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G.O. (Ms) No. 32, MICRO, SMALL AND MEDIUM ENTERPRISES (G) DEPARTMENT

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GUIDELINES FOR ESTABLISHMENT OF INTEGRATED MSME GROWTH PARK

1.Name of the Scheme

The Scheme will be called 'INTEGRATED MSME GROWTH PARK' (IMGP).

2. Objective of the Scheme

2.1 Fulfill the TAMIL NADU VISION 2023 by

- a. augmenting the supply of world-class plug and play infrastructure facilities for MSMEs in the State of Tamil Nadu.
- b. Encouraging all sectors, besides public sector to promote industrial infrastructure.
- c. Spurring growth of MSMEs in the State through increased access to ready to use infrastructure.

3. Target of the Scheme

The Scheme will aim to assist establishment of 100 Integrated MSME Growth Parks (IMGPs) by 2023 to accommodate 25,000 MSMEs and generate direct/indirect employment to 2,50,000 persons.

4. Preference and Priority

There shall be a clear preference and priority for the IMGPs

- a) Promoted by association of the existing Micro, Small & Medium Enterprises or the association of the proposed new Micro, Small & Medium Enterprise units.
- b) set up in Southern districts
- c) having reservation for allotment of developed plots/ built up space to women, SCs and other weaker sections of the society
- d) solely for exports and sectors enjoying priority as per Government's declared MSME / Industrial related policy.

5. Scope of the Scheme:

5.1 The Scheme will ordinarily cover only such IMGPs that are:

- i. Located in the zones notified as industrial zone in the master plan or in the Industrial / Growth Corridors declared by the Government.
- ii Setup for Export oriented industries and/or the focus sectors declared by the Government Policy

- iii. Covering a minimum **area of 50 Acres** of contiguous land. However the Empowered Committee may consider on merit Parks with extent of land lesser than 50 acres. The Park must not include more than 10% Wet lands (Double or Triple Crop Land).
 - iv Located outside City limits.
- 5.2 Each IMGP under the scheme would have not less than **100 MSMEs**. The resultant investment and employment in each IMGP could vary from IMGP to IMGP.
- 5.3 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 common infrastructure and buildings for production / support activities (including engineering, accessories, packaging etc) depending on the needs of the IMGP. There will be flexibility in setting up Parks to suit the local requirements.
- 5.4 An IMGP will have the following components:
- a) Group A – Land
 - b) Group B – Processing Area
 - i. Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant effluent treatment, telecommunication line etc.
 - ii. Industrial plots and Factory buildings for production purposes
 - iii. Buildings for common facilities like testing laboratory (including equipments), design centre (including equipments), training centre (including equipments), trade centre / display centre, warehousing facility / raw material depot, packaging units, crèche, canteen, workers-hostel, offices of service providers, labour rest and recreation facilities, marketing support system (backward / forward linkages) etc.
 - iv. Open spaces, roads and pathways
 - c).Group C – Not more than 25% of the total area be used for Non - processing purposes including social infrastructure (the area for Social Infrastructure should not be more than 10% of the total area)
 - i. Business related offices
 - ii. Convention centres
 - iii. Business centres
 - iv. Education and Skill training centres
 - v. Hotels, Service apartments
 - vi. Housing
 - vii. Schools
 - viii. Hospitals
 - ix. Entertainment centres and Shopping Malls
 - x. Open spaces, roads and pathways

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- 5.5 The Project Cost for the purpose of this Scheme includes the cost on account of components of the IMGP as listed under Group B only. Since the items covered under the Group are illustrative and every IMGP may be developed to suit the specific production and business requirements of the end users of the IMGP, the Empowered Committee (EC) will approve on merit the inclusion or otherwise of a component in the project cost on case-to-case basis.
- 5.6 The Parks with Processing Units in sectors like Textile, Leather etc must necessarily have a CETP.

