CHAPTER – II
SMALL-SCALE INDUSTRIES – AN OVERVIEW

2.1 INTRODUCTION

The development of small-scale industries has been one of the most significant and characteristic features of industrial development in India. One of the distinctive characteristics of small-scale sector is that, the development of these industries would create broader employment opportunities, assist in entrepreneurship and skills development, and ensure a better use of scarce financial resources and appropriate technology. Furthermore, they can play a main role in the achievement of national economic and socio-political objectives. The gestation period is very short and they need smaller amount of capital to start.

According to the Committee of Economic Development (U.S.A.), “a small business is one which possesses at least two of the four characteristics, i.e., management of the firm is independent. Usually the managers are also the owners, capital is supplied and the ownership is held by an individual or a small group, the area of operation is mainly local, with the workers and owners living in one home community, but the markets need not be local and the relative size of the firm within its industry must be small when compared with the biggest units in its field”.¹

2.2 STATUS OF SMALL-SCALE ENTERPRISES

A significant feature of the Indian economy since Independence has been the rapid growth of the small industry sector. In the Industrial Policy Resolutions of

1948 and 1956, the small sector was given a special role for creating additional employment with low capital investments. A new thrust was given in favour of small units by the Industrial Policy Statement of 1977. In 1950, the government grouped small-scale industrial undertakings into two categories – those using power but employing less than 50 persons and those not using power but employing less than 100 persons. All small-scale enterprises, however, had capital investment of less than Rs.5 lakhs. None of these criteria taken singly would be a determining test as they undergo changes over a period of time. The third criterion, namely, the character of organization and management, also cannot be considered a sound basis of classification. Apparently, the standing feature of small-scale enterprises seems to be the personal character of its organization and management in contrast with the predominantly impersonal organisation and management of large corporations. In small enterprises management is predominantly proprietary with individual ownership or partnership. But the ownership and management may also be identical in some of the large-scale industries. The criterion, therefore, becomes vague and inappropriate.

In 1966, the small-scale enterprises were defined as those undertakings with a fixed capital investment of less than Rs.7.5 lakhs and ancillaries with a fixed capital investment of Rs.10 lakhs. Investment will imply investment in fixed assets in plant and machinery, whether held ownership term or by lease or by hire purchase. In 1975 this limit was revised to Rs.10 lakhs for small-scale enterprises and Rs.20 lakhs in case of ancillaries. Subsequently, under the Industrial Policy Statement of 1980, this limit was further raised to Rs.20 lakhs in case of small-scale units and Rs.25 lakhs in case of ancillaries.

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case of ancillary units. Simultaneously, in the case of tiny units, the limit of investment was raised from Rs.1 lakh to Rs.2 lakhs. In March 1985, the Government had again revised the investment limit of small-scale to Rs.35 lakhs and for ancillary units to Rs. 45 lakhs.

As per the Industrial Policy Statement of May 1990, the investment ceiling in plant and machinery for small-scale industries (fixed in 1985) has been raised from Rs.35 lakhs to Rs.60 lakhs and correspondingly for ancillary units from Rs.45 lakhs to Rs.75 lakhs. Investment ceiling with respect to tiny units has been increased from Rs.2 lakhs to Rs.5 lakhs. According to the modified definition, an ancillary unit is one which sells not less than 50 per cent of its manufactures to one or more industrial units.³

During 1997, on the recommendation of Abid Hussain Committee, the Government has raised the investment limit on plant and machinery for small units and ancillaries from Rs.60/75 lakhs to Rs.3 crores and that for tiny units from Rs.5 lakhs to Rs.25 lakhs. The Government in 2000 has reduced the investment limit on plant and machinery from Rs.3 crores to Rs.1 crore, but the limit for investment in tiny units has been retained as Rs.25 lakhs.⁴

Some of the concepts related to the small-scale industries are given in the following pages:

2.2.1 Small-Scale Industrial Undertaking in India:

Industrial undertaking in which the investment in fixed assets in plant and machinery, excluding land and building whether held on ownership terms or on lease or on hire purchase, does not exceed rupees one crore.

