



INDIA GLOBAL SUMMIT ON MSME 2012

Sustainable Development for MSME
through CLUSTER approach

TRICHY, Tamilnadu – A successful model

MSME – The Economy Driver

While MSMEs continue to remain the most cost effective solution and the economic driver in every country, there still exists CHALLENGES that remain unaddressed:

- Investment in high cost, high productive infrastructure
- Technology up-gradation
- Ability to adapt to change
- Garnering strength to face global competition

Clustering – for Sustainability & Growth

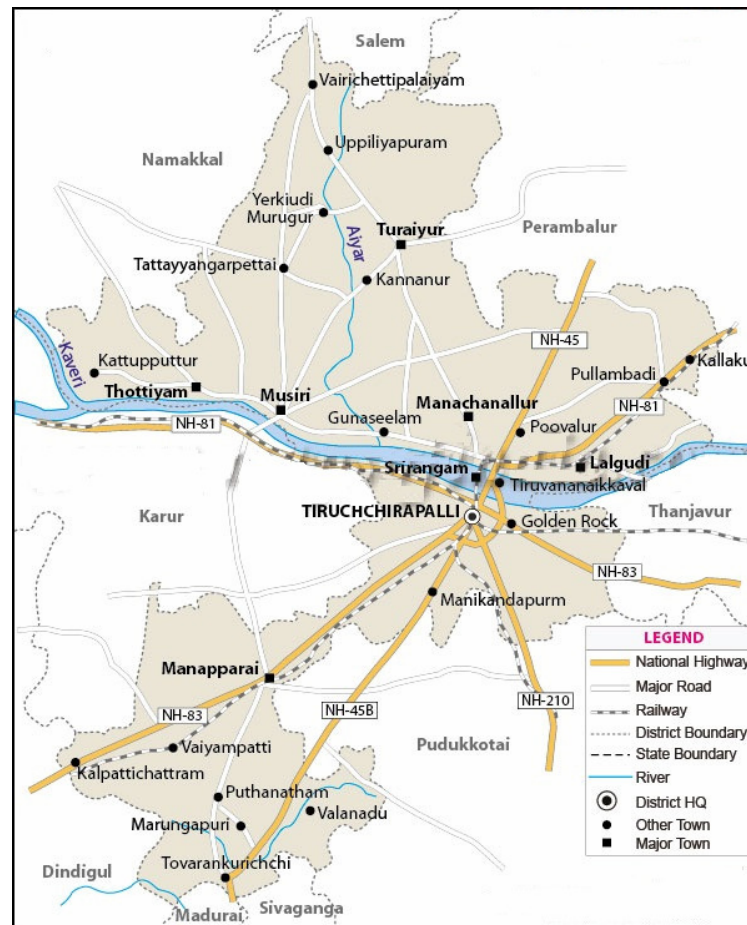
MYTH – Industries doing similar businesses cannot co-exist and are a threat to each other

REALITY – Clustering of similar industries fuel growth and ensure sustenance

While existence of enterprises doing similar businesses at one place may be viewed as threat to each other, MSMEs when function as a cluster have experienced growth and sustenance due to the unique strengths they acquire as a cluster.

TRICHY – A successful CLUSTER model

Tiruchirappalli, Tamilnadu, INDIA



Trichy – an overview

- Positioned in the heart of Tamilnadu, covering an area of 4400 km
- 4th largest city in the state
- 2.7 million population
- 91.3% literacy rate
- Presence of renowned institutions such as National Institute of Technology (NIT), Indian Institute of Management (IIM), Bharathidasan Institute of management (BIM), Anna University,
- National Research centres like WRI (Welding research Institute), NRCB (National Research Centre for Banana) add value to the region
- Large pool of skilled and semi skilled manpower available in and around
- Presence of technical institutions and skill development centres provide the essential training to upgrade the skill sets of the workforce

Trichy - Connectivity

- Trichy is well connected by road, rail, air and sea
- Several National Highways such as NH 45, NH 67, NH 210, NH 208 pass through the city
- Trichy is one of the major Railway Junctions of the region and has a good network for both passenger and cargo
- The city is connected to ports such as
 - Chennai port: 316 Km
 - Tuticorin port: 260 Km
 - Karaikal port: 168 Km
 - Nagapattinam port: 140 Km
- The city is served by an international airport which is just 5 Km from the city

Trichy – Industrial Scenario

- Over the years Trichy district has emerged as one of the most significant industrial districts of Tamil Nadu
- Presence of companies such as Bharat Heavy Electricals Limited (BHEL), one of the major power equipment manufacturer, set up in Trichy in 1963, Heavy Alloy Penetrator Project, Golden Rock Railway Workshops, Ordnance factory and so on
- Some of the other major industries present include Trichy Distilleries and Chemicals Limited (TDCL), Trichy Steel Rolling Mills, Dalmia Cements and EID Parry
- Software industry is also emerging in Trichy with annual software exports amounting to about Rs.262 million

Trichy – A fabrication hub of the region

- Trichy has emerged as a major engineering hub and energy equipment fabrication centre of India
- Majority of India's thermal power equipment is manufactured in Trichy
- 60% of India's wind tower fabrication is done in Trichy
- Evolving from a meagre 10,000 tonnes with a value of approximately Rs. 25 million per annum productivity, the MSME fabrication cluster today churns out 400,000 tonnes of steel fabrication with approximate value of Rs. 300 billion annually.

