and all requisite statutory compliances, etc. as required.
6. Certified that Shri/Smt..... will be the SFURTI Co-Ordinator of the proposed cluster. The SFURTI Coordinator will assume the responsibility of implementation of the project.
7. Our Organization assures to undertake the complete financial and other management responsibilities of the cluster, and successfully monitor the cluster as per the Scheme guidelines.
8. We abide by all the provisions of the guidelines as amended from time to time
9. **If any of the above statements or any information provided in the project proposal is found to be incorrect by the MoMSME or embezzlement of fund is noticed at any stage, the organization takes the responsibility to refund the entire amount released by MoMSME.**

Date.....

Place.....

Name, Signature & Seal of the
Head of Institution/Agency



TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR NODAL AGENCIES FOR CLUSTERS EXCEPT AGENCIES FUNDED BY MINISTRY OF MSME/GOVERNMENT OF INDIA

1. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the grantee institution is required to register at CGA website (<http://pfms.nic.in>) further to be registered under 'EAT module' of PFMS to facilitate release of funds.
2. All grantee institutions except public funded institutions are required to execute a Bond (in prescribed proforma) on a non-judicial stamp paper before any grants-in-aid is released to them.
3. The grant being released should be exclusively spent on the specific purpose for which it has been sanctioned within the stipulated time. Any unspent balance out of the amount sanctioned would be refunded to the Govt. of India by means of an Account's Payee Demand Draft drawn in favour of Drawing & Disbursing Officer, MoMSME, payable at New Delhi.
4. The grantee is required to send two copies each of i) progress report; and ii) utilization certificate, in the prescribed proforma, to MoMSME at the end of each financial year as well as at the time of seeking further installments of the grant, if any as per the financial rules of Government of India.
5. The grantee is required to send two copies of the audited statement of accounts relating to the amount sanctioned at the end of the each financial year to MoMSME.
- 6. All the assets acquired or created from the grant will be the property of the Govt. of India and should not be disposed-off or encumbered or utilized for purpose other than those for which the grant has been sanctioned without the prior permission of the MoMSME.**
7. At the conclusion of the project, the Govt. of India will be free to sell or otherwise dispose off assets which are the property of Govt. The institution shall tender to Govt. necessary facilities for arranging the sale of these assets.



8. The institute shall furnish to MoMSME, utilization certificate and an audited statement of accounts pertaining to the grant as per the prevalent financial rules of Government of India.
9. The Comptroller and Auditor General (CAG) of India at his discretion shall have the right of access to the books of account for the grant received from the Government.
10. The grantee will maintain separate audited accounts for the grant. The funds released should be kept in a bank account earning interest, the interest earned should be reported to the MoMSME. The interest thus earned will be treated as a credit to the organization to be adjusted towards further installments of the grant, if any.
11. The grantee must not entrust the implementation of the work for which the grant is being sanctioned to another institution and divert the grant receipts as assistance to the latter institution. In case the grantee itself is not in a position to execute or complete the project, it may be required to refund forthwith the Govt. of India, the entire amount of grants-in-aid received by it.
12. MoMSME reserves the right to terminate support to the project at any stage, if it is convinced that the grant is not being utilized properly or that appropriate progress in the project work is not being made.
13. Where support has been provided by MoMSME under specific conditions accepted by a grantee institution and if it does not comply with these conditions, it will be liable to refund the grant already received in such a manner as may be required by the Government and no further MoMSME grant will be allowed to such an institution.
14. MoMSME will not have any liability towards the manpower appointed by the grantee institution for implementation of the project.
15. MoMSME will have no responsibility in case of any loss is caused to any life or property due to accident, fire or any other reasons. The Nodal Agency is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to the project.
16. The MoMSME will have no liability on account of any omission or commission of regulatory/statutory requirement by the Nodal Agency.



A. Composition of Project Screening Committee (PSC) for KVIC/Coir Board

1.	Chief Executive Officer-KVIC/Chairman-Coir Board	Chairman
2.	Financial Advisor	Member
3.	Officer In-charge Marketing	Member
4.	Representative of Bank	Member
5.	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
6.	Director MSME-DI or representative	Member
7.	3 Cluster Experts (Independent) – to be nominated by the NAs	Member
8.	Director (SFURTI)-KVIC/Secretary- Coir Board	Member Convener

B. Composition of Project Screening Committee (PSC) for NAs other than KVIC/Coir Board

1.	Head of the Institution/NA	Chairman
2.	Financial Advisor	Member
3.	Officer In-charge Marketing	Member
4.	Representative of Bank	Member
5.	Representative of National Bank for Agriculture and Rural Development (NABARD)	Member
6.	Director MSME-DI or representative	Member
7.	3 Cluster Experts (Independent) – to be nominated by the NAs	Member
8.	Director (SFURTI)	Member Convener



List of Empaneled Nodal Agencies

Sr. No	Nodal Agency
1	Khadi Village Industries Corporation
2	COIRBOARD
3	National Institute of Micro Small Medium Enterprises
4	Indo-German Tool Room, Indore
5	Indian Institute of Entrepreneurship GUWAHATI
6	Export Promotion Council for Handicrafts (EPCH)
7	Jammu & Kashmir Khadi Village Industries Board
8	Process and Product Development Centre, Agra
9	Tribal Cooperative Marketing Development Federation of India (TRIFED)
10	Uttar Pradesh Khadi Village Industries Board
11	Indian Microenterprise Development Foundation
12	Council for Handicrafts Development Corporation (COHANDS)
13	Foundation of MSME Clusters
14	Institute of Entrepreneurship Development, Odisha
15	Process and Product Development Centre, Meerut
16	Central Tool Room and Training Centre, Bhubaneswar (CTTC)
17	Central Institute of Hand Tools, Jalandhar
18	Hand Tool Design Development and Training Centre, Nagaur (Rajasthan)
19	Central Tool Room, Ludhiana
20	Central Tool Room and Training Centre, Kolkata
21	National Institute of Entrepreneurship and Small Business Development (NIESBUD)
22	Indo Danish Tool Room (ITDR), Jamshedpur
23	Tool Room & Training Centre, Guwahati
24	Indo-German Tool Room, Ahmedabad
25	Indo-German Tool Room, Aurangabad
26	Institute for Design of Electrical Measuring Instrument, Mumbai
27	Electronics Service & Training Centre, Ramnagar
28	Central Footwear Training Institute, Chennai
29	Centre for The Development of Glass Industry, Firozabad
30	Central Institute of Tool Design, Hyderabad
31	Central Footwear Training Institute, Agra
32	Fragrance & Flavour Development Centre, Kannauj
33	North East Handicraft and Handloom Development Corporation, Guwahati, Assam
34	NISARG, Bhopal, Madhya Pradesh



GUIDANCE NOTE
FOR
DEVELOPMENT OF DETAILED PROJECT REPORT
Structure of Detailed Project Report

- Part A- Executive Summary

- Part B – Diagnostic
 - I. Cluster Profile
 - II. Cluster Value Chain Mapping (As Is)
 - III. Market Assessment and Market Demand Analysis
 - IV. Profile of Implementation Agency
 - V. Profile of Technical Agency
 - VI. Profile of Nodal Agency

- Part C– Analysis and Planning
 - I. Need Gap Analysis
 - II. Proposed Value Addition
 - III. Project Concept and Strategy Framework

- Part D – Detailed Intervention Plan
 - I. Project Interventions
 - a) Hard Interventions
 - b) Soft Interventions
 - II. Project Cost and Means of Finance
 - III. Plan for Convergence of Initiatives
 - IV. Project Timeline
 - V. Proposed Implementation Framework

- Part E – Business Plan and Expected Impact
 - I. Detailed Business Plan
 - II. Business Sustainability Plan
 - III. Expected Impact

- Part F- Cluster Governance Mechanism



- i. Information and Communication Matrix- (As per the scheme guidelines) to be displayed at the CFC
 - Part G- Monitoring and Evaluation Framework
 - i. M&E Framework for Output/Outcome Indicators.
 - Part H – Sustainability Plan
 - i. Handover and Exit Plan from IA to SPV
 - Part I- Mandatory Documents
 - Mandatory Declaration- If any of the above statements or any information provided in the project proposal is found to be incorrect by the MoMSME or embezzlement of fund is noticed at any stage, the organization takes the responsibility to refund the entire amount released by MoMSME.
-

A handwritten signature in black ink, located at the bottom right of the page, below a horizontal line. The signature is stylized and appears to consist of several vertical strokes and a horizontal flourish.

Indicators of A Good SFURTI Proposal

The table given below lists and describes the Key Indicators which every proposal submitted by Nodal Agencies (NA) under the SFURTI Scheme must reflect. The Project Screening Committee (PSC) of the respective NAs must ratify that these indicators have been adequately covered in the DPR.

Indicators of A Good SFURTI Proposal			
S. No.	Indicator	Rationale	Description
1	Project must be from a traditional industry/livelihood	Unique emphasis of the Scheme must be maintained	<ul style="list-style-type: none"> • Traditional Industry must be as defined in SFURTI Guidelines • The cluster must be located in a region well known for the product/produce • The core beneficiary must be traditional artisans or other traditional workers like farmers, livestock farmers, etc.
2	Appropriateness of Project Location	Conditions at the project locations need to be suitable for successful implementation of the Scheme	<ul style="list-style-type: none"> • At least 75% of artisans must reside in a radius of 10 kilometres • Some geographical concentration of enterprises (not primary producers) must be present, preferably. • Some development interventions should have been carried out in the cluster – training, product and design development, production, marketing,



			collective enterprise, group formation, etc. - Brownfield
3	Substantial and justified increase in income of artisans	Core objective of the Scheme and every Project must make adequate commitments	<p>Minimum projected increase in income of all direct beneficiary artisans must be as follows:</p> <ul style="list-style-type: none"> • At the end of year 1 after functionalisation –50% in addition to the baseline income • At the end of year 2 after functionalisation –75% from baseline • At the end of year 3 after functionalisation –100% from baseline • At the end of year 4 after functionalisation – More than 150% from baseline <p>Income may be calculated by including:</p> <ul style="list-style-type: none"> • Income derived by artisans from the SPV operations and profits • Income derived by artisans through their own production and marketing, catalysed by the project
4	Substantial Increase in Cluster Turnover	Important indicator to ensure 3 above and to understand that project planning is leading to desirable results	<p>The turnover of the cluster must be adequate to ensure income of the artisans as projected in 3 above, after accounting for all costs and provisioning for future</p> <p>This may include:</p> <ul style="list-style-type: none"> • Turnover of the SPV

