

N0.14/21/2001-DBA-I
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Dated the 10th December,2003

OFFICE MEMORANDUM

Subject: Industrial Infrastructure Upgradation Scheme (IIUS).

1. The question of improving the global competitiveness of the domestic industries situated in clusters in identified industrial locations has been under consideration of the Government of India for some time past.
2. The matter has been carefully considered by the Government and it has now been decided to provide for quality infrastructure initially in 20-25 functional clusters/ industrial locations in the Tenth Plan so as to make industries in these clusters/ industrial locations globally competitive.
3. Implementation of the scheme will be through a Special Purpose Vehicle (SPV) formed by the cluster/industry association which will carry out the business of developing, operating and maintaining the infrastructure facility created in the industrial locations. SPV will be a Corporate Body/Association registered under Companies/Societies Act. This arrangement will also ensure the creation of the useful assets and its sustainability through an appropriate revenue generation mechanism

Illustrative list of Eligible activities

4. The illustrative list of eligible activities under the scheme include: i) Physical infrastructure (water, transport, road, communication), ii) Common Facilities for fuel/gas supply system effluent treatment, solid waste disposal, product design, captive power generation, iii) Information and Communication Technology Infrastructure (ICT), iv) R&D infrastructure, v) Quality Certification and Benchmarking Center, vi) Common Facilities Center vii) Information dispersal / international Marketing Infrastructure, viii) ICT-induction & process re-engineering & management consultancy service center and any other physical infrastructure identified by the cluster association, and approved by the Apex Committee.

Financial Assistance

5. Central assistance will be by way of one time grant-in-aid (not equity) to the Special Purpose Vehicle (SPV) formed by the cluster association for development of the infrastructure. The assistance will be restricted to 75% of the

project cost subject to a ceiling of Rs. 50 crore. The remaining 25% will be financed by other stakeholders of the respective cluster/location with a minimum industry contribution of 15% of total project cost. Administrative expenses will be restricted to 3% of the central assistance in the project.

Stakeholders

- 6 The stakeholders in the development of the cluster/ industrial location could be the Private Companies, Industrial Association, Financial Institution, Premier R&D Institution, Local Authority (optional), Govt. of India - mandatory and State Govt. (District Authority) - mandatory..

Formulation of Project Proposal

- 7 The project proposal shall be formulated after diagnostic study including requirement of common facilities and infrastructure in the specified cluster/industrial location. The implementing agency may actively involve support institutions like R&D institutions, financial institutions as well as local bodies where ever necessary for evolving a common strategy. A detailed and exhaustive project proposal supported by data, surveys, projections and feasibility on growth potential of the cluster / locations will be submitted to the Apex Committee in the prescribed performa.

Project Appraisal

- 8 The project shall be appraised by Deptt. of Industrial Policy and Promotion through reputed and independent financial institutions/consultants on the structuring of SPV and the financial viability of the project.

Selection and approval of Cluster/Industrial location

9. Selection of Clusters/Industrial locations to be taken up for the development will be decided and approved by the APEX Committee.

Composition of the APEX Committee is at Annexure-I

Release of funds

10. The release of funds will be project specific and on pari-passu basis. Funds would be released directly to the implementing agency on receipt of utilization certificate and actual physical progress. Funds will be kept in a separate account, which will be audited. However, initial contribution by Central Government @ 20% of the central government share will be released after sanction of the project.

Project Monitoring and Evaluation

11. Department of Industrial Policy & Promotion will periodically monitor and review the progress of the scheme, and carry out an independent evaluation of the scheme for its continuance in the Eleventh Plan. The guidelines of the scheme are being issued separately.

(S.Jagadeesan)
Joint Secretary to the Government of India

New Delhi, dated 10th December, 2003

Copy to:

1. Chief Secretary (States/UT's)
2. Members of APEX Committee
3. Secretary, Cabinet Secretariat
4. Secretary , Planning Commission
5. Secretary, Department of Expenditure
6. Secretary, Department of Revenue
7. Accountant Generals of all States/UT's
8. AS&FA, D/o IPP
9. Chief Controller of Accounts , D/o IPP.
10. Internal Circulation as per standard list

Constitution of Apex Committee

Economic Advisor, DIP &P	-do-
Representative, Planning Commission	-do-
Representative, Ministry of Science & Technology	-do-
Representative, Department of Commerce	-do-
Representative, Department of Heavy Industry	-do-
Representative, Ministry of Small Scale Industries	-do-
Representative, Ministry of Textiles	-do-
Representative, Ministry of Food Processing Industries	-do-
Representative, Ministry of Information and Technology	-do-
Representative, Ministry of Power	-do-
Representative, Ministry of Chemicals & Petrochemicals	-do-

Representative, Ministry of Surface Transport	-do-
Representative, Financial Institutions	-do-
Secretary, Industries, State Government of the cluster concerned	-do-
Representative, SPV of Industrial Cluster/Industrial Association	-do-
Respective R&D Institution associated with the project	-do-
Joint Secretary, IPP	Member Secretary