

**PROJECT REPORT
ON
FORMATION OF
NEW INDUSTRIAL ESTATE
AT VANIYAMBADI, IN
VELLORE DISTRICT
TAMILNADU**



**TAMILNADU SMALL INDUSTRIES
DEVELOPMENT CORPORATION LTD.
(TANSIDCO)
SIDCO GARMENT COMPLEX-II
NEAR ELECTRONIC COMPLEX
THIRU VI KA INDUSTRIAL ESTATE
GUINDY, CHENNAI 600032**

Phone 22500073, 22250185, 22500289

Fax: 22500792

FORMATION OF NEW SIDCO INDUSTRIAL ESTATE AT VANIYAMBADI, IN VELLORE DISTRICT

INDEX

Sl. No.	Chapter	Pages
1	Introduction	1
2	Details about the Implementing Agency	2 – 3
3	About the Industrial Estate	4 – 5
4	Demand Potential	6
5	Development Works	7-8
6	Estimation of Development Works	9-11
7	Amenities	12
8	Details of Plots proposed	13
9	Implementation programme	14
10	Layout plan	15 – 16
11	Project cost	17
12	Pricing of plots	18-19
13	Financial viability	20
14	Conclusion	21
15	Annexure	I-VI

1.0. INTRODUCTION

The Micro, Small and Medium Enterprises play a major role in the socio-economic development of the country since independence through its contribution to the overall Industrial production, foreign exchange earnings and creation of employment opportunities. Their increasing participation in the economic development of the State has forced the Government of Tamilnadu to extend several incentives and concessions by framing a new policy in 2008 exclusively for MSME Sectors. Even during the early days of the development of the state, government realized the importance of industrial growth and established 35 industrial estates with all infrastructure facilities especially for the growth of MSME sector in different parts of the State. Today it has increased to 92 industrial estates with Tamil Nadu Small Industries Development Corporation contribution of 57 Industrial Estates and it is proposed to establish another 8 Industrial Estates, so as to achieve the 100 mark during the current fiscal year. About 6.00 lakhs registered MSMEs are functioning in Tamil Nadu.

This project is for formation of an Industrial Estate at Vaniyambadi, Vellore District with the Govt. of India's assistance under MSE- CDP scheme. The Vellore District is in the northern part of Tamilnadu. The proposed Industrial Estate is to be located near Vaniyambadi, which is a well-known cluster for leather industries. The proposed industrial estate is surrounded by various villages, availability of labours will not be a limiting factor and thus provide ample opportunity for the local people to have employment.

2.0 DETAILS ABOUT THE IMPLEMENTING AGENCY

Tamilnadu Small Industries Development Corporation Limited (TANSIDCO) was set up by the Government of Tamilnadu with the specific objective of playing a catalytic role for promotion and development of Small Scale Industries and to hasten the industrial dispersal in the State of Tamilnadu. TANSIDCO commenced its activities in 1971 with a comprehensive promotional programme designed to stimulate development of entrepreneurship and the growth of Small Scale Industries in Tamilnadu.

The Corporate office of TANSIDCO is functioning at Garment Complex-II, Near Electronic Complex, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai-32. There are 19 Branch offices Depots are situated in Districts.

TANSIDCO's promotional activities mainly comprise of:

- Development of Industrial Estates with factory sheds of various dimensions and developed plots with infrastructure facilities to enable the entrepreneur to start Micro and Small Enterprises. Tiny sheds and plots for artisans and self employed to cater to the needs of Micro and cottage industries.
- Raw material assistance scheme is to supply raw materials with the assured quality at competitive prices to Micro and Small Enterprises through the wide net work of Depots located all over the state.
- Marketing assistance scheme is rendered to Micro and Small Enterprises to market their products to Government Departments / Undertakings, SIDCO participates in tender on behalf of the Micro and Small Enterprises, gets orders and distributes such orders to Micro and Small Enterprises for supply of their products.

SIDCO has made a substantial progress in all its schemes and is programming for the introduction of new schemes to bring new dimensions in the realms of Micro and Small enterprises. Though TANSIDCO is offering services to MSMEs, commercially it has made itself viable by earning reasonable profits

3.0 About the Industrial Estate

3.1 Location

SIDCO has purchased 7.08 acres land at Amberpet village, Vaniyambadi Taluk from the Official liquidator of erstwhile "The Vaniyambadi Leather Finishing Service Industrial Co-op Society Ltd at a cost of Rs.125.00 lakhs on payment of the entire cost SIDCO took possession of the land and the entire lands are free from encumbrance.