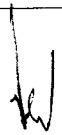


			<ul style="list-style-type: none"> • Turnover of the beneficiary artisans apart from the SPV
5	Detailed Marketing Plan	Crucial to understand the achievability of the project outputs and outcomes	<ul style="list-style-type: none"> • Marketing plan should be adequate for the SPV turnover projected in 4 • Potential markets for independent business of artisans must be specified
6	Clear role / engagement of all beneficiary artisans	Project must ensure that each and every artisan listed as a beneficiary in the proposal is able to enhance their incomes to the levels committed in the DPR. This is only possible if engagement of artisans has been systematically planned.	<ul style="list-style-type: none"> • All beneficiary artisans listed in the DPR must have a clear engagement in the project. These could be one or a combination of the following: <ul style="list-style-type: none"> ○ Raw material or other input suppliers to SPV ○ Job workers for the SPV – at site and at home ○ Employees of the SPV ○ Marketing agents on behalf of the SPV ○ Independent artisans utilising services of the SPV ○ Any other engagement
7	Optimum Govt Assistance per beneficiary	Cost-benefit ratio of the project needs to be good	<ul style="list-style-type: none"> • Should be preferably around Rs.50,000/- per artisan
8	Hard Interventions	Biggest component of the scheme needs to be planned systematically	<ul style="list-style-type: none"> • All plant and machinery and building construction must be justified and linked with the production/service



			<p>provision and storage requirement of the project, as projected in 3 above</p> <ul style="list-style-type: none"> • Number of machines must be linked with production volumes and numbers of artisans • Cost of machines must be comparable with similar machines available in the market • Only best quality machines, as relevant for the production, to be included • Machinery and building must be based on Lean Principles • Building must be energy efficient, providing good working conditions to all workers, especially women
9	Soft Interventions	Crucial component for success of the project and therefore needs to be planned systematically	<ul style="list-style-type: none"> • Must be directly related to the project plans • Should include both technical and managerial aspects for artisans • Institution development of the SPV must be planned for including leadership development of SPV Executive Council, awareness and capacity building of members • Design and product development should be included

10	Clear Plan for Artisan Ownership of Enterprise	This has a direct bearing on the sustainability of the Project. Only if the artisans own the enterprise in letter and spirit will the project sustain.	<ul style="list-style-type: none"> • All direct beneficiaries being claimed must be shareholders of the SPV by the end of year 1. • Artisans should have at least 2/3rd members in the Executive Committee • Institutional development process must be in place • Handover process must be spelt out clearly
11	Inclusion of Marginalised Communities	All projects of Gol must strive to include and empower marginalised communities	<ul style="list-style-type: none"> • Preferably a minimum of 50% of artisans must be from the marginalised sections, including: <ul style="list-style-type: none"> ○ Women ○ Scheduled Castes ○ Scheduled Tribes ○ Other Backward Classes ○ Transgenders ○ Others
12	Convergence	Resource mobilisation from other sources will be vital for success and sustainability of the project	Preferably, at least 10% of SFURTI assistance, from other government and non-government sources, together with letters of commitments; higher the better; especially for soft interventions
13	Model Cluster	All projects must have relevant and cutting-edge social, technological features	<ul style="list-style-type: none"> • Productivity enhancement and waste minimisation through Lean Principles • Utilisation of Renewable Energy wherever feasible • Digitization of Cluster • Aesthetically developed building and



			infrastructure (Components for beautification of building)
14	Capacities and Roles of IA/TA	Experience and capabilities of the both IA and TA have a direct bearing on the performance of the project	The capacities of both agencies relevant for this project must be articulated clearly in terms of <ul style="list-style-type: none"> • Prior experience in the geography and the sector and • Profile of team members identified for this project
15	Documentation	Important to process the projects	<ul style="list-style-type: none"> • Must be complete in all respects as specified in the Guidance Note • Concept scorecard and related documents must be included
16	Sources of Information	To ensure transparency and relevance of the information presented in the proposal.	All sources of information, whether primary or secondary, must be mentioned as footnotes at all relevant instances.

W

Indicative Terms of Reference for Handover of Cluster/Collective by IA to SPV

The following terms of reference may be incorporated as a part of a Sustainability Roadmap detailing the handover and exit strategy for the IA and continuation of the cluster under the SPV beyond the project duration. This shall include but not limit to;

- i. Identification of artisans/producers for SPV leadership and their requisite training.
- ii. Designing a sustainable business model for the next 3 years including strategies for increasing the operational efficiency, customer intimacy and maintaining the product marketability. This Business model should reflect the increase in the income of the cluster/collective and the artisans.
- iii. A monitoring framework/MIS/APP to evaluate the output and outcome while regularly updating the Ministry.
- iv. Ensuring that the ownership of the CFC, Land, Raw Materials, etc vests with the SPV.
- v. Fixing of the user charges for availing various services offered by the cluster/collective
- vi. Ensuring all MoU, agreements with institutional buyers, clients and other associations continue to stay with the SPV even after the exit of IA,
- vii. Ensuring Continued Design development and product diversification as an ongoing process
- viii. Ensuring that all Intellectual Property Rights pertaining to products, designs and processes are vested into the SPV, before exit including brand identities and Trademarks
- ix. Ensuring all statutory audits until the date of exit, are mandatorily accomplished and reported to the NA
- x. Submission of a detailed final report covering all physical and financial components to the NA.



Annexure-10

(To be Furnished along with the DPR)

**CE Certificate Format for Technical Civil Work
(Letter Head of the CE)**

CE certificate (With membership/registration No. of CE) in the following format:

Name of Cluster:

Location with address:

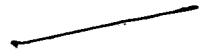
Date of site Visit by Chartered Engineer:

Sr.No	Name of the Component of CFC/Work shed/ annexes	Appraised Estimated Area (Sqm)	Rate/Unit	Appraised Estimated Cost (In Lakhs)	Status at inception or date of Visit may include: Ready for commencement of construction/Water logged/encroachments/pending statutory clearances etc.	Remarks (if any)
	TOTAL					

It is certified that the material/ components to be used in the Technical Civil Work as given in DPR are of requisite standards and specifications.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



Annexure-10.1

(To be Furnished along with Completion/Handover Report of the Project)

CE Certificate Format for Technical Civil Work (Letter Head of the CE)

CE certificate (With membership/registration No. of CE) in the following format:

Name of Cluster:

Location with address:

Date of site Visit by Chartered Engineer:

(Details should be submitted in below format)

Sr.No	Name of the Component of CFC/Work shed/ annexes (as per DPR)	Appraised Estimated Area (Sqm) (as per DPR)	Rate/Unit (as per DPR)	Appraised Estimated Cost (In Lakhs) (as per DPR)	Actual Area consumed (Sqm) (on completion)	Rate/Unit (on completion)	Actual cost (In Lakhs) (on completion)	Status at Completion	Remarks
	TOTAL								

It is certified that the material/ components used in the Technical Civil Work are matching all standards and specifications as per the Approved DPR for the project.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



(To be Furnished along with the DPR)

CE Certificate Format for Plant & Machinery
(Letter Head of the CE)

CE Certificate (With membership/registration No. of CE) in the following format

Name of Project:

Location with address:

Date of Appraisal by Chartered Engineer:

SLNO	Name of component	Model No. and Specification	Appraised Estimated Quantity	Rate (Rs.)	Cost break Up		Total Appraised Cost (Rs. Lakhs)	Manufacturer (including OEM & Model No.) and Brand	Remarks
					Appraised Basic Cost as per DPR	Estimated Taxes, Freight, installation, insurance			
	Component 1 2								
	<u>TOTAL</u>								

It is certified that the Component / machinery proposed to be used as given in the DPR, are of requisite standards and specifications.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



Annexure-11.1

(To be Furnished along with Completion/Handover Report of the Project)

**CE Certificate Format for Plant & Machinery
(Letter Head of the CE)**

CE Certificate (With membership/registration No. of CE) in the following format

Name of Project:

Location with address:

Date of Appraisal by Chartered Engineer:

SLNO	Name of component	Appraised Estimated Quantity as per DPR	Total Appraised Cost (Rs. Lakhs) as per DPR	Actual Quantity	Rate (Rs.)	Cost break Up		Total actual Cost	Name of Supplier/ Manufacturer and Brand	Status (Either fully functional or Partially functional)	Remarks
						Actual Basic Cost as per DPR	Actual Taxes, Freight, installation, insurance				
	Component - 1										
	- 2										
	TOTAL										

It is certified that the Component / machinery Procured and commissioned, are of standards and specifications as per the approved DPR.

Signature and Seal of C.E.

Counter signature of Head of NA with Seal



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 11th 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 /

Sudha Kohari

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"> • Institutions of Ministry of MSME (MSME-DIs, NSIC, KVIC, Coir Board, Technology Centres, NI-MSME and MGIRI) • Organizations of State Governments • National and international institutions engaged in development of the MSE sector. • Any other institution / agency approved by the Ministry of MSME
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

Sudha Keshari

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

Sudha Koshari

	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)


(Sudha Keshari)

Additional Development Commissioner

New Guidelines – MSE-CDP

1. Historical Background

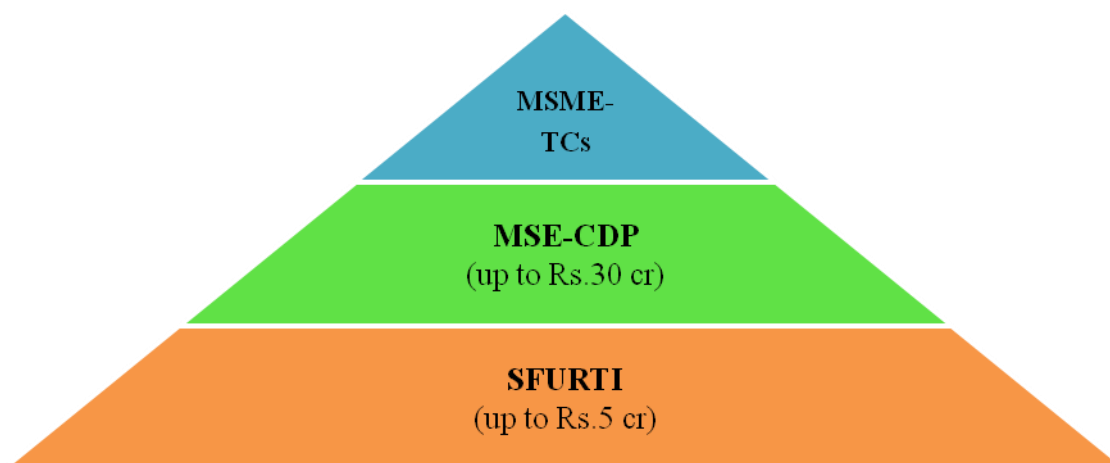
- a.) Cluster Development Programme is one of the oldest scheme of the Office of Development Commissioner in the Ministry of MSME. Earlier scheme was revised in 2007 and then the last revision in 2019.
- b.) In October 2007, the erstwhile Cluster Development scheme ‘Small Industries Cluster Development Programme (SICDP)’ was renamed as ‘Micro and Small Enterprises - Cluster Development Programme (MSE-CDP)’. It was also decided that the ‘Integrated Infrastructural Development (IID)’ Scheme shall be subsumed in MSE-CDP for providing developed sites for new enterprises and upgradation of existing industrial infrastructure.

