

Visit Report – Visit to MSME Infrastructure of TANSIDCO in and around Chennai

Context:

AP MSME Development Corporation (APMSMEDC) was incorporated under Industries and Commerce Department of the Government of Andhra Pradesh on 16th July, 2018 created by GO MS No.91 Dated 22 June 2017. Government of Andhra Pradesh is according high importance to development of MSMEs in Andhra Pradesh in view of their role as game changer for employment generation and economic development of the State. Government of AP has notified AP MSME Development Corporation as nodal agency for MSME Cluster development, development of MSME parks with plug and play facilities, Flatted Factory Complexes (FFCs), and common facilities as required, vide GO MS. No. 72 of Industries and Commerce (Prog-1) Department dated 17th Oct, 2022.

Subsequently to encourage more micro and small industries to generate employment for local youth and to spin the State economy., it has been decided to construct at least 1 FFC with plug and play facilities, in each district of the State under MSECDP scheme (Infrastructure Development Component), with 60% of project cost as grant from GoI and balance 40% to be borne by State Government/ APMSMEDC. District collectors have also been requested to identify suitable government lands in their districts for development of FFCs and MSME Parks.

Tamil Nadu Small Industries Development Corporation (TANSIDCO) was established in 1970 by the Government of Tamil Nadu to play a significant role in facilitating the promotion and development of MSMEs in Tamil Nadu. At present, TANSIDCO maintains 41 Government Industrial Estates and 80 TANSIDCO Industrial Estates catering to MSMEs. Ambattur Industrial Estate established in 1963 spread over 1,167 acres is one of the largest Industrial Estates for MSMEs in Asia and Guindy Industrial Estate established in 1958 is the 1st Industrial Estate established in India (404 acres).

As Tamil Nadu as a State is front runner in MSME development in the country, with 49.28 registered MSMEs generating an employment of 96.73 lakh with an overall investment of INR 2.57 lakh crore, it is proposed to visit MSME infrastructure like FFCs, Parks etc developed by TANSIDCO, understand from their experience, and imbibe the best practices related to development of FFCs and MSME Parks.

Accordingly, Superintending Engineer-APMSMEDC and member of SIDBI-PMU (NV Pavankumar) visited Chennai during 24th & 25th January, 2023.

During the visit, the following facilities of TANSIDCO were visited.

1. Ambattur FFC
2. Workers Hostel (men) at Ambattur
3. Thirumazhisai FFC
4. Chennai Plastic Sacks Cluster Pvt. Ltd.
5. Alathur Industrial Estate Phase-2
6. Guindy FFC

1. Ambattur Flatted Factory Complex

- Ambattur Flatted Factory Complex is located within Ambattur Industrial Estate, being constructed in a land parcel of 1.6 Acres.
- It has Stilt + 4 floors, with total of 112 flatted factory modules (28 modules per floor). There are 30 modules of 585 sft, 3 modules of 785 sft, and 79 modules of 1,091 sft. Out of which about 20 modules are already sold on Out Right Sale basis (built-up area rate - ₹6,630/sft).
- Stilt is used as vehicle parking area with truck parking provided in the rear side of the FFC. The FFC has separate lifts for carrying persons and material.
- The total project cost of Ambattur FFC is ₹37 Crore (excluding land cost) and is being funded by ₹35.15 Crore loan under SIDBI Cluster Development Fund (SCDF).
- The expected date of completion of Ambattur FFC is July-2023.



Ambattur FFC



Inside a module in Ambattur FFC



Inside a module in Ambattur FFC



Photo with officials of TANSIDCO at Ambattur FFC

2. **Ambattur Workers Hostel**

- Ambattur Flatted Factory Complex is located within Ambattur Industrial Estate, being constructed in a land parcel of about 1.4 Acres.
- The total project cost is ₹ 29. 47 Crore with loan under SIDBI Cluster Development Fund being ₹26.52 Crore.
- The hostel consists of stilt + 5 floors and is for male workers only.
- There are a total of 135 rooms in the hostel (27 rooms per floor), with each room able to house 6 workers (based on the norm of 82 sft per person), and therefore has a capacity to house 800 workers, once it is completed by May-2024.
- The workers hostel will be provided on lease basis to Industry Associations/ units, to house migrant workers of the industries.