The land details are furnished below:-

S.No.	<u>Survey No.</u>	<u>Extent in acres</u>
1	25/1	2.53
2	26/2	2.34
3	27/2C	1.98
4	29	0.23
	Total	7.08

The land utilization details are given below.

1. Total extent	:	7.080 acres
2. OSR	:	0.742 acres
3. Road extent	:	0.995 acres
4. Public Purpose	:	0.446 acres
5. Commercial purpose	:	0.335 acres
6. Saleable Industrial Plot area	:	4.562 acres

The proposed Industrial estate lies abutting State Highway No.130 which connects Vaniyambadi and its District Head Quarters at Vellore.

3.2 Scheme Proposal

It has been proposed to develop 36 industrial plots ranging from 0.08 acres to 0.30 acre. The plots will be allotted to needy entrepreneurs on "Outright sale basis" granting 6 months' time to remit the cost of plot and a period of 2 years from the date of taking over possession of the plot is allowed to implement the project. Soon after the payment of plot cost, No objection certificate, if required, is issued to enable them to avail financial assistance from Banks. As soon as the project is implemented by commencing production, sale deed is executed in favour of the allottee for the plot allotted to them.

4.0 Demand Potential

The proposed industrial estate is 1 km away from Vaniyambadi town, which is the well-known business city for Leather Commodities in Tamilnadu. The Industrial Estate is proposed to house ancillary units for leather Products and also other Engineering units.

5.0 Development works

All the infrastructure facilities like laying of Roads, construction of culverts, drainage and street lights etc. will be provided to start a small and Micro Enterprise in the proposed Industrial Estate.

5.1 Cost of Land filling and Levelling including Boundary Wall & Fencing.

To survey the entire land by clearing the jungle and fixing the plot stones, Direction Board and Name Board. It is proposed to filling up the low lying areas and fencing the SIDCO OSR Plots and construction of Boundary wall on the West and Northern side. Total cost of land filling, leveling, boundary wall and fencing works out to Rs.20.04 lakhs.

5.2 Laying of Roads and Construction of Culverts

It is proposed to form 12 M road for a length of 350 M with carriage way of 3.75 M BT width. It is proposed to construct 3 Nos. of RCC box culverts at Road junctions. The estimated cost will be Rs.19.90 lakhs for these works.

5.3 Road Side Greenery & Social Forestry

International community is very conscious of global warming and repeatedly it has expressed its concern over cleaner environment and green environment. Especially in industrial location a great emphasize is made to grow trees and plants to keep the environment clean and neat and present a pleasant appearance. To fulfill these requirement, it is proposed to plant avenue Trees with Tree guards at an estimated cost of Rs.0.60 lakh.

5.4 Water harvesting

It is proposed to provide Rain water harvesting system to improve the ground water potential. The estimated cost will be Rs.0.50 lakhs for these works.

5.5 Drainage

It is proposed to construct R.C.C precast slab drain on both sides of all the road, and R.R. Masonery lined storm water drain in low lying and disposal points. The estimated cost will be Rs.7.00 lakhs for these works.

5.6 Street Lights arrangements

It is proposed to provide 14 Nos of Street light poles with 70 W sodium vapour lamps on the all Service roads and this will cost Rs.7.50 lakhs including laying of street light cables, poles and obtaining E.B Service connection etc.

5.7 Contingencies & pre - operative expenses

As provided in the estimates.

For contingencies & Pre – operative expenses an amount of Rs.2.46 lakhs has been provided to take up the preliminary works & unforeseen items of works.