The Trichy Advantage:

- Existence of an Anchor company – BHEL (Bharat Heavy Electricals Limited) – one of the Navaratnas of India and the leader in power equipment manufacture in the country
- A single cluster of more than 1000 MSME fabrication units in the region
- 500 units direct vendors to BHEL
- Pool of skilled manpower nurtured over the last 40 years
- Technology sharing and transfer among the units
- Established market and constant flow of opportunity caused by the eco system
- Dovetailing co-operative movement in sourcing requirement through BIDASS – BHEL small industries development association

BIDASS

BIDASS a section 25 (not for profit) company is a national model of success through co-operation and Clustering. From Rs. In the first year, today BIDASS has a turnover of Rs. With a collective saving of Rs. Annually for its members.

Features & Functionalities:

- Membership of more than 500 MSME units.
- Bulk sourcing and distribution of consumables
- Bench marking market price
- Strength of collective bargaining
- Availability of materials at doorstep of the units
- Reliability in price and sourcing ensured
- Common infrastructure like conference hall, training centre, testing lab etc., available for the members at a very nominal price

Making TRICHY globally competitive

While addressing some of the challenges faced by MSMEs two major initiatives are in the process of making the Trichy Cluster a national hub of fabrication excellence that will be globally competitive.

- Industrial Infrastructure Up-gradation Scheme (IIUS) – Common Facility Centre
- An integrated state-of-the-art industrial estate spread over 600 acres catering to fabrication & heavy engineering industries

IIUS – The Common Facility Centre

IIUS is a scheme specially designed and implemented by Department of Industrial Policy and Promotion, Government of India, to strengthen and upgrade industrial clusters.

The Scheme sanctioned for Trichy:

- Project cost: Rs.110.00 crores
 - Government Grant 60%
 - Stake holders contribution 15%
 - Institution loan /lending 25%.

TREAT

Trichy Engineering & Technology Cluster

TREAT - a section 25 (not for profit) company was formed to execute and manage the IIUS.

PROJECT OBJECTIVE

To enhance capability, capacity and technology of the Trichy Fabrication Cluster by providing a state of the art Common Facility Center through support for Manufacture, Design, Marketing, Skill Development, Research & Development, Information & Communication Technology

TREAT



Project Components

- **Pre-Processing:**

Facilities to support raw material bank like De-coiling and Cutting up to 16mm. CNC Profile Cutting Machine, Laser Cutting and Structural straightening Machine.

- **Processing:**

Facilities to support manufacture of very Heavy Fabrication and Machining like Rolling machine, Dishing & Flanging, Large CNC Floor Boring machine, CNC VTL and Travelling Column Drilling Machine.

- **Post Processing:**

Shot Blasting and Painting, Heat Treatment, Hot Dip Galvanizing, Powder Coating, etc..

- **Inspection:**

Testing and Calibration center with facilities including Portable CMM to measure large components. NDT facilities with radiography room to inspect by using Cobalt 60.

- **Others:**

Training Centre, Hostel, R& D facilities,

TREAT – Benefits

- Enhance production capacity and ability to take high-end orders, particularly in diversified products and export market.
- Enable product diversification.
- Benefit not just the cluster units but the entire cluster ecosystem including larger players like BHEL.
- Provide value added infrastructure for Testing and certification
- Build the capacity of Cluster in terms of critical common facilities such as Marketing, Research & Development and Raw Material bank.

Industrial Infrastructure

600 acres state of the art Industrial estate with plug and play options developed by IL&FS (Infrastructure Leasing & Financial Services) who come with an experience of developing over 40 integrated parks in India.



Salient features:

- Situated on NH45, 25kms from Trichy
- Integrated infrastructure:
 - Power / water / communication lines at doorstep
 - 30 mtr wide roads of highway standards within the park
 - Nearly 100 acres of open green space
 - Storm water drainage & sewage treatment plant
 - Dedicated power feeder
 - Plots sizes from 10, 5, 2 and 1 acre to 0.33 acres Tiny units cluster
 - Skill development centre / Medical centre / Hostel facilities
 - Common facility centre spread over 15 acres created under the IIU scheme
- Social Infrastructure:
 - Housing / schools / colleges / hospitals

GK Industrial Park

An Ecosystem of Industrial Integration

- Will synergize the entire spectrum of heavy engineering industries within its boundaries.
- Symbiotic as well as independent growth for businesses of all scales, as they thrive in an eco system matured over the last 40 years.
- The first of its kind in the country.
- Model of industrial efficiency for the sector.



Sustainable Development for MSME through CLUSTER approach

With these initiatives TRICHY is poised to become

Asia's most sought after MSME CLUSTER

for

FABRICATION & HEAVY ENGINEERING



Thank you