

About 50% approved projects completed under MSE cluster development programme since FY18

Annual report of the ministry of MSME for FY24 shows that completion of projects witnessed a slowdown during FY20-23. In FY20, a total of 22 projects were completed out of 73 approved projects.



The objective of the scheme is to increase the productivity and competitiveness of MSEs by extending financial grants for establishment of common facility centres in existing clusters, creating new or upgradation of existing industrial areas, estates and factory complexes. (Mint)

A total of 153 projects have been completed under the government's Micro and Small enterprises Cluster Development Programme (MSE-CDP) since financial year 2017-18 (FY18), according to the annual report of the ministry of MSME for FY24, which is only around half the approved projects.

The report showed that completion of projects witnessed a slowdown during FY20-23. In FY20, a total of 22 projects were completed out of 73 approved projects. Similarly, only 20 and 16 projects were completed in FY21 and FY22 out of the annual 68 and 31 projects that were approved. In FY23 only three out of 28 projects were completed.

Pace in last fiscal

However, in the last fiscal (FY24), the pace gained momentum and 40 out of 46 approved projects were completed. For FY24, the total expenditure was ₹178.96 crore, against a budget estimate of ₹150 crore.

The objective of the scheme is to increase the productivity and competitiveness of micro and small enterprises (MSE) by extending financial grants from the Centre for establishment of common facility centres (CFC) in existing clusters, creating new or upgradation of existing industrial areas, estates and factory complexes. MSE-CDP is a demand driven scheme.

For setting up of common facility centres, the government provides grants of up to 70% of project cost where the overall cost is ₹5-10 crore and 60% when the total cost is ₹10-30 crore. CFC projects which cost more than ₹30.00 crore can also be considered but the assistance would be calculated by taking into account the maximum eligible project cost of ₹30.00 crore.

Further, in the case of infrastructure development, the Centre's grant is restricted to 60% of project cost, when the estimated cost is ₹5-15 crore for setting up of new industrial estate, flatted factory complex.

In the case of upgradation of existing industrial estates, the grant is 50% of project cost with the estimated overall cost being ₹5-10 crore. In the case of northeastern and hill states, island territories, aspirational districts, left wing extremism (LWE) affected districts and clusters with more than 50% micro enterprises or women owned or SC/ST owned units, the grant is up to 70% of project cost.

Since FY18, a total of 63 common facility centers have been set up while, 90 infrastructure development projects have been completed.

Clusters are expected to be key mode of providing required infrastructure to micro, small and medium businesses. In this year's union budget, finance minister Nirmala Sitharaman also announced that the Small Industries Development Bank of India will open new branches to expand its reach to serve all major MSME clusters within three years, and provide direct credit to them.

"With the opening of 24 such branches this year, the service coverage will expand to 168 out of 242 major clusters," she said while presenting the budget for FY25 in parliament.