



ABSTRACT

Micro, Small and Medium Enterprises – Announcement made by Hon'ble Minister (Finance and Human Resources Management) during the Budget Speech 2022-2023 – Launching of Micro Cluster Development Programme (MCDP) – Administrative Sanction - Accorded - Orders issued.

MICRO, SMALL AND MEDIUM ENTERPRISES (D1) DEPARTMENT

G.O.(Ms.) No.34

Dated: 26.05.2022

திருவள்ளூர் ஆண்டு 2053
சுபகிருது வருடம், வைகாசி-12

Read:

1. Announcement made by the Hon'ble Minister (Finance and Human Resources Management) during the Budget Speech 2022-2023.
2. From the Industries Commissioner and Director of Industries and Commerce letter Rc. No.9774/CDC2/2022, dated 26.05.2022.

ORDER :

During the Budget Speech 2022-2023, the Hon'ble Minister for Finance & Human Resources Management has made the following Announcement:-

"There are numerous clusters of micro enterprises across the State. With a view to helping such clusters, the Government will launch a new Micro Cluster Development Programme. Cookware cluster in Tirunelveli District, artificial jewellery making by Narrikuravars in Kancheepuram District, cashew processing cluster in Cuddalore District and toys cluster in Madurai District will be among the 20 micro clusters that will be taken up this year with an allocation of Rs.50 crore".

2. Apart from the above clusters, a few other clusters were announced by the Hon'ble Minister for Micro, Small and Medium Enterprises during the Demand for Grants for the year 2022-2023. They are readymade garment weaving micro cluster at Rajapalayam, Virudhunagar District, Aluminium die casting micro cluster at Chinnavedampatti, Coimbatore District, Ceramic electrical insulator micro cluster at Virudhachalam, Cuddalore District, Turmeric Processing micro cluster at Erode, Erode District, "Jamakkalam" manufacturing units at Bhavani, Erode District, Agarbathi micro cluster in Tiruppathur District and Wood Carvers micro cluster in Kanyakumari District.

3. Based on the Budget announcement, the Government orders the implementation of the new Scheme "Micro Cluster Development Programme (MCDP)" with a view to helping the numerous Clusters of Micro Enterprises across

the State including those mentioned in para 1 and 2 above and also accords sanction to implement the Scheme at a cost of Rs.50 crore during 2022-2023 and such within the available budget provision in subsequent years.

4. The modalities / mode of implementation of the Micro Cluster Development Programme (MCDP) scheme are as follows:-

(i) Micro Cluster Development Programme (MCDP) will adopt a Dovetailing approach so that, when a cluster is taken up under the scheme, the resources available under existing schemes will also be brought to the same cluster in order to magnify the impact. For example, when machinery of common facility centres is financed under Micro Cluster Development Programme (MCDP), machinery of individual units in that Cluster can be supported by Capital Subsidy Scheme by giving priority in allocation to that area. New entrepreneurs in that sector will be supported through New Entrepreneur – cum - Enterprise Development Scheme (NEEDS). The Tamil Nadu Credit Guarantee Scheme will be utilized to address the funding requirements on a priority basis. Partnership with other Department schemes will also be forged.

(ii) Eligible Clusters

A cluster will be eligible for assistance if there are 20 or more micro enterprises engaged in the same commercial activity within a defined geographical area. Manufacturing and services will be eligible but trading will not be eligible.

(iii) Eligible Activities

The following activities will be funded under Micro Cluster Development Programme (MCDP)

- 1) Machinery including electronic hardware.
- 2) Building of Common Facility Centre.
- 3) Land to locate Common Facility Centre, subject to condition that such land is leased or purchased in the name of Government of Tamil Nadu or any Government company.
- 4) Exposure visits.
- 5) Hiring of consultant for designing marketable products including improvement to packaging, and for new market identification.
- 6) Hiring of professionals for legal assistance, tax filing and tax advice, accounting and company secretarial service.

In the case of machinery and building, there must be beneficiary contribution of 10% to ensure that the beneficiary enterprises have skin in the game.

(iv) Project sanction

A Project Sanctioning Committee (PSC) consisting of the following members is constituted for sanction of the projects:-

- (1) Secretary in charge of MSME Department

- (2) Nominee of Finance Department
- (3) Industries Commissioner and Director of Industries and Commerce
- (4) Managing Director,
Tamil Nadu Small Industries Development Corporation Limited.

