

Brief Note on FFCs Construction in AP

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.

AP MSME Development Corporation, as the implementing agency for cluster development programme in the State, is promoting MSME cluster development by providing handholding support to clusters intending to avail benefits under MSECDP scheme of Gol. 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 one (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 Gol and balance 40% to be borne by State Government/ APMSMEDC. District Collectors have also been requested to identify suitable government land in their districts for development of FFCs and MSME Parks.

In order to improve Institutional credit linkage to MSMEs in the state of Andhra Pradesh, especially those who put up their units in the APIIC Parks, a formal arrangement of AP Infrastructure Development Corporation (APIIC) with reputable financial institutions such as Union Bank of India, Bank of Baroda and HDFC Bank has been conceptualised to provide credit facilitation to the existing as well as prospective MSMEs in APIIC and MSME Industrial Parks. Similarly, The APMSME Development Corporation has made the decision to accept institutional credit support from the financial institutions for the development of 26 FFCs in AP. The Bank of Baroda has offered to provide institutional credit support for the development of FFCs in AP.

The Executive Director of APMSME Development Corporation had a meeting between the Regional Manager, Bank of Baroda for institutional credit linkage for the proposed FFCs in the State. In this connection, a meeting was held at APIIC office on 16.03.2023, the Bank of Baroda agreed to support to APMSME Development Corporation for construction of FFCs in the State. With 60% of project cost as grant from Gol and balance 40% to be borne by State Government/ APMSMEDC. Dr.G.Srijana, The Chief Executive Officer instructed to the Executive Director of APMSMDC to prepare a draft to enter an MoU with Bank of Baroda.

APMSME Development Corporation and Bank of Baroda decided to enter an MoU for a 40% state share to support as an institutional credit to APMSME Development Corporation.

The guidelines of the FFCs and the progress of the FFCs as on today is provided for the convenient of the Bank of Baroda.

Flatted Factory Complexes/ MSME Parks Guidelines:

As per the revised guidelines of the Ministry of MSME, Govt of India Flatted Factory Complexes (FFCs)/ New MSME Parks will be sanctioned under Infrastructure Development (ID) Projects with the following financing Pattern;

Component	Project Cost (Limited to Rs 15 Crores)	Govt Of India Grant	State Govt Matching Grant
New Flatted Factory Complex / MSME Parks (General Districts)	Rs 5 - 15 Crores	60 %	40 %
New Flatted Factory Complex / MSME Parks (Aspirational Districts **)	Rs 5 - 15 Crores	70 %	30 %

As per the Latest notification of NITI AYOOG dt 27-10-2022, YSR Kadapa, Parvathipuram Manyam and ASR Paderu are notified as Aspirational districts in our State after creation of new districts.

Establishment of Flatted Factory Complexes:

The Spl. Chief Secretary to Government (Industries & Commerce) has addressed a letter to all the District Collectors to identify 3-5 acres of Government land suitable for construction of Flatted Factory Complexes in their District and alienate in favour of AP MSME Development Corporation. The Chief secretary has also issued instructions to take 5-10 acres

for FFCs to take care of their future expansions during the review meeting held on 15-03-2023. If more than 25 acres of land is allocated, MSME Parks would be developed by the APMSME Development Corporation.

So far Land is identified in the following 5 Districts as detailed below:

District	Village & Mandal	Extent identified (Acres)	Purpose
YSR Kadapa	K. Velamavaripalli, Pulivendula(M)	30.954	MSME Park & FFC
East Godavari	Kalavacherla(V), Rajanagaram(M)	5.00	FFC
Guntur	Sy.No.310/2, Vadlamudi, Chebrolu(M)	5.00	FFC
Prakasam	Gundlapalli(V), Maddipadu(M)	5.00	FFC
NTR district	Jakkampudi , Vijayawada Rural (M) **	8.55	FFC

Jakkampudi Economic Township (JET City):

It is informed that there is a Semi-finished building structure at Jakkampudi, Vijayawaga rural Mandal, NTR District in an area of 8.55 acres which was developed by **Jakkampudi Economic Township Development Corporation Limited (JETDCL)** to create a facility under the concept of **WALK to WORK** by the previous Government.

But the project has not completed as the land is not alienated in favour of JETDCL so far. Now it is not in use and the corporation also not active.

This semi-finished structure is more suitable for our Flatted Factory Complex to support MSME Sector in this rural area to create more employment to the local youth.

In this connection, the Executive Director of APMSME Development Corporation was circulated a file to the Special Chief Secretary, Industry and Commerce to transfer the land along with semi-finished structure in favour of AP MSME Development Corporation to take up further development and to allocate to the needy MSMEs and CFCs. In his regard a review meeting was held by Special Chief Secretary with DoI and APMSME Development Corporation officials in the last week.

The idea is to undertake it as the first project to enter into an MoU between APMSMEDC and Bank of Baroda under FFC's construction in the state.

Contact us

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NEW DELHI National Office, Outer Circle, L 41, Connaught Circus, New Delhi - 110001 T +91 11 4278 7070	NEW DELHI 6th Floor, Worldmark 2, Aerocity, New Delhi - 110037 T +91 11 4952 7400	AHMEDABAD 7th Floor, Heritage Chambers, Nr Azad Society, Nehru Nagar, Ahmedabad - 380015	BENGALURU 5th Floor, 65/2, Block A, Bagmane Tridib, Bagmane Tech Park, CV Raman Nagar, Bengaluru - 560093 T+91 80 4243 0700	CHANDIGARH B-406A, 4th Floor, L&T Elante Office Building, Industrial Area Phase I, Chandigarh - 160002 T +91 172 4338 000
CHENNAI 7th Floor, Prestige Polygon, 471, Anna Salai, Teynampet, Chennai - 600018 T +91 44 4294 0000	DEHRADUN Suite No 2211, 2nd Floor, Building 2000, Michigan Avenue, Doon Express Business Park, Subhash Nagar, Dehradun - 248002 T +91 135 2646 500	GURGAON 21st Floor, DLF Square, Jacaranda Marg, DLF Phase II, Gurgaon - 122002 T +91 124 462 8000	HYDERABAD 7th Floor, Block III, White House, Kundan Bagh, Begumpet, Hyderabad - 500016 T +91 40 6630 8200	KOCHI 6th Floor, Modayil Centre Point, Warriam Road Junction, MG Road Kochi - 682016 T +91 484 406 4541
KOLKATA 10C Hungerford Street, 5th Floor, Kolkata - 700017 T +91 33 4050 8000	MUMBAI 11th Floor, Tower II, One International Center, SB Marg Prabhadevi (W), Mumbai - 400013 T +91 22 6626 2600	MUMBAI Kaledonia, 1st Floor, C Wing, (Opposite J&J Office), Sahar Road, Andheri East, Mumbai - 400 069	NOIDA Plot No 19A, 2nd Floor, Sector - 16A, Noida - 201301 T +91 120 485 5900	PUNE 3rd Floor, Unit No 309- 312, West Wing, Nyati Unitree, Nagar Road, Yerwada Pune - 411006 T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com



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Small Industries Development Bank of India (SIDBI), established under an Act of Parliament in 1990, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities. In the context of the changing MSME lending landscape, the role of SIDBI has been realigned through adoption of SIDBI Vision 2.0 which envisages an integrated credit and development support role of the Bank by being a thought leader, adopting a credit-plus approach, creating a multiplier effect and serving as an aggregator in MSME space.



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