2. The Present Context

- a.) 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’ to boost indigenous manufacturing and Industry has started a new interest in this scheme. Various consultations with MSME-DI, SPV and State Governments have suggested to bring 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.
- b.) Ministry of MSME has started Udyam registration process in which all enterprises are gradually supposed to on board the system of registration. The process is expected to help in easy identification of clusters based on common line of NIC codes and PIN codes which are available in the Udyam registration portal. Such use of data along with information made available by MSME DI and State Governments may help in the necessitated simplifications and extending coverage under the scheme. It would also enhance objectivity among various stakeholders.
- c.) There is also need to bring total digitisation of different stages and information to be placed in public domain to enhance transparency. The existing portal of the scheme would be revamped to bring the desired results.

3. Approach in Cluster Development

Ministry of MSME intends to bring harmony and alignment among its two cluster schemes, Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro & Small Enterprises Cluster Development Programme (MSE-CDP) with each other. The objective is that all the enterprises operating within or near those clusters can become competitive vertically and horizontally and improve the competitiveness of clusters across sectors and regions of the country. Though the schemes target different segments from artisans, traditional enterprises, village enterprises, micro & small enterprises to medium manufacturing enterprises but the sole intention is to bring competitiveness and technology among enterprises, right skilling and linking the various efforts of Government of India. Currently, these are operating independent of each other. MSME-Technology Centres (TCs) may act as apex institutions for providing world class common facility services and skill development support to MSMEs. TCs can contribute effectively in technology needs of the cluster development in the country. This requires integration of the cluster schemes along with MSME-TCs to form a hierarchical pyramid.



4. Revised Guidelines of MSE-CDP SCHEME

These revised guidelines of MSE-CDP are issued in supersession of the previous guidelines and encompasses, inter-alia, the procedure and funding pattern. This would be effective from the date of issuance of guidelines in prospective manner. Ministry may amend guidelines on need basis.

5. Objectives of the Scheme

The scheme shall have the following objectives:

- 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.

6. Characteristics of the Cluster

- a.) A cluster is a group of enterprises located within an identifiable and contiguous area (to a large extent) or a value chain that may go beyond a geographical area and producing same / similar products / complementary products/ services, which can be linked together by common physical infrastructure facilities. It must address their common challenges which is the core reason to take up the project under this scheme.
- b.) The essential characteristics of enterprises in a cluster are (a) Similarity or complementarity in the methods of production, quality control & testing, energy consumption, pollution control, etc., (b) Similar level of technology & marketing strategies / practices, (c) Similar channels for communication among the members of the cluster, (d) Common market & skill needs and/ or (e) Common challenges & opportunities that the cluster faces.

7. Components of the Scheme and Funding pattern under the Scheme

There are only two components of the MSE-CDP scheme:

- a.) **Common Facility Centers (CFCs):** This component consists of creation of tangible “assets” as Common Facility Centers (CFCs) in Industrial Estate. Items permissible may be referred at Annexure-1.
- b.) **Infrastructure Development (ID):** This component is for development of infrastructure in new/existing notified Industrial Estate. Items permissible are indicated at Annexure-2 .

8. The funding pattern

- a.) The funding pattern of projects would be as follows:

Components	Total Project cost	Funding Pattern		
		Govt of India	State Govt	SPV
a.1 Common Facility Centre	Rs 5 crore to Rs 10 crore	70%	20%	10%
a.2 Common Facility Centre	Rs 10 crore to Rs 30 crore	60%	20%	20%
b.1 Infrastructure development- New	Rs 5 crore to Rs 15 crore	60 %	40%	---
b.2 Infrastructure development- Upgradation of existing Infrastructure	Rs 5 crore to Rs 10 crore	50%	50%	--

- b.) The funding pattern of projects located in the Aspirational Districts, NER, Hill States and islands would be as follows:

Components	Total Project cost	Funding Pattern		
		Govt of India	State Govt	SPV
a.1 Common Facility Centre	Rs 5 crore to Rs 10 crore	80%	15%	5%
a.2 Common Facility Centre	Rs 10 crore to 30 crore	70%	15%	15%
b.1 Infrastructure development- New	Rs 5 crore to Rs 15 crore	70 %	30%	---
b.2 Infrastructure development- Upgradation of existing Infrastructure	Rs 5 crore to Rs 10 crore	60%	40%	--

The project for CFC with project cost more than Rs. 30 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of Rs.30 crore. Similarly, the project for ID with project cost more than Rs. 10 crore/15 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of Rs. 10 crore/15 crore.

- c.) Medium and Large mother manufacturing firms (whether in the public sector or private sector), Central or State Government Autonomous Bodies, other major buyers of products manufactured by MSEs in the cluster, commercial machinery suppliers, raw material suppliers and Business Development Service (BDS) providers will be eligible to contribute up to the provisioned State Govt’s share as financial assistance. Further they may also be the part of SPV but there will be only one representative from them in SPV, their contribution to SPV

may not exceed 26% of the equity. However, the ownership of Plant and Machinery will be with State Government.

- d.) SPVs can contribute the provisioned State Govt. share, and such projects may then be implemented through MSME-DIs, NSIC, KVIC, Coir Board, Autonomous Bodies of Ministry viz. NI-MSME, MGIRI or Technology Centres.
- e.) SPV or firms as mentioned in para (d) above, should not take any grant from other schemes / GoI for this project.
- f.) The funding pattern for the projects approved by National Level Steering Committee as per the previous guidelines shall remain unchanged.

9. Project Cost

- a.) Normally, projects costing less than Rs.5 crore would not be considered under this scheme. Such projects may be considered under SFRUTI as per the respective scheme guidelines. However, projects costing less than Rs.5 crore would be considered to promote rural industries addressing the issues relating to livelihood technological need and having impact in that sector at large. Projects of FPOs focusing on high quality domestic and export markets may also be considered in consultation with MoFPI / APEDA the funding pattern would be as indicated in para 8 (a) and (b) above.
- b.) Projects with cost higher than the ceiling limit indicated in the above table may also be considered under MSE-CDP. However, the GoI grant will be limited to the Project cost ceiling as above.
- c.) The Government of India will not give any grant for preparation of DPR. However, a sum equivalent to 4% of Project Cost not exceeding Rs.50.00 lakh (Rs. fifty lakh) will be considered as a contribution by the State Government or Special Purpose Vehicle (SPV) as the case may be, towards this purpose, including consultancy charge to Technical Institution etc. from conceptualization stage to operational handholding support under the Project, with the approval of State Level Steering Committee (SLSC).
- d.) The State Govt. can also use such amount (as mentioned in para 9.c above), for hiring of State PMU for the implementation and monitoring of MSE-CDP scheme in the State. The PMU shall be hired by State through a competitive bidding process.
- e.) Medium and Large mother manufacturing firms (whether in the public or private sector), Central or State Government Autonomous Bodies, other major buyers of products manufactured by MSEs in the cluster, commercial machinery suppliers, raw material suppliers and Business Development Service (BDS) providers contributing the provisioned State Govt. share in the project will be allowed to use a sum equivalent to 4% of Project Cost not exceeding Rs.50.00 lakh (fifty lakh) towards preparation of DPR, including consultancy charges to Technical Institution etc. from conceptualization stage to operational handholding support under the Project through the Implementing Agency and it will be considered as a contribution by them.
- f.) The cost of Project for Common Facility Centre (CFC) includes cost of Land (subject to maximum of 25% of Project Cost), building, pre-operative expenses, preliminary expenses, machinery & equipment, miscellaneous fixed assets, support infrastructure such as water supply, electricity and margin money for working capital. The maximum allowed contribution towards pre-operative & preliminary expenses shall be 2% of the total project cost whereas, the maximum allowed contribution towards margin money for working

capital shall be based on actual, but less than 25% of working capital requirements for 1st Year.

- g.) The State Government / Industrial Park Developments Agency / Corporation may submit Detailed Project Report (DPR) along with land details of the projects to concerned MSME-Development Institutes for first hand analysis of the project.
- h.) The CFC should be housed in Land/ Building owned by the SPV (acquired through contribution of the members). CFC can be set up in leased premises. However, the lease should be legally tenable and for a fairly long duration but not less than 15 years. In case CFC is established on leased land, the Lease Period should not be less than 25 years. The Land/Building ownership/lease related documents including non-agricultural conversion if applicable must be submitted along with DPR.
- i.) Long Term Lease could be selectively allowed if the property (CFC) is on land owned by an Industry Association or any other Institutional land. In any case lease shall not be allowed for any property owned by members or their family members.
- j.) For ID projects, the land should be in the name of State Govt./State Implementing Agency (IA) with Clear Title and complying with zoning regulations and non-agricultural conversion etc.

10. Detailed Project Report (DPR)

- a.) It would be the responsibility of the SPV or State Government to prepare a DPR. The DPR should clearly establish how the CFC will improve the competitiveness of the MSE units in the cluster and should be aligned with their common aspirations of the enterprises. This should be clearly established in the DPR through a credible market study/ survey, which can be done before the DPR stage or along with it.
- b.) DPR can be prepared by SPV or any qualified agency as decided by the State Govt. or Agencies empanelled in any scheme of the Ministry of MSME would be eligible to prepare the DPR under this scheme also.
- c.) There should be sufficient awareness (at the time of DPR formulation and feasibility study) for the proposed CFC in the local cluster.
- d.) Copy of DPR should be submitted simultaneously at State Level Screening Committee and MSME-DIs, so as to avoid time in processing;
- e.) A suggestive format for DPR is indicated in the annexure of these guidelines. The DPR should also provide following details of the member MSEs

Name of MSE	Constitution	Udyam Registration Number	Date of Incorporations	Name of Promoter	Turnover during last FY	Proposed contribution to CFC

11. SPV and measures to ensure long term commitment of the members

- a.) There shall be a SPV for the projects for CFC, which would be a Company registered under Section 8 of the Company Act except for the State of Sikkim. For Sikkim, SPV can be a Society registered under the Societies Registration Act, or a Co-operative Society under an appropriate statute. Farmer Producer Organisation (FPO)/ Farmer Producer

Company (FPC) registered under Section 8 of the Company Act with minimum number of MSEs as their member as provisioned in the guidelines of the Scheme shall also be allowed as the SPV.