6.0 DETAILS OF PROJECT COST FOR INFRASTRUCTURE DEVELOPMENT

WORKS AT INDUSTRIAL ESTATE, VANIYAMBADI

Rs.in lakhs

SL.No:	Items		Rs. In Lakhs
1.	<u>INFRASTRUCTURE UPGRADATION WORKS</u>		
	i	Cost of land filling / leveling including boundary Wall and fencing	20.04
	ii	Cost of laying of roads and construction of culverts	19.90
	iii	Road side greenery	0.60
	iv	Water harvesting	0.50
	v	Drainage	7.00
	vi	Power (Sub-Station and distribution net-work including Street light etc),	7.50
2.		Contingencies & Pre Operative expenses	2.46
		GRAND TOTAL	58.00

The estimation of Development work is enclosed.

**INDUSTRIAL ESTATE AT VANIYAMBADI
VELLORE DISTRICT**

ESTIMATE VALUE :58.00 LAKHS						
S.No.	Description.	Qty.	Rate	Per	Amount	Total amt. (in lakhs)
1	COST OF LAND FILLING / LEVELLING INCLUDING BOUNDARY WALL / FENCING					
	a) Surveying and Investigation charges.	LS			50,000.00	
	b) Entrance features, name board and Direction Board.	LS			2,00,000.00	
	c) Plot stone fixing.	LS			15,000.00	
	d) Layout approval charges.	LS			2,25,000.00	
	e) Provision for Fencing allround the OSR Plots	220	300	RM	66,000.00	
	f) Provision for gate and gate pillars	LS			80,000.00	
	g) Construction of compound wall at North and west boundaries.	245	3340		8,18,300.00	
	h) Filling Low lying area to an extent of 2.25 acres at 0.30m depth.	LS			5,50,000.00	
	Sub Total				20,04,300.00	20.04
2	i) COST OF LAYING ROADS					
	a) Formation of 12 M Road for a BT width of 3.75 M	350	5000	RM	17,50,000.00	
	ii) CULVERTS					
	a)FOR 12 M ROAD					
	i)RCC Box culvert (8M length and vent 0.75x1.00m)	3	80000	No.	2,40,000.00	
	Sub Total				19,90,000.00	19.90
3	ROAD SIDE GREENERY & SOCIAL FORESTRY					
	a) Avenue trees and tree guards.	LS			60,000.00	
	Sub Total				60,000.00	0.60
4	WATER HARVESTING					
	a) Provision for Rain water harvesting	LS			50,000.00	

	Sub Total				50,000.00	0.50
6	DRAINAGE(Storm Water Drain)					
	Providing RCC precast slab drain.	700	1000	RM	7,00,000.00	
	Sub Total				7,00,000.00	7.00
7	POWER (SUB-STATION AND DISTRIBUTION NETWORK INCLUDING STREET LIGHT ETC), GENERATION OF NON-CONVENTIONAL ENERGY					
	a) Providing street light poles with 70 W sodium vapour lamp and laying under-ground cables	14	43000	No.	6,02,000.00	
	b) EB Pillar box and EB Service connection charges	LS			1,48,000.00	
	Sub Total				7,50,000.00	7.50
8	CONTINGENCIES & PRE-OPERATIVE EXPENSES					
	a) Provision for Petty supervision charges, contingencies, and unforeseen items.	LS			2,46,000.00	
	Sub Total				2,46,000.00	2.46
						58.00
	TOTAL DEVELOPMENT COST Rs.					58.00
TOTAL DEVELOPMENT COST Rs. 58.00 lakhs (Rupees Fifty Eight Lakhs.)						
Note:	a) This scheme estimate does not include the cost for External water supply and sanitary arrangements, since this Estate is located within the Vaniyambadi Municipal limits and also the total extent is only 7.08 acres.					
	b)The rate adopted is schedule of rates for the year 2011-12.					

7.0 Amentities - Communication and Transportation facilities available near the proposed industrial estate:

7.1 Communications

- | | | | |
|----|----------------------------|---|-----------------------|
| 1) | Nearest Post office | : | Vaniyambadi. |
| 2) | Nearest Telephone Exchange | : | Vaniyambadi
(1 KM) |

7.2 Transportation

- | | | | |
|----|-------------------------|---|-------------------------|
| 1) | Nearest Bus Terminus | : | Vaniyambadi.
(1 KM) |
| 2) | Nearest Railway station | : | Vaniyambadi
(1 KM) |
| 3) | Nearest Airport | : | Bangalore
(150 KM) |
| 4) | Nearest Sea port | : | Chennai
(205 KM) |

7.3 Common Amenities

An extent of 0.446 acres has been earmarked for public purpose. The above land has been utilized for the following amenities:-

- | | |
|----|---|
| 1) | Police station |
| 2) | Small canteen |
| 3) | First Aid Centre |
| 4) | Communications facilities like telephones/fax/Xerox etc., |

8.1 Details of plots proposed

Taking into consideration of the demand for starting industries, Developed plots ranging from 0.08 acre to 0.30 acres and 1 No. of 1 acre plot have been proposed.