2.2.2 Ancillary Industrial Undertaking:

An industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and undertaking supplies or proposes to supply or renders not more than fifty percent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery, whether held on ownership terms or on lease or on hire purchase, does not exceed rupees one crore.

2.2.3 Tiny Industries:

All small-scale units wherein investment on plant and machinery (excluding land and building) were up to Rs.25 lakhs are classified as tiny industries.

2.2.4 Export-oriented Units:

All small-scale units which export more than 50 per cent of their output are classified as export oriented units.

2.2.5 Small-Scale Service Business Enterprises (SSSBE):

Industrial and other related service or business enterprises with investment on plant and machinery up to Rs.10 lakhs excluding land and building are registered under small-scale service business enterprises.
2.3 ITEMS RESERVED FOR EXCLUSIVE MANUFACTURE IN SMALL-SCALE SECTOR

Reservation of items for exclusive production in the SSI sector was introduced in the year 1970 to ensure bulk production of consumer products and enhanced employment generation. Presently, there are 239 items reserved for the SSI sector. It has been found that though the SSI sector is manufacturing around 8,000 items, the reserved list items constitute around 10 per cent of the total SSI production. Taking into account the WTO regime and economic liberalization, the Study Group recommended continuation of reservation and dereservation only in a phased manner so that the SSI units engaged in the production of reserved items are not affected. It would be prudent to consult the stakeholders while de-reserving items.  

2.4 REGISTRATION OF SMALL-SCALE INDUSTRIES

There are two types of small-scale industries for which registration certificates are issued by the Department of Industries and Commerce as per the guidelines issued by Development Commissioner, Government of India, New Delhi. They are – provisional small-scale industries registration certificate to the proposed units and permanent small-scale industries registration certificate to the established SSI units after commencement of production.

2.4.1 Provisional Registration Certificate:

This provisional SSI Registration Certificate (valid up to 5 years from the date of issue) is issued to the proposed SSI units so as to enable them to get all clearances from the statutory departments, to get financial assistance from financial
institutions for implementing the proposed projects and also power connections from electricity board on priority basis. It means, by using this provisional SSI registration certificate, the unit is not entitled to claim incentives and subsidies from the government, to import raw materials, to get advance license and also allotment of raw materials from the respective sources of the government.

2.4.2 Permanent Registration Certificate:

This certificate is issued to the SSI units after the commencement of production of the unit so as to enable the unit to get all eligible incentives, facilities and assistances from various agencies.

2.4.3 Online Provisional Registration Certificate:

As per the existing procedure, a new entrepreneur has to approach the respective District Industries Centre/Regional Joint Director, Chennai, to get the provisional SSI certificate by having Rs.20 fixed by the government to meet the cost of the paper and printing. The filled in application form should be submitted to the respective District Industries Centre/Regional Joint Director, Chennai, with reference to the location of the proposed unit. The respective district officers register and issue SSI provisional registered certificate within 3 days from the date of receipt of the application. However, of late due to various administrative reasons, new entrepreneurs could not get the SSI provisional registration certificate in time.

Hence, to help the new entrepreneurs in getting the SSI provisional registration certificate without any difficulty and delay, the Tamil Nadu government introduced the online facility to register and issue the provisional SSI registration certificate at their doorstep through recognized centres/industrial associations
without approaching the District Industries Centres/Regional Joint Director, Chennai. This online facility is the first of its kind in India.

This online facility is introduced by the Department of Industries and Commerce, Government of Tamil Nadu with the good intention that entrepreneurs shall furnish the correct and true details in the online application form to get online SSI provisional registration certificate and this online certificate shall be handed over to the applicant unit by the browsing centres, only on receipt of the self-certified copy of the generated online application from the applicant.

The concerned agency which gives loan/clearance/assistance to the new entrepreneurs for establishment of the project shall cross-check with the online registration details in the website to ascertain the correctness, validity/cancellation, etc.