- b.) The SPV may take efforts to increase the number of members (shareholders) to ensure that CFC is a collective initiative and is able to meet the aspirations of a higher number of units:
 - i. Minimum 20 MSEs/Startups/Green Field MSEs/FPOs for CFC with project cost of above Rs 10 crore and above
 - ii. Minimum 10 MSEs/Startups/Green Field MSEs/FPOs for CFCs with project cost of below Rs 10 crore
- c.) The minimum contribution from members should be brought in the SPV by way of equity capital in order to bring more sense of ownership, which would have direct bearing on the higher success of the CFCs. Any contribution higher than the minimum contribution could be by way of unsecured interest free loans.
- d.) Minimum members direct contribution for the project could be:
 - i. 10% of the project cost for CFCs with project cost less than Rs 10 crore (could be 5% for NER).
 - ii. 20% of the project cost for CFCs with project cost more than Rs 10 crore (15% for NER).
- e.) Registered Industry Associations having more than 500 MSE members, could be allowed to become members or sponsors for the CFC/ SPVs. However, the Associations should directly not hold more than 26% in the SPV and they will also have to ensure the minimum number of direct member contributions as mentioned above.
- f.) This will indirectly encourage SPVs to work for larger number of members.

12. Ensuring committed leadership and professional Management of the project

- a.) It is expected that SPV should have efficiencies of a private management set up. The Board of SPV should have member directors all of whom are in the industry related to the CFC. One member should be a professional from a Management Institute or an experienced professional. Industry Association can have not more than one member on the Board. The Board structure should be provided at the time of DPR.
- b.) A proper plan for running the day to day operations of the CFC should be made by the Leadership Team. One full time head of operations should be identified and hired before disbursement.
- c.) The SPV would be subject to performance and financial audit.
- d.) The SPV should have formal engagement with a reputed Technical Institution/ Management Institution/ Research Institution, Technology Centre, etc. while formulating the CFC vision and plan and preferably during operations period also.
- e.) The SPV should preferably have Industry linkage with large buyers and demand aggregators.

- f.) Consultants, service providers and suppliers should not be related to the SPV in terms of ownership or management and may not provide loans to SPV or members of SPV for carrying out the project. It is to ensure probity in project management and effective utilization of resources.
- g.) The above parameters are key criterion for approval of the project.

13. Credit linkages for the projects

- a.) Preference would be given to projects which have bank loan component (at least 10% of the project cost). It would ensure deeper indulgence by all stakeholders.
- b.) Bank loan may be eligible for credit guarantee to SPV under the umbrella of CGTMSE. Such guarantee would be available to term loan as well as working capital to the SPV.
- c.) Public Sector banks, private banks as well as Co-operative banks would be eligible to get themselves registered with CGTMSE as per the standard guidelines.
- d.) The guarantee would also cover future upgradation, replacement of plant and machinery cost.
- e.) The guarantee scheme would also cover the working capital requirement for existing CFC which has been approved under earlier scheme of MSE-CDP.

14. Approval Process

- (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
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/oMSME	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 of DPIIT, MoTextile, DoPharma, MeitY, MoRD, MoFPI, MoDefence, DoFisheries, DoAnimal Husbandry and Dairying	Member
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

- i) Time bound meetings will be help for time bound approval of proposals receipt under the Scheme and progress review of on-going projects.
- ii) The following documents will be required for placing a CFC proposal for final approval of NPAC-
 - a. DPR – Performa at Annexure - 3
 - b. Project Appraisal Report
 - c. Registered land documents (if in vernacular language then English/Hindi translation)
 - d. SPV registration as Section 8 Company (certificate of registration along with MoA and AoA)
 - e. Geo Tagging
 - f. SLSC recommendation along with minutes of meeting
 - g. Statuary Compliances
 - h. Certificate from State Government for compliance of GFR/CVC guidelines (Format at Annexure-5).
- iii) The following documents will be required for placing an ID proposal for final approval of NPAC-
 - a. DPR
 - b. Project Appraisal Report
 - c. Land Documents (if in vernacular language then English/Hindi translation)
 - d. Geo Tagging
 - e. SLSC recommendation along with minutes of meeting
 - f. Statuary Compliances
 - g. Certificate from State Government for compliance of GFR/CVC guidelines (Format at Annexure-5).

15. Implementing Agency and Fund (GoI Grant) Release

Implementing Agencies:

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

- a.) 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. The last installment will be on reimbursement basis.
- b.) The CFC projects with no State Govt. fund or land & Building support may be implemented by Institutions of Ministry of MSME.
- c.) MSME-DIs will not be fund receiving agency and in such cases funds will be handled by other Institutions of MoMSME as mentioned in Para 8 (e).

- d.) Funds will be released only after completion of building (not less than 80% as per the submitted building plan), upfront contribution by SPV, proportionate contribution by the State Govt. and upfront contribution by mother unit or other allowed contributors and finalization of Plant and Machinery through e-tendering as per GFR and CVC guidelines.
- e.) The funds will be released to the Project Specific Bank Account of IA in Public Sector Banks or any other bank as allowed by Ministry of Finance, Govt. of India. The interest accrued on GoI grant, in the Project specific Bank Account is to be returned back to GoI timely.
- f.) Implementing Agencies have to submit Utilization Certificates (UCs) for GoI grants timely before the release of next installment and final UC within 3 months of completion of projects.
- g.) A registered Tripartite Agreement among the GoI, the State Government concerned / Implementing Agency and the SPV shall be signed for CFC Projects. The format of the agreement is given at Annexure-4.
- h.) The projects implemented by the State Governments or State Implementing Agencies, the procurement of Plant and Machinery will be done through e-tendering (either through GeM or Centre Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Government. Director/HoO MSME-DI, an expert organization for the sector related to the cluster and representative from SPV will be member of the committee. Other members may be decided by the State Govt. Procurement of plant & machinery will be responsibility of State Government. The ownership of plant & machinery shall be vested with the State Government.
- i.) In cases, where building construction cost is fully borne by SPV, the building may be constructed by SPV as per the building plan approved by the Competent Authority (local administration). The quality and valuation of total cost of building is to be certified by Chartered Civil Engineer / PWD / CPWD.
- j.) For the projects implemented by Institutions of Ministry of MSME, the procurement of Plant and Machinery will also done through e-tendering (either through GeM or Centre Procurement Portal) as per GFR and CVC guidelines by a committee constituted by Director/HoO MSME-DI. The Director/HoO MSME-DI will be chairman whereas representative from Fund Handling Agency, State MSME/Industry Department, Technology Centre (related to the product sector of the cluster), SPV and Academia will be member of the committee.
- k.) There could be projects where users of different services to be created under a project will be from different distant areas. The creation of local branches of the main CFC will better serve enterprises as transportation cost and time will be saved. Single SPV can manage all these projects. However, the total project cost as a whole, for considering of GoI Grant shall be of maximum Rs. 30 crore, even if the total project cost is more than Rs. 30 crore as per table at Para 8 (a) and (b). The maximum permissible branches under this arrangement shall be 4 (four).

16. Time Period for completion of the project

- a.) The projects have to be completed within 18 months from the date of approval order of the project by NPAC.
- b.) Further time extension may be given as under:

S. No.	Period in month	Authority	Remarks
1.	3 months	State Govt.	State govt. may inform about the period of extension.
2.	Next 3 months	AS&DC (MSME)	On recommendation of State Govt. with reasons for delay.
3.	Next 12 months	NPAC	On recommendation of State Govt. with reasons for delay.
4.	Further, extension required if any	Minister /Minister In-charge for MSME	On recommendation of Minister In-charge for MSME / Chief Secretary of the State.

The time extension after three years (Sl. No. 4) from the date of issuance of the final approval letter, however, may be subject to a reduction of GoI share upto 10%, which is to be borne by the SPV as an additional contribution, if delays are due to reasons attributable to SPV. The reason for delays attributable to the SPV and the quantum of reduction of GoI share will be recommended by a designated Committee of Officers.

17. Release of Funds

(A) **Common Facility Centre (CFC)**- 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. GoI grant will be released only in Project Specific Account of IA.

- (i) Funds would be released in three installments to the Implementing Agency (State/UT Government Agency) on the basis of the physical progress, actual expenditure incurred and requirement of funds for the Project.
- (ii) Once the Plant & Machinery (P&M) are approved in NPAC of the MSE-CDP, the same would not be considered for changes, unless for higher version or adopting new technologies with due approval of NPAC.
- (iii) Any escalation in the cost of Project above the sanctioned amount, due to any reason will be borne by the SPV/ State Government.
- (iv) Contribution by the SPV or the beneficiaries share should be upfront. However, State Government may release their complete share either in one go or proportionately in the ratio of 50:40:10 and the same should be released prior to request for release of GoI grant is made by IA.
- (v) Necessary infrastructure like land, building, water and power supply, etc. must be in place or substantial progress should have been made in this regard before GoI assistance is requested.
- (vi) Where bank finance is involved, Loan Sanction letter of the bank concerned to release proportionate funds will also be necessary before release of GoI assistance. The bank loan or any other borrowings by SPV should not be more than 50% of the total SPV contribution in the project. SPV cannot hypothecate, mortgage land, building, plant & machinery or any other assets of the CFCs for bank loan or any other borrowings.
- (vii) State Government/IA would submit request for 1st installment of GoI grant (maximum 50%) along with Original Tripartite Agreement as per format at Annexure-4 (if not submitted earlier), State Government Order regarding Constitution of Purchase Committee, copy of minutes of Purchase Committee finalizing the tenders for procurement of Plant & Machinery, Certificate that Plant & Machinery are as per Final approval letter, proof of release of SPV contribution and State Government matching share, Joint Verification Report along with status of building and procurement of Plant & Machinery (signed by State

Government/IA, SPV & MSME-DI), Pre-receipt & Undertaking in prescribed format (Annexure – 9), component-wise expenditure statement as per Final approval letter certified by CA and certificate from IA that all the term & conditions prescribed in appraisal report & final approval letter have been fulfilled.

- (vii) On utilization of 1st installment of GoI grant, State Government/IA would submit request for 2nd installment of GoI grant (maximum 40%) along with Utilization Certificate (UC) in respect of utilization of 1st installment of GoI grant as per GFR in prescribed format (Annexure -10), copy of minutes of Purchase Committee finalizing the tenders for procurement of Plant & Machinery, Certificate that Plant & Machinery are as per Final approval letter, proof of release / utilization of SPV contribution and State Government matching share, Joint Verification Report along with status of procurement of Plant & Machinery indicating utilization of 1st installment of GoI grant (signed by State Government, IA, SPV & MSME-DI), Pre-receipt & Undertaking in prescribed format (Annexure – 9), component-wise expenditure statement as per Final approval letter certified by CA.
- (viii) On completion of project, State Government / IA would submit request for 3rd and Final installment of GoI grant (10%) on reimbursement basis, along with Completion Report in prescribed format (Annexure-7) duly signed by IA & SPV and countersigned by MSME-DI in original, Utilization Certificate (UC) in respect of utilization of previous installment of GoI grant in prescribed format (Annexure -10), proof of utilization of State Government complete contribution, Joint Verification Report along with status of installation of Plant & Machinery (signed by State Government/IA, SPV & MSME-DI), Certificate that Plant & Machinery are as per approval letter, details of interest accrued on GoI grant, Pre-receipt & Undertaking in prescribed format (Annexure – 9), component-wise expenditure statement certified by CA. Format for report from MSME-DI on completion of the project (Annexure – 11).

