



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

India

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in India. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [OECD Economic Survey: India 2019](#).

The “Economic Surveys” present the major challenges faced by the country, evaluates the short-term outlook, and makes specific policy recommendations.

The COVID-19 pandemic has caused an unprecedented economic shock to the Indian and global economy. In response, India's central government has introduced action to respond to the many challenges presented by the COVID-19 outbreak. The measures are mainly oriented to infrastructure, healthcare, and public private collaboration. Clusters are not directly mentioned on those measures.

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**National cluster policy,
programmes and initiatives**



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1. National cluster policy, programmes and initiatives

Policy type:	National cluster policy
Policy name:	Micro and Small Enterprises-Cluster Development Programme (MSE-CDP)-Guidelines
<p>POLICY OBJECTIVES</p> 	<p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Enhancing the visibility of clusters</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Promoting social and sustainable economy and other solidarity-based initiatives</p> <p>Promoting employment and upgrading skills and competences</p> <p>Connect to global supply chains</p> <p>The MSE-CDP strategy has five major components it is aiming to address, 1) Common Facility Centres (CFCs), 2) Infrastructure Development, 3) Marketing Hubs/Exhibition Centres, 4) Thematic Interventions and 5) Support to State Innovative Cluster Development Programme. Based on these components, the objectives of the strategy includes 1) Supporting the sustainability and growth of MSEs through upgrading of skills, technology and market access, 2) Upgrading of infrastructural facilities in cluster areas, 3) Capacity Building of MSEs through collaboration and self-help groups, 4) Set up Common Facility Centres, and 5) Promotion of green and sustainable manufacturing technology.</p> <p>In 2021, more emphasis is given to Digitization, greening of clusters, adoption of solar energy, block chain (mainly in food processing) and industry 4.0 standards, which were previously confined to Large & medium Enterprises (LMEs) clusters.</p>
<p>POLICY FOCUS</p> 	<p>No specific focus</p> <p>No sector focus, strategy largely focuses on MSEs</p>



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Policy name:		Micro and Small Enterprises-Cluster Development Programme (MSE-CDP)-Guidelines
RESPONSIBLE AUTHORITIES 		<p>Both drafting and implementation</p> <p>Provides funding</p> <p>Oversees the implementation</p> <p>The Ministry of Micro, Small and Medium Enterprises (MSME) is responsible for drafting the guidelines and strategy. Depending on the component of the strategy, there are different implementing agencies. For setting up of CFCs, The Ministry of MSME and State Government organisations are responsible for implementation. Infrastructure Development and Marketing Hubs, State Governments oversee implementation. Thematic Interventions are the responsibility of both the Ministry of MSME and Organizations of State of Governments.</p>
BENEFICIARIES 		<p>SMEs</p> <p>Research organisations</p> <p>Academic institutions</p> <p>Cluster organisations</p> <p>The policy mainly focuses on micro and small enterprises and clusters at regional level. However, for capacity building of enterprises to set up CFCs, partnerships with technical institutions, engineering colleges and national research institutes are encouraged.</p>
INSTRUMENTS 	Financial	<p>Funding collaboration initiatives</p> <p>Support to R&D projects, SMEs becoming cluster members, etc.</p> <p>Financing networking events</p> <p>Subsidies for cluster infrastructure (e.g. offices, equipment)</p> <p>Financing start-ups</p>
	Technical assistance	<p>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</p> <p>Support for soft skills development: coaching, management training, upskilling/reskilling</p> <p>Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.</p>