6 Eligibility

The purpose of the Scheme is mainly to provide support for Industrial Infrastructure to the Association of MSME Units. They will be eligible for 100% assistance under this scheme upto 10 crores. (Any other legal entity, including a firm or a company registered under the Company's Act, 2013 or Society registered under the Society's Act or a Cooperative registered under Cooperative Act or a Trust that forms Joint Venture with SIDCO will be eligible for 90% assistance subject to the following conditions:-

- i. The Joint Venture companies, to be eligible for assistance under this scheme, should have minimum 11 % stake of SIDCO.
- ii. There should be a representative of SIDCO in the Board of Directors.
- iii. SIDCO representative should have a decisive say in matters related to pricing of land. Such matters will not be decided in their absence. If there is a difference in opinion with the SIDCO representative, then the matter will be referred to SIDCO for final decision.
- iv. The Joint Venture agreement should have an effective exit clause that will enable SIDCO to exit after 100% land allotment to private companies in the estate is completed. The exit policy should also ensure constitution of society or association to ensure the future maintenance of the estate.)

7 Roles and Responsibilities

7.1 The Special Purpose Vehicle (Developer)

For each Park, there would be a separate Special Purpose Vehicle (SPV). The SPV shall invariably be a legal entity registered either under the relevant Act. The SPV will have to be so structured with a positive revenue stream. The SPV shall have complete administrative and management autonomy so that they do not become surrogate Public Sector Enterprises. The SPV will be responsible for:

- i. Conceptualization, Formulation of Detailed Project Report, achieving financial closure, getting all statutory and regulatory clearances, implementation and management of the IMGP.

- ii. Procurement of land: Land for IMGP shall be purchased / arranged by the SPV. The registered value of land would be taken as part of the industry's equity/share in the project. The State Government grant shall not be used for procurement of land.
- iii. Development of the Infrastructure inside the Park
- iv. Fixation of price of developed sites and / or Built Up Space and their allotment / transfer etc to MSMEs, on lease or outright purchase or through any other mode, for setting up enterprises.
- v. Maintenance of the utilities and infrastructure created for the Park by collecting service and user charges.
- vi. Enter into an agreement with the SIDCO for timely completion of Park and proper utilisation of Government grants.
- vii. Appointment of contractors/consultants in a fair and transparent manner. In order to ensure timely completion of the project, SPV will obtain appropriate performance guarantee from consultants/contractors.
- viii. Adherence to all Legal compliances as applicable.
- ix. Adherence to the Agreement of the Grant
- x. Submission of Reports and Utilisation Certificate to the Government
- xi. Giving a legal undertaking to the SIDCO to maintain the OSR area as a green belt which is declared as a "No construction" area at all times.
- xii. Indemnifying SIDCO against any and all liabilities.

7.2 The Department of Micro, Small and Medium Enterprises (MSME)

- 7.2.1. The SIDCO, on behalf of the Government, will facilitate, through a Single Window Committee headed by Chief Secretary providing the SPV the following:
 - i. The requisite clearances, wherever needed, for setting up the IMGP
 - ii. Power, Water and other utilities at the meter point.
 - iii. Providing flexible and conducive labour environment
 - iv. Dovetailing of other related schemes for overall effectiveness and efficiency of the project
- 7.2.2. The Department of MSME will put in place detailed operating procedures and supplementary guidelines / clarifications for implementation of the scheme. The Department may modify the guidelines on the recommendations of the Empowered Committee (EC) with the approval of the Minister for Rural Industries.

7.3 Project Management Consultants (PMCs)

SIDCO may appoint professional agencies with considerable experience and expertise in the area of infrastructure development as Project Management Consultants (PMCs) by following tendering process on a clearly defined role. The PMCs will assist SIDCO in the

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speedy implementation of the Projects in a transparent and professional manner and will discharge the role within the approval given by SIDCO Board. They will not get into the activities of the Special Purpose Vehicle (SPV). The Fee to PMC shall be met from the administrative head

8 Terms and conditions for the Grant under the Scheme

- 8.1 The total project cost, as indicated in Para 5.5, shall be funded through mix of Capital, Debt, Equity and Grant.
- 8.2 The State Government's support under the Scheme will be limited to 50% of the project cost subject to a ceiling of Rs. 10 Crore per IMGP.
- 8.3 The State Government support under the Scheme will be generally in the form of grant to the SPV unless specifically decided by the SIDCO to be equity. However, the combined equity stake of State Government / Small Industries Development Corporation if any, should not exceed 49%.
- 8.4 State Government will be entitled to place a nominee on the Board of the IMGP .
- 8.5 The State Government will sanction their total grant to SIDCO in two instalments. The SIDCO in turn will closely monitor the physical and financial performance of the SPV and release its funds in the following manner to them subject to satisfaction of the stated terms and conditions:

8.5.1 First Instalment

First instalment representing 10% of the total grant to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the SIDCO or creating a Charge on the Land in possession of the SPV and fulfilling the following criteria:-

- a. Establishment of SPV.
- ✓ b. Inclusion of one representative of State Government and one representative of the PMC on the Board of Directors.
- c. Land to be in the possession of SPV.
- d. Execution of share holders' agreement.
- ✓ e. Establishment of escrow account in a nationalized bank.
- f. Recommendation of PMC confirming the above points (a) to (e).
- g. DPR duly validated by PMC, and approved by Project Approval Committee.