Sl.No.	Type of plot	Size of plot (area in acres)	Nos.
1.	Micro	Below 15 cents	22
2	Small	15 cents to 20 cents	6
3	Medium	1 acre above	1
4	Commercial purpose		4
5	Public purpose		3
	Total		36

9.0 Implementation Programme

SIDCO has commenced the surveying works of entire 7.08 acres of land. The detailed estimates will be prepared and the works will be executed under the supervision of SIDCO Engineers of construction wing. The Development work covering the entire area is expected to be completed by December 2012.

9.1 SCHEDULE

The Schedule for the establishment of the Proposed Industrial Estate;

Sl.No.	Activity	Commencement	Completion
1	Preliminary works like survey, Contour map, Layout, Water divining, Soil Investigation works etc.	December, 2011	December, 2011
2	Preparation of detailed estimates, design, specification and other required documents for works	January, 2012	January, 2012
3	Calling tenders and issuing work orders for Development works	March, 2012	April, 2012
4	Development works with boundary and ready for handing over	May, 2012	November, 2012
5	Completion of works	-	March, 2013

10.0 Layout plans and Drawing

The layout plan showing the proposed industrial estate is enclosed.

LAYOUT OF SIDCO INDUSTRIAL ESTATE AT VANIYAMBADI IN VELLORE DISTRICT.



TAMILNADU SMALL
INDUSTRIES DEVELOPMENT
CORPORATION LTD.
MADRAS-600 032

PROPOSED SIDCO INDUSTRIAL ESTATE
AT VANIYAMBADI
AMBURPET VILLAGE,
VANIYAMBADI TALUK,
VELLORE DISTRICT

1 EXTENT OF LAND ACQUIRED = 7.08 Acres
2 LAND AREA OCCUPIED BY ROADS = 0.995 Acres (or) 14.05%
3 OPEN SPACE RESERVATION = 0.742 Acres (or) 10.48%
4 COMMERCIAL PLOT EXTENT = 0.335 Acres (or) 4.73%
5 PUBLIC PURPOSE EXTENT = 0.446 Acres (or) 6.30%
6 SALEABLE EXTENT = 4.562 Acres (or) 64.44%
NO. OF PLOTS PROVIDED = 36
NO. OF OSR PLOTS = 5
NO. OF INDUSTRIAL PLOTS = 29

LAND DETAILS

SL NO	S.F. NO	EXTENT IN ACRES
1	25/1	2.53
2	25/2	2.34
3	27/2C	1.96
4	29	0.23
TOTAL		7.08 Ac

OPEN SPACE RESERVATION DETAILS

SL NO	O.S.R. NO	EXTENT IN ACRES
1	O.S.R.-1	0.058 Ac
2	O.S.R.-2	0.284 Ac
3	O.S.R.-3	0.110 Ac
4	O.S.R.-4	0.220 Ac
5	O.S.R.-5	0.060 Ac
TOTAL		0.742 Ac

COMMERCIAL PURPOSE DETAILS

SL NO	COMMERCIAL PURPOSE	EXTENT IN ACRES
1	PLOT NO 13	0.084 Ac
2	PLOT NO 14	0.072 Ac
3	PLOT NO 25	0.097 Ac
4	PLOT NO 26	0.102 Ac
5	TOTAL	0.335 Ac

PUBLIC PURPOSE DETAILS

SL NO	PUBLIC PURPOSE	EXTENT IN ACRES
1	PLOT NO 1	0.177 Ac
2	PLOT NO 35	0.111 Ac
3	PLOT NO 36	0.158 Ac
TOTAL		0.446 Ac

COLOUR INDEX:

	BOUNDARY
	NATIONAL HIGHWAYS
	VILLAGE ROAD
	SIDCO ROADS
	OPEN SPACE RESERVATION
	COMMERCIAL PURPOSE
	PUBLIC PURPOSE

11.0 Project cost

	<u>Rs.in lakhs</u>
1) Total land cost	125.00
2) Total Development cost	58.00

Total Cost	183.00

11.1 Means of financing

	<u>Rs. in lakhs</u>
1) SIDCO own funds Equity	148.20
2) Grant from MSE - CDP (60% on Development cost of Rs.58 lakhs)	34.80

Total	183.00

11.2 Mode of mobilising funds:

SIDCO has already purchased the land from its own funds and the cost required for creation of infrastructure would also be met with funds available in fixed deposits in Banks. The grant received from Government of India under MSE-CDP scheme will also be utilized for implementing the above project.

The above expenditure would be realized from the sale of plots / to be made to the Small and Micro enterprises.

12.0 Pricing of plots.

The development cost is added to the land cost to arrive for selling price.

The land cost for the year 2012-2013 has been fixed as Rs. 51.82 lakhs per acre including 15% of administrative charges on the cost of plots. Details of workings are given in the Annexure V. Land cost for subsequent years have been arrived at by giving a 10% increase over the previous year land cost.

a) Land cost for the year 2012-2013	Rs. 51.82 lakhs
b) Land cost for the year 2013-14 (10% increase over the previous year cost)	Rs. 57.00 lakhs
c)) Land cost for the year 2014-15 (10% increase on simple interest basis)	Rs. 62.18 lakhs

12.1 Method of allotment

As and when Plots are ready, SIDCO will advertise the availability of Plots in news papers and through other media calling for applications for allotment. The applications will be scrutinized and the allotment orders will be issued. The Plots will be allotted as per the policy formulated.

12.2 Sales realisation

According to the demand assessed the sales of Plots has been estimated as below:

Sl.No.	Year	% of Plots to be sold		Financial (Rs.in lakhs)
1	2012-2013	25%	1.14 acres	51.37
2	2013-2014	65%	2.97 acres	147.21
3	2014-2015	10%	0.42 acres	24.87

12.3 Expenses estimated

- Sales promotional expenses are estimated at 1% of the total sale value.
- A provision of 15% on the sale value is made to meet the administrative expenses.

12.4 Employment to be generated

About 29 Industries units are likely to come up in the proposed Industrial Estate and the Industries coming up in the Industrial Estate will provide direct employment for about 350 persons and indirect employment to 200 persons.

13.0 Financial viability

The Financial statements have been furnished in the Annexure I & II. The Income and expenditure statement provided for three operating years as given in **Annexure – III** is based on the following assumptions.

1. Various activities involved in the project implementation like land cost and plot development cost are phased out in the manner as shown in **Annexure – II**.
2. Similarly sale of plots are phased out as shown in **Annexure - V**
3. Selling price consist of (**Annexure – VI**)
 - (a) Developed plot cost per acre for the first year which constitutes the basic cost.
 - (b) Administrative charges at 15% on the sale of developed plots
 - (C) The subsequent year cost fixation would be done by giving 10% notional increase on the basic cost.
4. A provision of 15% on sale value is made to meet the administrative expenses
5. Cash flow statement

The projected cash flow for the three year period starting from 2012-13 is given in **Annexure – IV**.

13.1 Grant from Government of India under MSE-CDP scheme (previously IID scheme)

An amount of Rs.34.80 lakhs would be received as grant from Government of India under Infrastructure Development of MSE-CDP scheme.

13.2 The financial statements show that the project is financially viable

14.0 Conclusion

The proposed Vaniyambadi, Industrial Estate, due to advantage of its location, easy accessibility, available of water and labour force will be one of the viable and attractive estates. As the site is located in a backward and rural area, the proposed Industrial Estate will provide employment to Rural people.