Ambattur Workers Hostel – Project Details



Ambattur Workers Hostel – Elevation



Ambattur Workers Hostel – Inside



Ambattur Workers Hostel – inside room

3. Thirumazhisai Flatted Factory Complex

- Thirumazhisai FFC (project cost - ₹ 20 Crore) was constructed by TANSIDCO completely through its own funds. The FFC is built on a land parcel of 1.7 Acres.
- The FFC has total of 79 modules with built-up area of each module ranging from 968 sft to 986 sft.
- The FFC is operational since year 2019 onwards and 67 modules are already allotted & functioning (built-up area rate - ₹5,400/sft). The FFC has separate lifts for carrying persons and material.
- The FFC is housing packaging units, plastic units, R&D (Pharma) units, apparel/ garmenting units.



Thirumazhisai FFC



Pharma R&D unit inside Thirumazhisai FFC



Cloth bag manufacturing unit inside Thirumazhisai FFC



Plastic tray moulding unit inside Thirumazhisai FFC

4. Chennai Plastic Sacks Cluster Pvt. Ltd.

- Chennai Plastic Sacks Cluster Pvt. Ltd. is the SPV which implemented Common Facility Centre (CFC) for manufacturing of woven plastic sacks under MSE-CDP scheme.
- The CFC is located in Pillaipakkam Village, Sriperumbudur Taluk, Kancheepuram District, Tamil Nadu.
- The CFC project was sanctioned final approval under MSECDP scheme during Oct-2013 and fully completed during the year 2018.
- Before implementation of CFC project, micro & small units in the cluster faced difficulty in production of woven plastic fabric due to volatility in raw material prices and limited number of units producing the weaving fabric.
- The CFC has 42 members and the approved project cost, as per MSECDP sanction letter was ₹ 14.85 Crore. Where as the actual project cost by the time of completion was ₹17.82 Crore (increase in project cost borne by SPV).
- With the help of CFC, units are now able to procure raw material in bulk at competitive prices and convert it into woven fabric at economical rates, thereby increasing the competitiveness of units in the Cluster.
- After implementation of the CFC project, turnover of SPV member units increased by 20%. Further, 15 new micro units were setup in the cluster and the employment increased from 50 persons to 200 persons.
- At present, 62 non-members are utilizing the CFC and annual turnover of CFC has reached ₹100 Crore.



CFC for plastic sacks



Granule to plastic yarn conversion



Fabric knitting machine



Finishing machine

5. Alathur Industrial Estate Phase-2

- Alathur located 40 km south of Chennai houses Alathur Industrial Estate which houses pharma units.
- Based on representations received from industry for development of industrial estate adjacent to the existing IE, TANSIDCO has started development of Althur Industrial Estate Phase-2 on 70 Acres land (poramboke/ grazing land obtained from GoTN) with a project cost of ₹25 Crore under MSECDP scheme. In lieu of this land, TANSIDCO gave GoTN same extent of land at another place.
- Alathur IE Phase-2 will have 192 plots for MSMEs ranging from 0.2 Acre to 0.5 Acre. As of now about 30 plots have already been allotted.
- Further, another 200 acres of government land is being acquired to extend the industrial estate.

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| Entrance to Alathur IE Phase-2 | Road & drain works under progress |
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| Road & drain works under progress | Road & drain works under progress |

6. Guindy Flatted Factory Complex

- TANSIDCO is developing a new FFC at Guindy, in an area of 1.275 Acres, with basement + stilt + 6 floors. The total project cost is ₹58 Crore and is being funded under SCDF scheme.
- The FFC will house 156 modules (with 26 modules in each floor) with module area ranging between 591 sft to 1,317 sft (built-up area rate - ₹7,360/sft).
- At a different location in Guindy, there are 3 blocks of FFCs (in an area of ~5 Acres) developed during the year 1993. 2 blocks of FFCs had been allotted to entrepreneurs on outright sale basis and 1 block is presently allotted to several government departments on lease basis. These FFC blocks have separate lifts for carrying persons and material.
- The units who have taken allotment of modules in those FFCs during mid 1990s have flourished and expanded. These FFCs mostly house electronics assembly, IT & ITeS units.