Policy type:		National cluster policy
Policy name:		Micro and Small Enterprises-Cluster Development Programme (MSE-CDP)-Guidelines
		Marketing activities: advertising, communication, events, fairs, and so on
	Explanation	<p>According to the Development Commissioner, Ministry of Micro, Small & Medium Enterprises- The funding of MSE-CDP projects is based on the five different components.</p> <p>1) Common Facility Centres (CFCs) - funds tangible "assets" such as production/processing centres, design centres, testing facilities, marketing centres, etc. The grant funds 70% of project costs up to a maximum of EUR 2,536,908.85 (Rs20.00 crore).</p> <p>2) Infrastructure Development - funds infrastructure facilities such as power distribution networks, drainages, telecommunications, etc and up to 60% of project costs.</p> <p>3) Marketing Hub/Exhibition centres - help with the establishment of marketing centres as a central place for sale and display of products. The grant is set to fund up to 60% of project costs to a maximum of one, EUR 268,454.42 (Rs10.00 crore).</p> <p>4) Thematic Interventions - fund training programmes, exposure visits and business development activities.</p> <p>5) Support to State Innovative Cluster Development Programme - assists state governments in co-funding state cluster projects.</p>
HISTORY 	Period	Unlimited period
	Ending year (<i>for policies with limited period</i>)	-
	Starting year	2013
	Explanation	The guideline builds upon the 2007 Small Industries Cluster Development Programme (SICDP). The policy merged two existing programmes together, 'Integrated Infrastructural Development (IID) and Small Industries Cluster Development Programme (SICDP). This guideline was developed in 2012 and there is no indication that the guidelines are for a limited time



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BUDGET 	Overall	Data Unavailable. Information is available about potential funding for each component of the guideline, however there is no information available on the overall budget. CFCs-EUR 2,536,908.85 Marketing Hubs- EUR 268,454.42
	Annual	Data Unavailable
	Source of funding	Ministry of Micro, Small and Medium Enterprises
POLICY EVALUATION 	Availability	No policy evaluation
	Results	-
POLICY ALIGNMENT WITH THE EU PRIORITIES 		Green economy Social inclusion

02

State of play of cluster policy



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2. State of play of cluster policy

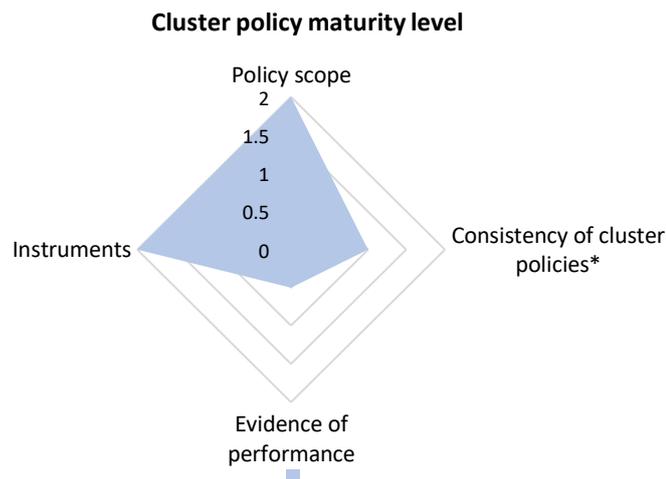
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	India	Maximum score
Policy scope	2	2
Consistency of cluster policies*	1	2
Evidence of performance	0,5	1
Instruments	2	2

* This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies



State of play of cluster policy in the country

Policy evaluation (for terminated policies)

No policy evaluation

The Upgradation and Management Programme (UPTECH) was launched in 1998 with a focus on technology, in 2003 the programme was renamed to Small Industry Cluster Development Programme (SICDP) and broadened to



	include areas such as marketing, exports, capacity building. The programme's name was again changed to Micro and Small Enterprise Cluster Development Program (MSE-CDP) and integrated with the Integrated Infrastructural Development (IID) to form the new programme. There is no evaluation on each of these policies and guidelines.
Policy approach in the country	Policy support for the activities of cluster organisations Cluster approach used directly by national/regional development agencies
Continuity	The Upgradation and Management Programme (UPTECH) was launched in 1998 and its focus was on funding for technology workshops, seminars and diagnostic studies. In 2003, the scheme was renamed Small Industry Cluster Development Programme (SICDP) broadening the policies to include, marketing, skills development, exports and CFCs. The guidelines were again broadened in 2006 to include development of soft skills areas such as training and capacity building programmes. The Integrated Infrastructural Development Scheme (IID) was launched in 1994 with the aim of providing developed sites with infrastructural facilities. The current MSE-CDP guidelines are the integration of SICDP and Infrastructural Development (IID) scheme.
Consistency	> 10 years (but interrupted) National cluster guidelines have in place in India since the 1990s, however there is no clearly defined cluster policy in the country. There is no holistic approach to cluster support or formation in India, different State governments and industries try to formulate their own cluster approach.

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