8.5.2 Second Instalment

Second instalment representing 15% of the total Grant will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25% of the total SPV share from all the sources) of the grant released and fulfilment of following criteria

- a. Utilisation Certificate for the 1st Installment
- b. Details of equity contribution
- c. Sanction Letter for loan component, in case SPV is taking term loans.
- d. Award of contracts worth equivalent to at least 30% of the total project cost excluding the land cost.
- e. Availability of all statutory clearances necessary for commencement of the project as certified by PMC, including water and electricity.
- f. Interest, if any earned on the State Government grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim

8.5.3. Third Instalment

Third instalment representing 25% of the total grant shall be released after the utilisation of the second instalment and after the proportionate expenditure (i.e. 50% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the second instalment shall be submitted by the SPV at the time of making claim for the third installment. Interest, if any earned on the grant will be returned/adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.

8.5.4 Fourth Instalment

Fourth instalment representing 25% of the total grant after the utilisation of the third instalment and after the proportionate expenditure (i.e. 75% of the total SPV share from all the sources) has been incurred by the SPV. Utilisation Certificate (UC) of the third Instalment shall be submitted by the SPV at the time of making claim for the fourth Instalment. Interest, if any earned on the grant will be returned / adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim

8.5.5 Fifth Instalment

Fifth instalment representing 25% of the total grant will be released after successful completion of the project and after 33% of the units in IMGP (or a higher percentages determined by (EC) for successful completion of the specific project)

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start their production. Utilisation Certificate (UC) of the fourth instalment shall be submitted by the SPV at the time of making claim for the final Instalment. Interest, if any earned on the grant will be returned / adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim. The Bank Guarantee given by the SPV will be returned/ Charge on the Land cleared upon sanction of fifth instalment of grant by the SIDCO.

- 8.6 The SPVs would forward their claims to the SIDCO supported by documents such as Utilisation Certificate in the prescribed format, Pre-Receipt Bill, Surety Bond etc., as required.
- 8.7 Separate accounts shall be kept by SPV for the funds released by the SIDCO / State Government which shall be subject to audit by the Accountant General.
- 8.8 In the event of an SPV withdrawing from executing a project before completion of the project, the SPV should immediately return the Government assistance together with interest accrued. Payment of penal interest by the SPV shall be decided by the Empowered Committee (EC) on case to case basis. Any revision in the period of implementation must have the approval of the EC. In case of delays in implementation of the project beyond the agreed time schedule as approved by Empowered Committee (EC). SIDCO / Department of MSME shall have the right to impose penalties on the SPV as given below:
- i. Delay of upto 3 months in the completion of the project would reduce the grant amount by 1%.
 - ii. Further delay in the implementation of the project would reduce the grant amount by an additional 1% for every 1 month of delay.
 - iii. In the event of project implementation getting delays beyond 12 months, then the EC could consider closure of the project at the current level of grant assistance and cancel the balance undrawn grant amount.
 - iv. In the event the grant amount is reduced as indicated above, the SPV should meet the consequent gap through its own sources.
 - v. If it is found that the Grant has been utilised by the SPV for non eligible components of the project, Department of MS & ME / SIDCO shall have the right to levy penalties on the SPV as may be decided by the EC.
 - vi. In the event, the park is cancelled by EC for any reason whatsoever then the SPV shall immediately return the Government assistance together with the interest accrued thereon, if any. Payment of penal interest by the SPV at the rate of 10% or as decided by the Project Approval Committee (EC) on case to case basis to be returned by the SPV.
 - vii. The decision of the EC would be final and binding on the SPV.

