(To be published in the Gazette of India, Part-I, Section-I)

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

New Delhi, the 20th March, 2012

NOTIFICATION

No.5/4/2011-Leather - The Central Government has approved a sub-scheme titled "Mega Leather Cluster" with an allocation of Rs.600 crore (Rupees six hundred crore) under Indian Leather Development Programme (ILDP) for implementation during the remaining period of 11th Plan and 12th Plan period. The Mega Leather Cluster (MLC) sub-scheme will replace the erstwhile scheme of "Leather Parks" under Indian Leather Development Programme (ILDP).

2. The Scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost will cover various infrastructure developments like Core Infrastructure, Special Infrastructure, Production Infrastructure, HRD & Social Infrastructure, R&D infrastructure & Export Services related infrastructure.

3. The Government of India would provide assistance limited to 70% of the project cost as grant in aid for all components of the project, except the cost of the land, subject to a maximum ceiling of Rs.125 crore per cluster. The cluster should have a minimum area of 40 acres of land. The graded structure of Government grant would be provided depending on the area of land in the cluster which is as under:-

(a) MLC of 40-60 acres land- GoI assistance limited to Rs 50 crore;
(b) MLC of 61-100 acres land- GoI assistance limited to Rs 70 crore;
(c) MLC of 101-150 acres land- GoI assistance limited to Rs.105 crore;
(d) MLC of more than 151 acres land- GoI assistance limited to Rs 125 crore.

4. A Special Purpose Vehicle (SPV) will have to be set up by entrepreneurs for development and management of park. The Government of India would approve the project submitted by SPV who would be the recipient of the assistance under the scheme. The SPV would have to bring in 30% of the project as cash contribution apart from the land itself at its own cost. The SPV will be a company registered under the Companies Act, 1956 formed by the stakeholders, particularly a group of willing entrepreneurs (minimum being 7 legally independent companies) that are engaged in the leather sector. The net worth of each of the entrepreneurs or legally independent units has to be at least Rs 1 crore and the combined net worth of the seven promoters forming the SPV should be at least Rs 10 crore. The share of any individual/group of entities shall be less than 25% of equity of SPV to ensure widely spread ownership and to preclude domination.

5. The Government will engage the services of a professional agency as PMC, which has proven experience in developing, financing appraising and executing industrial cluster infrastructure in the implementation of the scheme, right from the stage of approval of DPR to commissioning of the project.

6. The sub-scheme is applicable all over India. The guidelines of the scheme are available on the website of the Department (www.dipp.nic.in). Interested leather entrepreneurs can submit preliminary proposal under the scheme as detailed in the guidelines directly to the Department for approval.

Gurpreet 20/3/12

(Gurpreet Gadhok)
Under Secretary to the Government of India

To
The Manager
Government of India Press
Faridabad