(B) **Infrastructure Development Projects-** 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.

- (i) Funds will be released on reimbursement basis or on matching share basis (Implementing Agency will deposit its share in the dedicated bank account in the name of Project and submit a bank certificate). 1st installment would be 50% of permissible GoI grant.
- (ii) State Government / IA would submit request for 1st installment of GoI grant along with proof of release of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt & Undertaking in prescribed format (Annexure – 9), certificate by IA that all the conditions prescribed in appraisal report & final approval letter have been fulfilled.
- (iii) On utilization of 1st installment, State Government/IA would submit request for 2nd installment of GoI grant along with Utilization Certificate (UC) in respect of utilization of 1st installment of GoI grant as per GFR in prescribed format (Annexure -10), Physical & Financial Progress Report signed by IA countersigned by MSME DI, proof of release and utilization of State Government matching share, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt & Undertaking in prescribed format (Annexure – 9), component-wise expenditure statement as per final approval letter certified by CA.
- (iv) On completion of project, State Government/IA would submit request for 3rd & Final installment of GoI grant on reimbursement basis along with Completion Report in prescribed format (Annexure-8) duly signed by IA and countersigned by MSME-DI in original, Utilization Certificate (UC) in respect of utilization of

previous installment of GoI grant as per GFR in prescribed format (Annexure - 10), details of interest accrued on GoI grant, Joint Verification Report (signed by State Government & MSME-DI), Pre-receipt & Undertaking in prescribed format (Annexure – 9), component-wise expenditure statement certified by CA and certificate by IA that all the conditions prescribed in appraisal report & final approval letter have been fulfilled. Format for report from MSME-DI on completion of the project (Annexure – 11).

18. Project Completion

SPV/ IA has to submit through the system within two months after project completion the following:

- Final Project Completion report including details on Outputs and Outcomes as indicated at para 19.g.
- Photographs
- Evidence of deliverables as indicated in the DPR
- Receipts of payment for expenditure
- Audited statement of accounts- final statement of income and expenditure

19. Monitoring and Evaluation of the Projects

19.1 Monitoring of the Projects

- a.) 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.
- b.) Later, the portal may provide value added services to the cluster units including connecting them to VC/AIF funds associated with SIDBI in its growth and support (Startup Fund of Funds or any other fund) and linking with appropriate technology centres/ technology institutions.
- c.) Geo-tagging of all CFC and Infrastructure Development projects will be mandatory.
- d.) Request for change in the scope of the project or increase in the total amount in funding will not be entertained. Cost escalation of the project, if any, has to be borne by the SPV or State Government.
- e.) Prior approval is not required if deviation of expenditure of individual item is < 10 % of the approved budget. Similarly no approval is required in case of increase in own contribution and early completion of the project.
- f.) PMU may be set up in the office of AS&DC MSME for effective monitoring and it would strive for creating excellence in developing a proper ecosystem. The upper-cap for administrative charges shall, however, be limited to 3% of the total outlay approved.
- g.) New projects shall not be considered for a State if 25% (or more) projects approved in the past have been delayed by 24 months beyond the original period.

	Objectives	MeasurableIndicator(s)	Means of measurement (Data source)
Outcomes	1. For CFC- MSEs benefited	1.1-MSEs to avail Common facilities	Nos. (SPV)
		1.2-Increase in Production	% (SPV)
		1.3-Reduction in Cost of Production	% (SPV)
		1.4-Decrease in wastage of RM	% (SPV)
		1.5-Increase in Sales Revenue	% (SPV)
		1.6-Employment Increase	% (SPV)
		1.7-Income Increase	% (SPV)
		Decrease in Rejection	% (SPV)
	2. For Infrastructure development projects- MSEs benefited and infrastructure created	2.1 Plot for MSEs	Nos. (State Govt.)
		2.2-Common Utilities	Road constructed
			Electrical Sub Station
			Water Harvesting
			ETP
Green Energy			
Outputs	1. Total No. CFCs commissioned	1.1-Commissioning of Plant and machinery	Project Completion Report by Competent Authority
		1.2- Release of Final Installment of GoI grant	Transfer of fund in PFMS platform
	2. Total nos. of the infrastructure development projects completed	2.1 Completion of ID projects	Project Completion Report by Competent Authority
		2.2 Release of Final Installment of GoI grant	Transfer of fund in PFMS platform

- h.) The timelines for the completion of various activities are given at Annexure – 6. 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).

19.2. Project Evaluation

- a.) SPV/ IA has to submit through the system every year after the completion of the project the following:
- Annual report indicating its activity and the benefits accruing to the members
 - Evidence of benefits as indicated in the DPR
 - Receipts of income and its deployment
 - Audited statement of accounts- annual statement of income and expenditure
- b.) MSME-DI has to upload a report after visiting the project indicating its activity and guide it further for the growth of the project.

19.3. Third Party Evaluation of the project

Office of DC, MSME would get the project evaluated by third party after three years of completion of the project.

20. Contact person for the Scheme

The Director,
Cluster Development Division,
Room No. 724, O/o DC (MSME)
7th Floor, Nirman Bhawan, New Delhi.
Phone No. 011-23062230
Name of cluster portal - www.cluster.dcmsme.gov.in

Admissible items under Setting up of Common Facility Centres (CFCs)

- i. Common Production / Processing Centre (for balancing/correcting / improving production line that cannot be undertaken by individual units).
- ii. Common Recycling/Resource Recovery Plant.
- iii. Industry 4.0 and its Learning Facilities, Additive Manufacturing Facilities, Digital Infrastructure.
- iv. Design/Incubation Centres.
- v. Testing and Quality upgradation Facilities/Product Standards Development.
- vi. Packaging Facilities.
- vii. Training Centre / Skill Upgradation Facilities.
- viii. R&D Centres.
- ix. Effluent Treatment Plant.
- x. For waste management, disposal and sustainable handling of biodegradable wastes in industrial areas, biogas / Bio-CNG projects will also be supported.
- xi. Common Logistics Centre.
- xii. Common Raw Material Bank.
- xiii. Plug & Play Facility.
- xiv. Common Renewable Energy Generation (Solar, Wind, Bio) and Energy Management equipments.
- xv. Safety and Disaster Risk Reduction equipments.
- xvi. Facilities relating to linkages Backward / Forward linkages for value addition in bi-product / waste of cluster units.
- xvii. Any common facilities which will improved competitiveness and productivity of the cluster units.
- xviii. Export Promotion Facilities for FPO such as for processing, storage (cold chains), Pack Houses, testing and packaging.
- xix. Common Facilities for services sector such as automobile, tourism, hospitality, health & medical, farm, Dry cleaner, Testing Laboratories, repair and maintenance or any sector prioritize by Government of India / State Government.
- xx. CFC for Greenfield clusters for holistic developments of MSME sector.

Note: Items may be added or deleted with the recommendation of NPAC and approval of Secretary MSME/Minister MSME.

Admissible items under Infrastructure Development (ID) Projects

- i. Boundary wall / fencing
- ii. Laying roads
- iii. Water supply including overhead tanks, and pump houses
- iv. Water harvesting
- v. Drainage
- vi. Power (Sub-Station and distribution net-work work including Street light etc),
- vii. Others (Sanitary Conveniences etc.)
- viii. Flatted Factory Complex
- ix. Common Effluent Treatment
- x. Common Renewable Energy Generation (Solar, Wind, Bio)
- xi. Common Utilities System (Steam, Compressed Air/Gas, Cooling)
- xii. Raw Material Storage
- xiii. Common Water Recovery Plant
- xiv. Safety & Disaster Risk Reduction Cell
- xv. Latest Technological Backup Services in new industrial (multi-product) areas/estates or existing Industrial Areas/Estates/ Clusters.
- xvi. ID projects for Greenfield clusters for holistic developments of MSME sector.

Note: Items may be added or deleted with the recommendation of NPAC and approval of Secretary MSME/Minister MSME.

Format of Detailed Proposal for CFC

1. Proposal under consideration

2. Brief particulars of the proposal

Name of applicant, contact details, etc	As CFC Registered address / administrative address may be different from CFC facilities address, the same may be provided
Location of Common Facility Centre	Address where facilities are proposed may be provided
Main facilities being proposed	Details of facilities to be provided

2.1. Introduction: brief about

- 2.1.1. General scenario of industrial growth/ cluster development in the state
- 2.1.2. Sector for which CFC is proposed to be set up
- 2.1.3. Cluster and its products, future prospects of products, Competition scenario, Backward and forward linkages
Basic data of cluster (Number of units, type of units [Micro/Small/Medium], employment [direct /indirect], turnover, exports, etc):
- 2.1.4. How the proposed CFC is relevant to the growth of the concerned cluster/ sector

3. Information about SPV

S. No.	Description	Details/ Compliance
(i)	Name and address	
(ii)	Registration details of SPV (including registration as Section 8 company under the Companies Act 2013)	
(iii)	Names of the State Govt and MSME officials in SPV	
(iv)	Date of formation of the company	
(v)	Date of commencement of business	
(vi)	Number of MSE Member Units ¹	
(vii)	Bye laws or MoA and AoA submitted	
(viii)	Main objectives of the SPV ²	
(ix)	SPV to have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility	
(x)	Clause about 'Profits/ surplus to be ploughed back to CFC' included or not	

¹

²

(xi)	Authorized share capital	
(xii)	Shareholding Pattern ³ (Annexure-3 to be filled in)	
(xiii)	Commitment letter for SPV Upfront contribution ⁴	
(xiv)	Project specific A/c in schedule A bank	
(xv)	Clause about 'CFC may be utilised by SPV members as also others in a cluster and Evidence for SPV members' ability to utilise at least 60% of installed capacity'	
(xvi)	Main Role of SPV	
(xvii)	Trust building of SPV ⁵ so that CFC may be successful	

4. Details of Project Promoters /Sponsors

(i) Brief bio-data of Promoters

(ii) The details of the promoters are as under :

Name of the Office bearers of the SPV							
Age (years)							
Educational Qualification							
Relationship with the chief promoter							
Experience in what capacity/ industry/ years							
Income Tax / Wealth Tax Status (returns for 3 years to be furnished)							
Other concerns interest / in which capacity /financial stake							

- (i) Brief about Compliance with KYC guidelines
- (ii) Details of connected lending - Whether the directors / promoters of SPV are having any directorship on any bank etc.
- (iii) Adverse auditors remarks, if any – to be culled out from audit report, in case available. If SPV is new, it can be indicated as not applicable
- (iv) Particulars of previous assistance from financial institutions / banks - If SPV is new, it can be indicated as not applicable

3

4

5

- (v) Pending court cases initiated by other banks/FIs, if any - - If SPV is new, it can be indicated as not applicable
- (vi) Management Set-up
- (vii) To indicate details regarding who will be the main persons involved in running of CFC, its operations etc.