- 8.9 In event of termination of project, mis-utilisation of the grant or unjustified untoward delay in completion of the Park, the SPV will be liable to return the grant with interest thereon and/or penalty as decided by the EC and SIDCO / Department of MSME shall be within its rights to recover the money as arrear of land revenue.
- 8.10 User charges would be fixed for various facilities and services by SPV. There shall be full recovery of Operational & Maintenance (O&M) costs through user charges.
- 8.11 The recovery by way of lease rentals shall accrue to the SPV for plough back for future expansion.

9 Project Formulation

- 9.1 The project proposal shall be formulated by the SPV after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location and based on demand and potentiality.
- 9.2 The broad aspects, which may be covered in the Project Report, are given at Annexure These are indicative and not exhaustive.

10 Project Proposal Submission and Approval Mechanism

10.1 Project Scrutiny Committee (PSC)

- 10.1.1 All applications under the scheme, in complete shape, shall be submitted to the Member – Secretary (MS) of the PSC online. SIDCO / Industries Commissioner and Director of Industries and Commerce will develop a software whereby the Applications will preferably get marked to all the members of PSC and Chairman of the Empowered Committee simultaneously.
- 10.1.2 On receipt, the MS-PSC, preferably within 15 working days, will check the application as per the pre-prescribed check list and seek all additional information required or reject the application through a speaking order clearly stating the grounds of rejection.
- 10.1.3. If the application has been found to be in order, he will request all the members to send their remarks within 21 days. After 21 days, the remarks of the member concerned, if any, should be incorporated in the agenda and the agenda must be circulated atleast 7 days before the meeting

10.1.4. It shall be obligatory on the part of the MS-PSC to place the received application before the PSC within 60 days of its receipt and complete the entire pre scrutiny before that.

10.1.5. The project proposals, shall be considered and appraised by the Project Scrutiny Committee (PSC) headed by CMD, SIDCO. The other members of the Project Scrutiny Committee shall include the following:

- i. Member Secretary, State Planning Commission or his Representative
- ii. Representative of Secretary (Expenditure), Finance Department, Government of Tamil Nadu,
- iii. Industries Commissioner and Director of Industries and Commerce / Additional Industries Commissioner
- iv. Director, MSME - Development Institute, Chennai
- v. Superintendent Engineer, SIDCO.
- vi. Director, Town and Country Planning or his Representative
- vii. Member Secretary, CMDA or his Representative
- viii. President, TANSTIA – Special Invitee
- ix. Chairman, Tamil Nadu Pollution Control Board
- x. Chairman, TANGEDCO or his Representative
- xi. General Manager, District Industries Centre of the District Concerned.
- xii. The applicant (Special Invitee).
- xiii. Any other domain expert (Special Invitee) decided by the Chairman of the PSC
- xiv. General Manager, SIDCO – Member Secretary.

10.1.6. Project Scrutiny Committee will appraise all the proposal in terms of the project components, viability, feasibility and time lines of each project. The Committee shall also look into the utility of the projects in terms of modernization and integration of supply and management chain and make the recommendations to the Empowered Committee.

10.1.7. PSC will also act as an Appellate Forum for the Single Window Mechanism set up in the Districts to provide Approvals to the Units in respect of such projects.

10.2. Empowered Committee (EC)

10.2.1. There shall be an Empowered Committee comprising the following:-

- i. Principal Secretary, Department of MSME – Chairman
- ii. Secretary (Expenditure), Finance Department
- iii. Secretary, Planning, Development and Special Initiatives Department
- iv. Secretary, Housing and Urban Development Department
- v. Secretary, Municipal Administration and Water Supply Department

- vi. Commissioner of Land Administration
- vii. Chairman, Tamil Nadu Pollution Control Board
- viii Chairman, TANGEDCO
- ix CMD, SIDCO – Member Secretary.
- x. Industries Commissioner and Director of Industries and Commerce

10.2.2. The EC shall be responsible for:

- i. Overall implementation of the Scheme
- ii. Approve Project Proposals on the recommendations of the Project Scrutiny Committee
- iii. Overall Monitoring and Evaluation of the Scheme
- iv. Granting approvals for the setting up of MSME Industrial Parks .
- v. Notifying the IMGPs by a Gazette Notification.
- vi. Notifying the priority growth sectors for MSMEs.
- vii. Granting exemption to the notified IMGPs from the process of conversion of Land use from Agricultural or any other Zoning Classification to Industrial Use.
- viii. Granting exemption to the notified IMGPs from Land Ceiling Regulations.
- ix. According in- principle composite approval for pre-project clearances at the State Government level.
- x. Addressing all policy issues related to IMGPs
- xi. Facilitating quality infrastructure facilities such as road connectivity, uninterrupted power supply, water up to the battery limits of the notified IMGPs.
- xii. Facilitating inter-sector linkages.
- xiii. Building Approvals in case the Built up spaces is built by the Developer.

