

# Micro & Small Enterprises – Cluster Development Programme (MSE-CDP)

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## About Micro & Small Enterprises – Cluster Development Programme (MSE-CDP)

- The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country.
- 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 produces 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

- Similarity or complementarity in the methods of production, quality control & testing, energy consumption, pollution control, etc.,
- Similar level of technology & marketing strategies/practices,
- Similar channels for communication among the members of the cluster,
- Common market & skill needs and/or
- Common challenges & opportunities that the cluster faces.

### Objectives of the Scheme

- To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills & quality, market access, etc.
- To build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.
- To create/upgrade infrastructural facilities in the new/existing Industrial Areas/Clusters of MSEs.
- To set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc).
- Promotion of green & sustainable manufacturing technology for the clusters so as to enable units to switch to sustainable and green production processes and products.

### **Components:**

- Common Facility Centers (CFCs)
- Infrastructure Development
- Marketing Hubs / Exhibition Centres by Associations
- Thematic Interventions
- Support to State Innovative Cluster Development Programme

### **Nature of Assistance**

- **CFCs:** Grant will be restricted to 70% of the cost of the Project of maximum Rs. 20.00 Crore. GoI grant will be 90% for special category projects (located in North-East & Hilly States, Island territories, Aspirational Districts/ LWE affected Districts, Clusters with more than 50% (a) Micro/Village, (b) Women owned, (c) SC/ ST units). The cost of Project includes cost of Land (Subject to maximum of 25% of Project Cost).
- **Infrastructure Development:** Grant will be restricted to 60% of the cost of the project (Rs. 10.00 Crore for Industrial Estate & Rs. 15.00 Crore for Flatted Factory

Complex). GoI grant will be 80% for special category projects as mentioned above.

- **Marketing Hubs/Exhibition Centres by Associations:** The GoI grant will be restricted to 60% of the cost of project of maximum Rs. 10.00 crore for Product Specific Associations with BMO rating of Gold Category and above from NABET(QCI) and 80% for Associations of Women Entrepreneurs. Remaining project cost is to be borne by SPV/State Government.
- **Thematic Interventions:** Grant will be restricted to 50% of total cost of maximum 5 activities not exceeding Rs. 2.00 lakh for each activity. GoI grant under this component for each CFC would be Rs. 10.00 lakh.
- **Support to State Innovation Cluster Development Programme:** The GoI fund would be limited to State Government share or Rs. 5.00 Crore whichever is lower and the assistance would be 90% of project cost in respect of CFC projects in North-East/Hilly States, 10 Island territories, Aspirational Districts/ LWE affected Districts, as well as for projects where beneficiaries are SC/ ST/ Women owned enterprises.