5. Eligibility as per guidelines of MSE-CDP

S. No.	Eligibility Criteria	Comments
1.	The GoI grant will be restricted to 60% / 70% / 80% of the cost of Project of maximum Rs.30.00 crore as per the Scheme guidelines.	
2.	Cost of project includes cost of Land (subject to max. of 25% of Project Cost), building, pre-operative expenses, preliminary expenses, machinery & equipment, miscellaneous fixed assets, support infrastructure such as water supply, electricity and margin money for working capital.	
3.	The entire cost of land and building for CFC shall be met by SPV/State Government concerned.	
4.	In case existing land and building is provided by stakeholders, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of Central/State Govt. Departments/FIs/Public Sector Banks. Cost of land and building may be taken towards contribution for the project.	
5.	CFC can be set up in leased premises. However, the lease should be legally tenable and for a fairly long duration (say 15 years).	
6.	Escalation in the cost of project above the sanctioned amount, due to any reason, will be borne by the SPV/ State Government. The Central Government shall not accept any financial liability arising out of operation of any CFC.	
7.	DPR should be appraised by a bank (if bank financing is involved) / independent Technical Consultancy Organization/ SIDBI.	
8.	Proposals approved and forwarded by the concerned state government.	
9.	Evidence should be furnished with regard to SPV members ability to utilize at least 60% of installed capacity.	

6. Implementing Arrangements

	Description	Compliance
a.	Name of Implementation Agency	
b.	Role of Implementing Agency (e.g. implementation and monitoring of project, sending regular progress reports, issuing proper UCs,)	

c.	Implementation Period ⁶	
d.	Commitment of State Government upfront contribution	
e.	Commitment of Loans (Working capital and/ or term loan)	

7. Management and shareholding details:

8. Technical Aspects:

- (i) Scope of the project (including components/ sections of CFC)
- (ii) Locational details⁷ and availability of infrastructural facilities
- (iii) Technology
- (iv) Provision for Industry 4.0 of AI and innovations if any
- (v) Raw materials / components
- (vi) Utilities
 - (a) Power
 - (b) Water
- (vii) Effluent disposal
- (viii) Manpower

The details of the manpower are as under:

S. No.	Description of the employee	Number
1		
2		
3		
4		
..		
..		

9. Implementation Schedule:

Activities	Start Date	Completion Date
Preparation of Project Report		
Sanction of Grant from Government of India		
NOC from Pollution Control Board		
Site Development		
Building up-keep		
Placement of order to equipment supplier		
Supply of equipments by suppliers		
Installation of equipments at site		
Sanction of power connection		
Trial Run		
Commercial Production		

Note: PERT Chart for all activities to be accomplished in accordance with activity-wise time line as prescribed in MSE-CDP guidelines will mandatory be a part of DPR.

⁶

⁷

10. Project components:

(i) Estimated Project Cost (Rs. in lakh):

S. No.	Particulars	Amount
1	Land and Building	
2	Plant & Machinery including MFA, Installation, Taxes/duties, Contingencies, etc.	
3	Preliminary & Pre-operative expenses ⁸	
4	Margin money for Working Capital ⁹	
	Total	

(ii) Details of Land, Site Development and Building & Civil Work

(iii) Plant & Machinery:

(Rs. in lakh)

S. No.	Description	No.	Amount
1			
2			
3			
4			

(iv) Comments on Plant and Machineries from O/o DC, MSME:

(v) Misc. fixed assets

(vi) Preliminary expenses

(vii) Pre-operative expenses

(viii) Contingency Provisions:

(ix) Margin money for Working Capital

(x) Proposed Means of Financing:

(Rs. in lakh)

S. No.	Particulars	Percentage	Amount
	Total		

(xi) SPV contribution:

(xii) Grant-in-aid from Govt. of India under MSE-CDP

(xiii) Grant-in-aid from the State Government

(xiv) Bank Loan/ others

(xv) Arrangements for utilization of facilities¹⁰ by cluster units:

11. Fund requirement / availability analysis: The details must be provided keeping in view that pace of the project is not suffered due to non-availability of funds in time.

12. Usage Charges:

13. Comments on Commercial viability:

⁸

⁹

¹⁰

14. Financial Economic viability:

Assumptions underlying the profitability estimates, projected cash flow statements and projected balance sheet are placed at Annexure and the summary of key parameters for the first 5 years are given below:-

(Rs. in lakh)

S. No.	Particulars	FY 1	FY 2`	FY3	FY4	FY5
1	Net Block					
2	Current Assets (incl. cash/bank balance)					
3	Current Liabilities (incl. principal installment falling due during the year)					
4	Long term borrowings					
5	Capital					
6	Reserves and Surplus					
7	Unsecured loan					
8	Net Worth (incl. GoI Subsidy as Quasi-equity)					
9	Income					
10	Gross profit					
11	Depreciation					
12	Profit after tax					
13	Gross Cash Accruals					

The projected revenue of SPV is based upon the following major assumptions:

15. Projected performance of the cluster after proposed intervention (in terms of production, domestic sales / exports and direct, indirect employment, etc.)

Particulars	Before Intervention	After Intervention
	Qty. / Outcome	Qty. / Outcome
Units (including details of SC/ST/Women /Minorities)		
Employment		
Production		
Exports		
Import Substitution		
Number of patent expected aimed		
Investment		
Turnover		
Profit		
Quality		
Certification		
Any others (No. of ZED certified units)		

16. Status of Government approvals

- (i) Pollution control

(ii) Permission for land use (conversion for industrial purpose)

17. Favorable and Risk Factors of the project : SWOT Analysis

18. Risk Mitigation Framework

Key risks during the implementation and operations phase of the Project and the mitigations measures thereof could be as below:

During implementation:

During operations:

19. Economics of the project

(a) Debt Service coverage ratio (Projections for 10 years)

$$DSCR = \frac{\text{Net Profit} + \text{Interest}(TL) + \text{Depreciation}}{\text{installment}(TL) + \text{Interest}(TL)}$$

(b) Balance sheet & P/L account (projection for 10 years)

$$(c) \text{ BreakEvenPoint} = \frac{\text{FixedCost}}{\text{Contribution}(\text{Sales} - \text{VariableCost})}$$

20. Commercial Viability: Following financial appraisal tools will be employed for assessing commercial viability of the Project:

- (i) **Return on Capital Employed (ROCE):** The total return generated by the project over its entire projected life will be averaged to find out the average yearly return. The simple acceptance rule for the investment is that the return (incorporating benefit of grant-in-aid assistance) is sufficiently larger than the interest on capital employed. Return in excess of 25% is desirable.
- (ii) **Debt Service Coverage Ratio:** Acceptance rule will be cumulative DSCR of 3:1 during repayment period.
- (iii) **Break-Even (BE) Analysis:** Break-even point should be below 60 per cent of the installed capacity.
- (iv) **Sensitivity Analysis:** Sensitivity analysis will be pursued for all the major financial parameters/indicators in terms of a 5-10 per cent drop in user charges or fall in capacity utilisation by 10-20 per cent.
- (v) **Net Present Value (NPV):** Net Present Value of the Project needs to be positive and the Internal Rate of return (IRR) should be above 10 per cent. The rate of discount to be adopted for estimation of NPV will be 10 per cent. The Project life may be considered to be a maximum of 10 years. The life of the Project to be considered for this purpose needs to be supported by recommendation of a technical expert/institution.

21. Conclusion

Format for Tripartite Agreement among Special Purpose Vehicle (SPV), State Government and Government of India under MSE-CDP

This agreement is made at on this theth day of 20.... between (1) the President of India, acting through and represented by Joint Development Commissioner /Director in the Office of the Development Commissioner (MSME), the Ministry of Micro, Small & Medium Enterprises (MSME), New Delhi / Director, MSME-DI, (hereinafter after referred to as the 'GoI'), (2) Governor/Lt. Governor of the State/Union Territory of acting through and represented by Secretary (Industries), State/UT Government of (hereinafter referred to as the 'GoS') and (3)..... Special Purpose Vehicle (SPV) having its registered Office at..... represented by its Managing Director/Chief Executive Officer (hereinafter referred to as the 'SPV').

WHEREAS the GoI has introduced a scheme named as "Micro and Small Enterprises- Cluster Development Programme (MSE-CDP)" with the objective of capacity building of micro and small enterprises (including small scale service and business entities) and their collectives in the country;

AND WHEREAS the SPV has been created and constituted as a Section 8 company (as per Companies Act 2013), *inter alia*, to create, establish, run and maintain a Common Facility Centre at(the CFC) for the use and benefit of its members and of other units engaged or coming up in the same industry, trade or vocation in theof(the Cluster);

AND WHEREAS the SPV has submitted a Project for approval of the GoI under the MSE-CDP;
AND WHEREAS the GoI has approved the Project submitted by the SPV subject to the conditions mentioned in the sanction letter no..... dated (or to be issued) which shall be deemed to be a part of this Agreement and the GoS has also agreed to contribute towards the cost of establishment of the CFC;

AND WHEREAS for binding the Parties to their respective obligations and to ensure long term use of the CFC by the enterprises in the Cluster, the Parties are desirous to enter into an agreement;

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The SPV shall set up the CFC at..... on a piece of land to be provided by it free of all encumbrances and charges.
2. The SPV shall contribute to the cost of establishment of the CFC from its resources to the extent and in the form as laid down in the Sanction Letter.
3. The GoI and the GoS shall, on satisfactory proof of the contribution by the SPV, make their respective contributions towards the cost of establishment of the CFC, at such time, in such manner and to such extent as laid down in the Sanction Letter.
4. The establishment of the CFC, including civil works, if any, shall be completed by the SPV within stipulated time period as per the Sanction Letter, or such extended time as the GoI may, on its satisfaction as to the reasons of delay, grant.
5. The SPV shall be exclusively responsible for the day-to-day running of the CFC. The aim of running the CFC shall be to provide common services to the enterprises in the Cluster at affordable cost as well as to generate enough income to meet all its running expenditure,

- depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be kept or borne by the SPV only.
6. The disbursement of funds by the GoI will be made only after the upfront contribution to be made by the SPV, the State Government or the beneficiaries.
 7. Further, the SPV/implementing agency will ensure that necessary infrastructure like provisioning of land and building including water and power supply for CFC is completed before they approach GoI for release of its share.
 8. Pending utilization of GoI grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.
 9. GoI will reserve the right to carry out physical verification of the assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.
 10. The SPV shall furnish utilization certificates for amounts released as grant-in-aid duly verified by the statutory auditors.
 11. The GoS will act as a facilitator to supervise and evaluate the progress of the Project separately. The GoS will also inform the GoI about the status of the establishment or running of CFC and shall also report to the GoI for any discrepancies in its management or otherwise.
 12. All plant, machinery, fixtures or equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be the exclusive property of the GoS / Ministry of MSME organization (to be decided by the Competent Authority), though in the custody and use of the SPV.
 13. The SPV shall, at its own cost, insure and keep insured all the plant, machinery, fixtures and equipment of the CFC for a minimum period of 10 years. In case of loss of or damage to such plant, machinery, fixtures and equipment, etc., the insurance monies shall be payable to the GoS.
 14. The SPV shall observe all the conditions and stipulations of the Sanction Letter.
 15. The management of the SPV and the operation of the CFC shall be in accordance with the GoI Guidelines dated, which shall be deemed to be a part of this Agreement.
 16. The SPV shall keep all monies not immediately required in interest bearing deposits with any Scheduled Bank in India.
 17. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the SPV or any of its assets all plant, machinery, fixtures and equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be outside such proceedings and the GoI may assume the control and management of the SPV and appoint any of its officer or officer of the GoS or any semi-government or non-government body to run the CFC.
 18. The SPV represents and warrants:
 - A. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.
 - B. That this agreement is binding upon it in all its provisions.
 - C. That it shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the CFC.
 - D. That it shall keep all the plant, machinery, fixtures and equipment in good working order and shall undertake all preventive and remedial maintenance and upkeep and maintain insurance.
 - E. That the plant, machinery, fixtures and equipment procured out of or with support of the GoI and GoS grant, is the property of GoS and the SPV shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said plant, machinery, fixtures and equipment or any part of it in favour of any person, for any reason or transaction.
 - F. That the SPV shall follow the directions of the GoI and GoS, as may be issued from time to time for better management of the SPV or the better running of the CFC.

- G. That the SPV acknowledges that the MSE-CDP provides for only one time grant towards capital cost of establishing the CFC and no subsidy/grant/assistance is envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.
- H. In the event it is found that the SPV has not utilized the amount of grant, or any part of it, for the setting up of the CFC or has subsequently sold or otherwise disposed of any of the assets of the CFC acquired out of the grant, the GoI, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the SPV and / or persons connected with its management jointly and severally.
19. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the Secretary, Department of Legal Affairs, Government of India, New Delhi (the Law Secretary). The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceedings. Courts in Delhi shall have exclusive jurisdiction in all the matters.
20. In case of violation of the stipulated conditions or non observance of the Sanction Letter or the GoI Guidelines by the SPV which is not cured within 15 days of issue of notice by the GoI, the GoI in consultation with the GoS, may, for such time as it may think proper, assume the management of the SPV or delegate the same to the GoS, or a semi-government or non-government body, to assure proper functioning of the CFC. The decision of GoI in this regard will be final. In such event the SPV shall have no claims for any investment made in the CFC or its management.
21. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.
22. Failure or delay on the part of GoI in insisting upon strict performance by the SPV or in taking action against the SPV, or grant of time or any other indulgence by the GoI, shall not be deemed to be waiver of any breach nor waiver on any occasion of breach shall be deemed to be a waiver for other occasions or other breaches.
23. No amendment to this agreement shall be valid unless expressed in writing and duly signed by all the Parties.
24. This agreement does not constitute any partnership of the GoI or the GoS with the SPV and the GoI and the GoS shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim made by any person in respect of the working of the CFC.

- 1) Government of India, Represented by Shri.....
- 2) State/UT Government, Represented by Shri.....
- 3) Special Purpose Vehicle Represented by Shri...

(From State Government on Letter Head)

No.

Date:

CERTIFICATE

This is to certify that Government of has and would adhere to the General Financial Rules (GFRs) / relevant guidelines issued by Central Vigilance Commission (CVC) while forwarding the proposal and implementing the project, i.e. setting up of under MSE-CDP.

Signature:

Name & Designation:

with Office Seal & Stamp

Timelines for approval and completion of Common Facility Centers (CFCs) /Infrastructure Development (ID) Projects.

A. For Examination & State level recommendation of proposals:

S. No.	Target	Timeline	Action by
1.0	Examination of the proposal	a.TR0+01 month (Projects without shortcomings in DPR /documents) b.TR0+01 month & 20 days (Projects with shortcomings in DPR / documents)	a. MSME-DI b. MSME-DI and SPV/Implementing Agency
1.1	Online Submission of DPR, Project Appraisal Report and other required documents relating to land, SPV etc. of the cluster/industrial estate with Geo tagging.	TR0	SPV/ Implementing Agency
1.2	Receipt of hard copies of DPR, Appraisal Report and other required documents relating to land, SPV etc. at MSME-DI.		
1.3	Examination of DPR and documents. Cluster visit and stake holder consultation.	TR0+01 month	MSME-DI
1.4	Completion of other mandatory activities like Press release in local news paper etc.		
1.5	Issuance of communication to SPV/ Implementing Agency about shortcomings in DPR/documentation, if required.		
1.6	Modified DPR/documents as per the requirement.	TR0+01 month & 20 days	SPV/Implementing Agency
2.0	Recommendation of the proposal by State Level Steering Committee	TR0+ 3 months	MSME-DI and State Government
2.1	Forwarding the details of the proposals along with observations if any, to Chairman of State Level Steering Committee.	a.TR0+01 month&10 days (Projects without shortcomings in DPR /documents) b.TR0+02 months (Projects with shortcomings in DPR / documents)	MSME-DI
2.2	SLSC meeting, presentation about the proposal by SPV/Implementing Agency during the meeting. Issuance of MoM of SLSC (MoM must include observations of MSME-DI if any)	TR0+ 03 months	MSME DI and State Government

S. No.	Target	Timeline	Action by
3.0	Submission of the proposal to O/o DC-MSME	TR0 + 3 months & 5 days	
3.1	Submission of recommendations of SLSC online as well as along with hard copies of DPR, MoM and observation of MSME-DIs.	TR0+ 3 months & 5 days (3 working days)	MSME-DI
4.0	NPAC meeting	TR0 + 5 months	Cluster Division, O/o DC-MSME
4.1	Proposal examination and processing	TR0+ 3 months & 15 days	Cluster Division, O/o DC-MSME
4.2	NPAC meeting	TR0+ 5 months	Cluster Division, O/o DC-MSME

Note: If the SLSC fails to recommend or reject a proposal within the stipulated time for recommendation, the proposal will be treated as deemed recommended by the SLSC.

B. Final Approval and Completion:

S. No.	Target	Timeline	Action by
1.0	Approval of the proposal	T0	NLSC
1.1	Approval of Minutes of the Meeting by the Ministry	T0+5 days	Cluster Division of DC-MSME
	Sharing of Minutes of the meeting	T0+6	Cluster Division of DC-MSME
1.3	Request for issuance of Final Approval letter	T0+11 days	State Government / Implementing Agency (IA)
1.4	Issuance of Final Approval letter of the project with concurrence of IF Wing.	T0+20 days	Office of DC (MSME)/IF Wing.
2.0	Construction of building	T0+ 7 months	-
2.1	Upfront contribution by SPV and State Government/Implementing Agency	T0+ 1 month & 20 days	SPV / State Government / IA
2.2	Contract signing with contractors	T0+ 2 months	SPV / State Government / IA
2.3	Start of building construction	T0+ 2 months & 10 days	SPV / State Government / IA
2.4	Completion of the foundation	T0+4 months	SPV / State Government / IA
2.5	Putting the shed, laying of roof / shed	T0+6 months	SPV / State Government / IA
2.6	Finalization of Buildings	T0+ 6 months & 20 days	SPV / State Government / IA
2.7	Joint Inspection of land and building by State Govt./IA/SPV.	T0+ 7 months (to be done parallelly with construction of building)	State Government / IA/SPV & MSME-DI
3.0	Release of GoI grant as 1st installment	T0 + 7 months & 20	

S. No.	Target	Timeline	Action by
		days	
3.1	Fund release request along with necessary documents	T0+ 7 months & 5 days	State Government / IA/MSME-DI
3.2	Fund transfer	T0+ 7 months & 20 days	Office of DC(MSME)/IF Wing/PAO
4.0	Installation of plant & machinery (1st lot)	T0+ 1 year	
4.1	Completion of e-tendering process for procurement of plant & machinery for 1 st lot.	T0+7 months	SPV / State Government / IA/MSME-DI
4.2	Issuance of supply order in accordance with e-tendering process	T0+ 8 months	State Government / Implementing Agency
4.3	Supply of plant & machinery	T0+ 11 months & 20 days	-
4.4	Installation and inspection of plant & machinery	T0+ 1 year	SPV / State Government / IA/MSME-DI
5.0	Release of GoI grant as 2nd installment	T0 + 1 year & 25 days	
5.1	Fund release request along with necessary documents	T0+ 1 year & 10 days	State Government / IA/MSME-DI
5.2	Fund transfer	T0+ 1 year & 25 days	Office of DC(MSME)/IF Wing/PAO
6.0	Installation of plant & machinery (2nd lot)	T0+ 1 year & 3 months	
6.1	Completion of e-tendering process for procurement of plant & machinery for 2 nd lot.	T0+ 10 months	SPV / State Government / IA/MSME-DI
6.2	Issuance of supply order in accordance with e-tendering process	T0+ 11 months	State Government / Implementing Agency
6.3	Supply of plant & machinery	T0+ 1 year & 2 months & 20 days.	-
6.4	Installation and inspection of plant & machinery	T0+ 1 year & 3 months	SPV / State Government / IA/MSME-DI
7.0	Release of GoI grant as 3rd & final installment	T0+ 1 year & 4 months & 15 days	
7.1	Fund release request along with necessary documents	T0+ 1 year & 4 months	State Government / IA/MSME-DI
7.2	Fund transfer	T0+ 1 year & 4 months & 15 days	Office of DC(MSME)/IF Wing/PAO
8.0	CFC functional	T0+ 1 year & 4 months & 15 days	-
9.0	Market Linkages	T0+ 6 months	
9.1	Start of Marketing Linkages Exercise	T0+ 1 month	Implementing Agency

S. No.	Target	Timeline	Action by
			/SPV/MSME-DI
9.2	Tie-up with various major suppliers	T0+ 3 months	Implementing Agency /SPV/MSME
9.3	Planning for common procurement of raw material, services and other inputs	T0+ 3 months	Implementing Agency /SPV/MSME
9.4	Campaigning with local purchasers / suppliers	T0+ 4 months	Implementing Agency /SPV/MSME
9.5	Campaigning for common buyers of finished / semi – finished products	T0+ 6 months	Implementing Agency /SPV/MSME-DI
10	CFC as model CFC	T0+ 1 year & 4 months	
10.1	Showcasing various activities about the cluster on the building of the CFC	T0+ 1 year	SPV
10.2	Setting up solar plants on the roof tops	T0+ 1 year & 3 months	Implementing Agency /SPV
10.3	Start of Lean Consultancy	T0+ 1 year	Implementing Agency /SPV
10.4	Start of digitalization exercise	T0+ 1 year	Implementing Agency /SPV
10.5	Completion of lean	T0+ 1 year & 4 months	Implementing Agency /SPV
10.6	Completion of digitalization	T0+ 1 year & 4 months	Implementing Agency /SPV

(on letter head of Implementing Agency)

Ref No.
 Development Commissioner
 Office of DC (MSME)
 Nirman Bhawan
 New-Delhi-110108

Subject : Completion certificate of setting up of the Common Facility Center (CFC) in<name of the cluster > under MSE-CDP.