11. Setting up of MSMEs in IMGPs

11.1 Enterprise Approval Committee (EAC)

There shall be an EAC comprising the following:

- 11.1.1 Chairman - District Collector.
- 11.1.2 General Manager DIC - Member Convenor
- 11.1.3 The District Heads of the Departments of Labour, Local Bodies, Town and Country Planning, Commercial Taxes, TANGEDCO, TWAD and any other department as decided by the Chairman will be the members
(Note: For Chennai, PSC will also act as EAC)

11.1. The Functions of EAC –

11.2.1. The EAC shall provide all approvals, Clearances for the setting up of an enterprise or at any later stage in the Notified IMGPs.

11.2.2 A consolidated application seeking permission for setting up of an Enterprise and other clearances, including those indicated below, shall be made Online to the EAC for:

- i. Registration-cum-Membership Certificate;
- ii. Small Scale Industries Registration;
- iii. Registration with Tamil Nadu Pollution Control Board;
- iv. Electricity connection;
- v. Building approval plan;
- vi. Sales tax registration;
- vii. Approval from Inspectorate of Factories;
- viii. Pollution control clearance, wherever required;
- ix. Any other approval as may be required from the State Government.

12. Project Monitoring and Evaluation:

12.1 The Department of MSME will periodically review the progress of the projects under the Scheme.

12.2 SIDCO / ICDIC would devise a suitable monitoring and evaluation system and shall furnish monthly reports/returns to the Department of MSME.

12.3. District Committee headed by the District Collector will be mandated for co-ordination and monitoring at the district level.

13. Administrative Expenditure

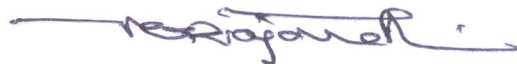

The Department of MSME will keep a Budget provision of not exceeding Rs.2 Crore per annum for administrative expenditure, evaluation, studies, research & seminars, information dissemination, publicity, and for putting in an IT enabled monitoring mechanism, etc. This will be released to SIDCO in two instalments. SIDCO can charge service charges from SPV upto 2% of total Project Cost.

14. Interpretation

In so far as interpretation of any of the provisions of this scheme, the decision of the Department of MSME, Government of Tamil Nadu, shall be final.

MANGAT RAM SHARMA
PRINCIPAL SECRETARY TO GOVERNMENT

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SECTION OFFICER


ANNEXURE

Indicative list of points to be covered in the project reports under the Scheme Integrated MSME Growth Parks

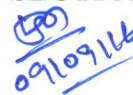
I. Overview:

- i) Brief objectives and compatibility of the proposal with objectives.
- ii) Justification for the proposal and suitability of location, volume of existing activities and other schemes (State/ Central/CSS) in the vicinity or at the same location.
- iii) Present Status:
 - Availability of land & status of acquisitions.
 - Availability of requisite clearances.
 - Identification, agreement/ MOU with beneficiary units.
2. Total cost of the project with break-up for major facilities.
3. Base date and basis of estimating the cost.
4. Mode of funding & Phasing of expenditure i.e. contribution of various stakeholders, (GOI, State Govt. & Other Agencies).
5. Land requirement and its distribution (Facility- wise)
6. Physical facilities being planned – capacities : backward & forward linkage.
7. Name of the Implementing & Managing Agency/SPV, brief indication on responsibilities/ obligation (during implementation & future).
8. Gestation period, activity chart (PERT/CPM), major milestones/targets and date of commencement of operation.
9. Quantification of benefits in terms of increase in production, employment, exports and investments.
10. Sustainability issues: Projected O&M expenditure & means of meeting the same.
11. Financial viability to the extent available:
 - Project annual surplus, if any
 - Internal Rate of Return (IRR)
 - Percentage of occupancy to achieve viability
12. A synopsis of the discussions held with various Stake Holders.
13. Master plan of the area, mapping the components for which the assistance is being sought and as to how the other components are to be addressed.

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09/09/16