Guindy FFC block (old)



Guindy FFC block (old)



Guindy FFC (new)



View of a module in Guindy FFC (new)

7. Meeting with MD, TASIDCO

- After our visit to all these facilities, we met Thirumati S. Madumathi, IAS (MD, TANSIDCO) along with officials of TANSIDCO, and briefed her about the objective of our visit, vision of GoAP for MSME development, and thanked TANSIDCO and its officials for facilitating our visit and making it fruitful.

Observations

- Though FFCs are offered on outright sale and rental basis, most entrepreneurs prefer to purchase FFC modules on Outright Sale basis, as they can place the FFC as collateral for loans from banks/ FIs.
- Some entrepreneurs in initial years of setting up their business, prefer to take FFC module on lease basis as it would reduce their initial investment and decrease risk of locking up of their financial resources.
- Once all FFCs are allotted, the allottees form an association to maintain the common areas & facilities of FFC by collecting maintenance charges as decided by the association.
- FFCs of TANSIDCO are housing light industries like assembly/ system integration units, apparel/ readymade garmenting units, IT & ITES units, R&D units which do not require use of heavy machinery.
- TANSIDCO is developing FFCs within their Industrial Estates after receiving requests from industries and associations to develop FFCs.
- The demand for FFCs is mostly from within and near urban areas, as land cost (₹25-35 Crore per acre)/ cost of built-up space in those areas is high. FFCs offered by TANSIDCO are about 20-25% economical compared to market rates.

- TANSIDCO is engaging ITCOT on nomination basis for preparation of DPRs for FFCs, as ITCOT is a deemed Government Company.
- All FFCs of TANSIDCO are built on land parcels within 1.5-2 Acres. Where the land available is less than 1.5 Acres (Eg: Guindy FFC), basement is being built for vehicle parking so that stilt/ ground floor can be used for truck parking.
- TANSIDCO is developing FFCs under SIDBI Cluster Development Fund where 95% of project cost (90% in case of social sector projects like workers' hostel) can be provided as a loan by SIDBI at concessional interest rate (bank rate – 150 basis points) with loan repayment period of 7 years (including 3 years moratorium period). Apart from SCDF it is also exploring construction of FFCs under MSECDP-ID scheme.

Enclosure:

- Names and contact details of TANSIDCO officials & entrepreneurs interacted during the visit

Contact Details:

| # | Name | Contact Number | Designation | Organisation | Remarks |
|----|-----------------|---------------------------|---|--|--|
| 1 | R. Pandiarajan | 9381484042 | Advisor – Technical | TANSIDCO | Retd. SE, PWD.-GoTN |
| 2 | Umashankar | 9444165290 | Advisor | TANSIDCO | Retd. DGM, TANSIDCO |
| 3 | MR Somasundaram | 9445006589 | Superintending Engineer (Construction) | TANSIDCO | |
| 4 | M. Srinivasan | 9445006552 | Manager - Schemes | TANSIDCO | |
| 5 | Mani Muthu | 9445862811 | AEE | TANSIDCO | |
| 6 | R. Bharati | 9445006565; 9445006563 | Branch Manager – Guindy, Ambattur | TANSIDCO | |
| 7 | A. Vijayanthi | 9445006566 | Branch Manager - Thirumazhisai | TANSIDCO | |
| 8 | V. Subramanian | 9003403765; 9445088404 | MD | SynkroMax Biotech Pvt. Ltd. | Module (rent) holder in Thirumazhisai FFC |
| 9 | S. Rakkappan | 9566176284; 8610962449 | CFC Manager | Chennai Plastic Sacks Cluster Pvt. Ltd. | |
| 10 | Rajeev | 9444410057; 9444410058 | MD | Office 2000 Solutions Pvt. Ltd. | Module holder in Guindy FFC |