Sir

It is certified that the Common Facility Center (CFC) in <name of cluster > at place State.....approved under MSE-CDP has been completed in all respects as detailed in Annexure-1 & handed over to the following SPV entirely on <date> for the day-to-day running of the CFC.

Name of CEO of SPV , Address & Contact Number	
Name, Address & Contact No. of the State Government Official in the SPV	
Name, Address & Contact No. of MSME Official in SPV	

Signatures by CEO/MD
 (SPV)

Signatures by CEO/MD
 (Implementing Agency)

**Sig. of Office-in-charge
 MSME-DI**

Sig. of State Govt. Officer

With Stamp

(Duly Stamped)

Enclosed Annexure-7/A

Detailed Report

Name of the Cluster:
 Location:
 District:
 State:

Approved in the SCM:

Dated:

Total Project Cost _____, GoI grant _____, State/SPV contribution _____

Description	Details		
Date of Issue of Administrative Approval			
Date due for Completion of Project			
Reason for delay, if any , in Completion of the Project			
Details of GoI funds released	Details of Fund Release		UC^I attached at
	1 st Release amount----- Date-- -----		
	2 nd Release amount----- Date-----		
	3 rd Release amount----- Date- -----		
	Total Release Amount-----		
Actual Date of Completion of project/Date of trial run/ Operationalisation of facilities			
Date of Physical Joint Inspection (please enclose Joint Inspection report)			
Tangible Benefits (as per Admn Approval / DPR)	S.No.	Before CFC	After setting up of CFC

Sig. of Office-in-charge
 SPV
 MSME-DI
 (Duly stamped)

Sig. of State Govt. Officer
 (Duly Stamped)

Sig. of Implementing Agency
 (Duly Stamped)

Sig. of
 (Duly Stamped)

II. Audited Component wise Expenditure Statement (in following format)

(Rs. in lakh)

S. N.	Details (as per Final Approval)	Cost as per approved Project cost	Expenditure			Total Expenditure	Physical Progress in %age or other details
			SPV	GoI	State Govt. / others		
1	Land						
2	Building						
3	Plant & Machinery						
4	Supporting Equipment						
5	Contingency & pre-operative Expenses						
6	Others						
	Total						

Signature

Name of Auditor

Certificate/Membership number of I.C.A.....

It is certified that CFC in ----- Cluster, at ----- has been completed in all respects & functioning satisfactorily and the targets fixed for the project have been fully achieved.

Sig. of Office-in-charge MSME-DI
(Duly stamped)

Sig. of State Govt. Officer
(Duly Stamped)

Sig. of Implementing Agency
(Duly Stamped)

Sig. of SPV
(Duly Stamped)

ⁱ Utilization Certificate (format GFR-12 C) by Implementing Agency on letterhead of IA. The utilization certificate in respect of grants should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilized were in fact reached, and if not, the reasons there for. They should contain an output-based performance assessment instead of input-based performance assessment.

(on letter head of Implementing Agency)

Ref No.
Development Commissioner
Office of DC (MSME)
Nirman Bhawan
New-Delhi-110108

Subject : Completion report of the Infrastructure Development Project at<name of Industrial Estate under MSE-CDP

Sir

It is certified that Infrastructure Development Project at<name of Industrial Estate> approved under MSE-CDP has been completed in all respects as on <date>. The progress and expenditure details are enclosed.

Enclosed as above:

Signatures by CEO

Completion report for Infrastructure development Project at(name of Industrial Estate) as on (date)

1.	Date of Issue of Administrative approval				
2.	Details of funds released both by state government/ IA and Government of India				
3.	Implementation Period				
4.	Date due for completion of project				
5.	Actual Date of Completion				
6.	Utilization Certificates (in GFR 12C) ⁱ submitted by IA	Date	Amount		
7.	Date of latest Physical Joint Inspection (please enclose a copy)				
8.	Details of Plots	Plots to be developed	Actually developed	Allotted	Units set up
		Size	No.		
	Total Area				
9.	Employment Generated				

B. Audited Component wise Expenditure Statement (in following format)

(Rs. in lakh)

S. N.	Details	Cost as per approved Project cost	Expenditure	Physical Progress in %age or other details	Remarks (including reasons for any shortfall)
1					
2					
.					
	Total				

Signature

Name of Auditor

Certificate/member ship number of I.C.A.....

**Signature with duly stamped
Implementing Agency**

**Signature with duly stamped
MSME-DI**

ⁱ Utilization Certificate (format GFR-12C) by Implementing Agency on letterhead of IA. The utilization certificate in respect of grants should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilized were in fact reached, and if not, the reasons there for. They should contain an output-based performance assessment instead of input-based performance assessment.

Date:

Joint Verification Report

This is to verify that has executed the work of New/upgradation of Infrastructural facilities under MSE-CDP Scheme at The work amounting to Rs. Lakh has been completed at site in all respects. The Physical Joint Inspection was carried out on The component wise details of the works executed at site are as follows:-

(Rs. in lakh)

	Details (components as per final approval letter)	Qty as per Final Approval letter	Qty executed at site	Amount as per approved cost	Actual expenditure incurred
(i)	--				
(ii)	--				
(iii)	--				
(iv)	---				
(v)	--				
	Grand Total				

It is certified that ID project at ----- has been completed satisfactorily and the targets fixed for the project have been fully achieved.

Sig. of Office-in-charge
MSME-DI
(Duly stamped)

Sig. of State Govt. Officer
(Duly Stamped)

Sig. of Implementing Agency
(Duly Stamped)

Letter Head of Implementing Agency

No.

Date:

Pre-Receipt

Received a sum of Rs. _____ (Rs. _____ only) as 1st/2nd/3rd instalment of grant-in-aid sanctioned by Office of DC(MSME), Ministry of MSME, New Delhi vide letter No. _____ dated _____ for setting up of _____ (Name of CFC) at _____ (Name of Location) under the MSE-CDP Scheme.

2. M/s _____ (Name of IA) accept the conditions of grant without any reservation as laid down in the sanction letter referred to above.

Revenue Stamp

Name & Signature/
Stamp of Implementing Agency

Letter Head of Implementing Agency

No.

Date:

UNDERTAKING

Undertaking for setting up of CFC _____ sanctioned by Office of DC(MSME), Ministry of MSME, New Delhi vide letter No. _____ dated _____.

M/s _____ (Name of IA) do hereby give an undertaking that the terms and conditions under which the grant in aid of Rs. _____ (Rs. _____ only) has been sanctioned vide letter No. _____ dated _____ for setting up _____ (Name of CFC) at _____ (Name of Location) under the MSE-CDP scheme, are acceptable.

2. M/s _____ (Name of IA) also agree to be governed by the conditions of grant; for creation of capital assets for setting up _____ (Name of CFC) at _____ (Location) by _____ (Name of SPV) _____.

3. It is certified that no grants-in-aid for this purpose or activities have been applied for / would be applied for or obtained from any other Ministry or Department of the Government of India or State Government.

Name & Signature/
Stamp of Implementing Agency

Letter Head of Implementing Agency

No.

Date:

Pre-Receipt

Received a sum of Rs. _____ (Rs. _____
_____ only) as 1st/2nd/3rd instalment of grant-in-aid sanctioned by Office of
DC(MSME), Ministry of MSME, New Delhi vide letter
No. _____ dated _____ for setting up of _____ (Name of
Industrial Estate) at _____ (Name of Location) _____ under the MSE-CDP Scheme.

2. M/s _____ (Name of IA) _____ accept the conditions of grant without any
reservation as laid down in the sanction letter referred to above.

Revenue Stamp

Name & Signature/
Stamp of Implementing Agency

Letter Head of Implementing Agency

No.

Date:

UNDERTAKING

Undertaking for setting up of Industrial Estate at _____ sanctioned by Office of DC(MSME), Ministry of MSME, New Delhi vide letter No. _____ dated _____.

_____ (Name of IA) do hereby give an undertaking that the terms and conditions under which the grant in aid of Rs. _____ (Rs. _____ only) has been sanctioned vide letter No. _____ dated _____ for setting up _____ (Name of Industrial Estate) at _____ (Name of Location) under the MSE-CDP scheme, are acceptable.

2. _____ (Name of IA) also agree to be governed by the conditions of grant; for creation of capital assets for setting up _____ (Name of Industrial Estate) at _____ (Location)

3. It is certified that no grants-in-aid for this purpose or activities have been applied for / would be applied for or obtained from any other Ministry or Department of the Government of India or State Government.

Name & Signature/
Stamp of Implementing Agency



GFR 12 - C
 [(See Rule 239)]

FORM UTILIZATION CERTIFICATE (FOR STATE GOVERNMENTS)
(Where expenditure incurred by Govt. bodies only)

SI. No.	Letter No. and date	Amount	Certified that out of Rs of grants sanctioned during the year in favour of under the Ministry/Department Letter No. given In the margin and Rs on account of unspent balance of the previous year, a sum of Rs has been utilized for the propose of for which it was sanctioned and that the balance of Rs ... remaining unutilized at the end of the year has been surrendered to Government (vide No. dated)/will be adjusted towards the grants payable during the next year
	Total		

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/ are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the propose for which it was sanctioned.

Kinds of checks exercised

- 1.
- 2.
- 3.

Signature

Designation

Date

PS: The UC shall disclose separately the actual expenditure incurred and loans and advances given to suppliers of stores and assets, to construction agencies and like in accordance with scheme guidelines and in furtherance to the scheme objectives, which do not constitute expenditure at the stage. These shall be treated as utilized grants but allowed to be carried forward.

Format for report from MSME-DI on completion of the project

1	Whether the MSME-DI..... is satisfied with the completion report of the project.	Yes / No
2	Whether all the targets fixed for this project have been achieved fully.	Yes / No
3.	Whether the interest, if any earned on the grant released to the Implementing Agency for the purpose has been taken into account/adjusted for the final release of GIA.	Yes / No (if Yes, details)