Project Cost for Vaniambadi, Industrial Estate, Vellore District

Annexure-I

Total Project Cost

Phasing Out of Physical and Financial Components

1	Land Area proposed to be developed	(in acres)	7.080
2	Total Land Cost	(in lakhs)	125.00
3	Total Saleable area	(in acres)	4.562

(Rs.in lakhs)

Sl.No	Description	Estimate d Cost	Contigen cies	Total
1	Cost of Land	0.00	0.00	0.00
2	Development Expenses	58.00	0.00	58.00
	Total	58.00	0.00	58.00

Annexure-II

Phasing Out of Physical and Financial Components

(Rs.in lakhs)

Sl.No	Description	Financial Year				Total
		2011-12	2012-13	2013-14	2014-15	
1	Cost of Land	125.00				125.00
2	Development Expense		58.00	0.00		58.00
	Total	125.00	58.00	0.00	0.00	183.00
3	Short term fund allocation		0.00	0		0.00
4	Grant from IID Scheme		20.00	14.80		34.80
5	Internal Generation		12.84	83.03	161.09	256.96
	Total	0.00	32.84	97.83	161.09	291.76

Annexure-III

Income and Expenditure Statement

(Rs.in lakhs)

Sl.No	Description	Financial Year				Total
<u>Income</u>		2011-12	2012-13	2013-14	2014-15	
1	Sale of Plots		51.37	147.21	24.87	223.45
2	Administrative Charges		7.70	22.08	3.73	33.51
3	Grant from Govt.of India		20.00	14.80		34.80
	Total	0.00	79.07	184.09	28.60	291.76
<u>Expenditure</u>						
1	Cost of land	125.00				125.00
2	Cost of Development	0	58.00	0.00		58.00
	Total	125.00	58.00	0.00	0.00	183.00
	Surplus/Deficit	(125.00)	21.07	184.09	28.60	108.76
	Internal rate of Return			36.77%		

Annexure-IV

Cash Flow Statement

(Rs.in Lkaks)

Sl.No	Description	Financial Year			Total
<u>Inflow</u>		2012-13	2013-14	2014-15	
1	SIDCO's Own Funds				0.00
2	Grant from IID	20.00	14.80		34.80
3	Sale of Plots	12.84	83.03	161.09	256.96
	Total	32.84	97.83	161.09	291.76
<u>Out flow</u>					
1	Capital Expenditure	58.00	0.00	0	58.00
2	Payment of land cost to Govt.	0.00	0	0	0.00
	Total	58.00	0.00	0.00	58.00
	Opening Balance	0.00	(25.16)	72.67	
	Surplus / Deficit	(25.16)	97.83	161.09	
	Closing Balance	(25.16)	72.67	233.76	

Annexure V

Sales Estimation

(Rs.in Lkaks)

Sl.No	Description	Financial Year		
<u>Developed Plot Sales</u>		2012-13	2013-14	2014-15
1	Sale of Plots in %	25%	65%	10%
2	Area in acres	1.14	2.97	0.46
3	Developed Plot Cost per Acre	51.82	57.00	62.18
4	Administrative Charges	7.70	22.08	3.73
5	Plot cost	51.37	147.21	24.87
6	Value of Developed Plot allotted	59.07	169.29	28.60
7	Margin Money Receivable	12.84	36.80	6.22
8	Balance Plot Cost Receivable		46.23	154.87
9	Receipts for the year	12.84	83.03	161.09

Annexure VI

Land Cost fixation statement for Industrial Estate, Vaniambadi, Vellore District

1	Land Cost paid for 7.08 Acres	12500000
2	ADD: Interest @ 15% from 03.06.2010 to 31.03.2013 (1032 days)	5301370
3	Development Cost proposed	5800000
4	Interest during development period for 6 months	435000
5	Less: MSE-CDP Grant	3480000
6	Total Scheme Cost	20556370
7	Saleable extent in acres	4.562
8	Developed Plot cost per acre	4506000
9	Add: Administrative charges @ 15%	675900
10	Proposed Developed Plot cost per acre for the year 2012-13	5181900
11	Notional increase @ 10% over the basic land cost as in Sl.No.10	450600
12	Developed Plot cost after notional increase at 10% on Simple Int.basis	4956600
	(Cost rounded to next hundred)	4956600
13	Add: Administrative charges @ 15%	743500
14	Developed Plot cost per acre for the 2013-14	5700100
15	Notional increase @ 10% on simple interest basis	450600
16	Developed Plot cost after notional increase at 10% on Simple Int.basis	5407200
	(Cost rounded to next hundred)	5407200
17	Add: Administrative charges @ 15%	811100
18	Developed Plot cost per acre for the 2014-15	6218300