The projects costing upto Rs.7.5 crore shall be sanctioned by the above Project Sanctioning Committee (PSC). Projects above Rs.7.5 crore of consistance will be sanctioned by Government with the recommendation of Project Sanctioning Committee (PSC). The beneficiary contribution of 10% may be waived by the Project Sanctioning Committee, recording reasons in writing, for micro cluster projects formed by deserving socially vulnerable groups.

(v) **Special Purpose Vehicle (SPV):**

The sanctioned funds for cluster development schemes will be provided to Special Purpose Vehicle (SPV) with the beneficiaries as stakeholders. The Special Purpose Vehicle (SPV) can either be a company or registered society or a co-operative or a pre-existing industrial association having a distinct legal personality. In exceptional cases, where in the opinion of the Project Sanctioning Committee, the creation of Special Purpose Vehicle (SPV) not viable or unnecessary, Tamil Nadu Small Industries Development Corporation Limited shall directly implement the programme in which case, the assets created shall be in the name of Tamil Nadu Small Industries Development Corporation Limited.

(vi) **Secretarial services provided to the micro clusters:**

Government will provide professional accounting, tax consulting & filing and company secretarial services free of cost for the first 5 years to the micro enterprises of 20 micro clusters. This would be subject to the approval of the PSC and the availability of budget provision.

(vii) **Project Proposing and Project Implementing Agencies:**

Industries Commissioner and Director of Industries and Commerce and Tamil Nadu Small Industries Development Corporation Limited shall be both project implementing agencies under this scheme. The project proposing agency which will bring proposals to the consideration of Project Sanctioning Committee (PSC) can be any public agency under the control of Government of Tamil Nadu not necessarily limited to the agencies under Micro, Small and Medium Enterprises Department.

5. Necessary funds to the tune of Rs.50 crore is provided in the BE 2022-2023 for the purpose of formation of micro clusters scheme under the following head of account:-

"2851-00 – Village and Small Industries - 102. Small Scale Industries
- State's Expenditure - DD Micro Cluster Development Programme
309 grants-in-aid 03 grants for specific schemes

(IFHRMS 2851 00 102 DD 30903)

6. The Industries Commissioner and Director of Industries and Commerce is delegated with the power to draw and disburse the funds to the implementing agency for implementation of the Micro Cluster Development Programme (MCDP) scheme every year within the budget provision available for that year, as done in the case of other schemes like New Entrepreneur – cum - Enterprise Development Scheme (NEEDS) and Capital Subsidy.

7. This order issues with the concurrence of Finance Department vide its C. No.156/ADS(GKT)/2022, dated 25.04.2022.

(BY ORDER OF THE GOVERNOR)

**V.ARUN ROY
SECRETARY TO GOVERNMENT**

To

The Industries Commissioner and Director of Industries and Commerce,
Guindy, Chennai – 32.

The Managing Director,

Tamil Nadu Small Industries Development Corporation Limited,
Guindy, Chennai – 32.

The Principal Secretary / Chairman and Managing Director,

Tamil Nadu Small Industries Corporation Limited, Guindy, Chennai-32.

The Director (FAC),

Entrepreneurship Development and Innovation Institute-Tamil Nadu,
Guindy, Chennai-32.

The Mission Director / CEO,

TANSIM, Guindy, Chennai-32.

The Managing Director,

MSME - Trade and Investment Promotion Bureau (M-TIPB), Chennai-32.

The Pay and Accounts Officer (East), Chennai-5.

The Accountant General, Chennai-18/35.

Copy to:

The Senior Personal Assistant to Hon'ble Minister (MS&ME), Chennai-9.

The Personal Assistant to Secretary to Government,

Micro, Small and Medium Enterprises Department, Chennai-9.

The Personal Assistant to Deputy Secretary to Government,

Micro, Small and Medium Enterprises Department, Chennai-9.

The Micro, Small and Medium Enterprises (B/OP) Department, Chennai-9.

The Finance (Ind) Department, Chennai-9.

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//FORWARDED BY ORDER//

SECTION OFFICER