

Frequently Asked Questions (FAQs)

MSE CDP scheme

What is a Cluster?

A cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area or a value chain that goes beyond a geographical area and producing same/similar products/complementary products/services, which can be linked together by common physical infrastructure facilities that help address their common challenges. 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.

What is the key objective of MSE-CDP scheme?

The key objective of the scheme is to:-

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.

What are the components in MSE-CDP scheme ?

There are two components under the scheme viz.

Setting up of Common Facility Centers (CFCs): Creation of tangible "assets" as Common Facility Centers (CFCs) in Industrial Estate.

Infrastructure Development (ID): This component is for development of infrastructure in new/existing notified Industrial Estate including Flatted factory complexes.

What is the type of assistance provided for setting up of Common Facility Centres (CFCs)?

For setting up of Common Facility Centres (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.

Is there any special assistance to the NE & Hill States, Island territories, Aspirational Districts for setting up of CFCs?

Yes, 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.

Whether projects more than Rs. 30 crores are covered under the scheme ?

Yes, 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.

What is the type of assistance provided for Infrastructure Development projects?

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.

Is there any special assistance to the NE & Hill States, Island territories, Aspirational Districts for Infrastructure Development projects?

Yes, 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 / 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.

Whether projects more than Rs. 15 crores are covered under the scheme?

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.

What is the funding pattern of the projects?

The funding pattern of projects would be as follows :-

Components	Total project cost	Funding pattern		
		Govt of India	State Govt	SPV
Common Facility Centre	Rs 5 crore to Rs 10 crore	70%	20%	10%
Common Facility Centre	Rs 10 crore to Rs 30 crore	60%	20%	20%
Infrastructure development-New	Rs 5 crore to Rs 15 crore	60%	40%	----
Infrastructure development-Upgradation of existing Infrastructure	Rs 5 crore to Rs 10 crore	50%	50%	----

The funding pattern of projects located in the Aspirational Districts, NER, Hill States, Island Territories, LWE affected districts and clusters with more than 50 % (a) micro/village or (b) women owned or (c) SC/ST owned units would be as follows:

Components	Total project cost	Funding pattern		
		Govt of India	State Govt	SPV
Common Facility Centre	Rs 5 crore to Rs 10 crore	80%	15%	5%
Common Facility Centre	Rs 10 crore to Rs 30 crore	70%	15%	15%
Infrastructure development-New	Rs 5 crore to Rs 15 crore	70%	30%	----
Infrastructure development-Upgradation of existing	Rs 5 crore to Rs 10 crore	60%	40%	----

Infrastructure				
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Who are the implementing agencies for setting up of CFCs?

Implementing agencies for setting up of CFCs are as follows: -

- 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

Who are the implementing agencies for setting up of IDs?

Implementing agencies for setting up of IDs are as follows: -

State / UT Governments through an appropriate State Government / UT Agency/Integrated Industrial Park Development Agency/State Industrial Development Agency.

Is there any time period for completion of the projects?

Yes, the projects have to be completed within 18 months from the date of approval order of the project by NP AC.

Whether projects less than Rs 5 crore can be considered under the scheme ?

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.

Will GoI give any assistance for the preparation of DPR ?

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 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).

Can a CFC can be set up in leased premises?

Yes, 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.

In case of ID projects, the land should be under whom name?

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.

Who can prepare DPR ?

It would be the responsibility of the SPV or State Government to prepare a DPR. 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.

What should be the basic content of 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.

Is there any prescribed format for DPR?

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 No.	Date of Incorporation	Name of promoter	Turnover during last FY	Proposed contribution to cfc

What is an SPV?

There shall be a Special purpose vehicle (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.

Is there any minimum or maximum no. of SPVs allowed ?

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

What would be maximum financial contribution of a SPV member in the SPV?

No single unit will hold more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV.

Is there any preference given to the projects which have taken Bank loan?

Yes, 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. The bank loan or any other borrowings by SPV should not be more than 50% of the total SPV contribution in the project.

What is the ratio of funds released to the Implementing agencies ?

Funds will be released to implementing agency in three instalments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. The last instalment will be on reimbursement basis.

Is there any relaxation given for the time period ?

The time extension(s) 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.

Is changes in Plant & Machinery allowed?

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.

Who will bear the cost of escalation etc.?

Any escalation in the cost of Project above the sanctioned amount, due to any reason will be borne by the SPV/ State Government.

What are the documents required for placing a proposal for CFC ?

a. DPR b. Project Appraisal Report c. Registered land documents (if in vernacular language then English/Hindi translation) d. SPY 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.

What are the documents required for placing a proposal for ID ?

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.

What are the documents required for submission of 1st release of grant ?

State Government/IA would submit request for 1st installment of GoI grant(maximum 50%) along with Original Tripartite Agreement as per format atAnnexure-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.

What are the documents required for submission of 2nd release of grant ?

On utilization of 1st instalment of GoI grant, State Government/IA would submit request for 2nd instalment of GoI grant (maximum 40%) along with Utilization Certificate (UC) in respect of utilization of 1st instalment 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.

What are the documents required for submission of 3rd release of grant ?

On completion of project, State Government / IA would submit request for 3rd and Final instalment 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 instalment 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 areas 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).

What items are admissible under CFCs ?

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 equipment.
- 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.

What items are admissible under IDs ?

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.