2.4.4 Compulsory Industrial License:

Distilleries and breweries, companies manufacturing cigars and cigarettes from tobacco and manufacturers of tobacco substitutes, electronic aerospace and defence equipment, industrial explosives including detonating fuses, safely fuses, gunpowder, raw matches, hazardous chemicals and drugs and pharmaceuticals should compulsory get the industrial licensing.

2.5 INDUSTRIAL POLICY OF THE GOVERNMENT

The main features of the Industrial Policy are to maintain a sustained growth in productivity, to enhance gainful employment, to achieve optimal utilization of human resources, to attain international competitiveness and to transform India into a
major partner and player in the global arena. Policy focus is on deregulating Indian industry, allowing the industry freedom and flexibility in responding to market forces and providing a policy regime that facilitates and fosters growth of Indian industries.

Pandit Jawaharlal Nehru the first Prime Minister of India prepared an Industrial Policy for our country and announced it in April 1948 itself. The readers should also remember that our constitution did not come into existence at that time. Only preparatory measures were taking place. However, the First Industrial Policy Resolution in all counts clearly reflects Nehru’s ideology and his fascination towards the public sector and planned economic development.

2.5.1 Industrial Policy after Independence:

The attainment of independence by India on August 15, 1947 brought about tremendous changes in the industrial landscape. Indigenous enterprise was no longer required to function as the camp follower of foreign interests. Industrial production in India had declined but her population was on the increase. Inflation got worse because of the economic upheaval, due to the partition of the country and the problem of refugee rehabilitation. In view of the need to step up production and counter inflationary tendencies, it became essential to announce an Industrial Policy which could create conditions of economic security so vital for the growth of the industrial structure and produce a climate for stimulating investment in the industrial sector. In view of various cross-currents that confused the industrial climate, a statement of industrial policy was necessary to clear the foggy atmosphere.6

The Industrial Policy Resolutions of 1948, 1956, 1977 and 1980 have emphasized the following aspects:

- To bring about rapid economic development of the country by accelerating the growth of industries and industrialization of the country;
- To provide increasing opportunities for gainful employment and skill formation of various types required for modernizing society;
- To help to achieve the goal of the socialistic pattern of society as accepted by the Indian Parliament in December 1954;
- To bring about the expansion of the public sector as a dominant sector of the Indian economy;
- To bring about development of basic and heavy industries with a view to reduce dependence of the country on foreign countries in the case of essential and vital goods and services such as defence production and various metals, heavy chemicals, heavy and light engineering goods and the like to make the country self-reliant in all such matters;
- To give encouragement to small-scale, cottage and village or rural industries and handicrafts and also to co-operative industrial sector of the Indian economy;
- To take steps to promote exports of industrial goods so that India can have its due share in world export trade;
- To bring about reduction in regional disparities especially, by establishing public sector industries in economically backward regions of the country and also promoting industries in backward regions of the country; and
To bring about the development of modern industrial culture by establishing scientific, technical and professional institutions of education, as all such skills are essential and basic to modern type industrialization.

The main thrust of the 1948 Industrial Policy was to lay the foundation of a mixed economy in which both private and public enterprises would march hand in hand to accelerate the pace of industrial development. The policy reiterated the right of the state to acquire industrial undertaking in public interest but it also reserved an appropriate sphere for the private sector.

The Industrial Policy Resolution of 1956 set out some of the principles of Nehru’s philosophy, through it retained sufficient ambivalence to placate the uncommitted elements. As Rangnekar rightly put it, 'private sector investment zoomed in the wake of public sector expansion'. This policy resulted in the rapid expansion of the public sector in basic heavy industries such as coal, oil, fertilizers, chemical engineering and the like.

2.5.2 Small-Scale Industries and Government Policy:

The salient features of the various industrial policy resolutions in respect of small-scale industries have been summed up so as to trace how small-scale industries have been protected, promoted and developed by the government over the last four decades.

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2.5.3 Industrial Policy Resolution of 1948:

The importance of small-scale industries was fully recognized after the conference on “Industrial Development” held in New Delhi in December 1947. The Cottage Industries Board was set up as an advisory body. The approach of the Government of India towards the small-scale industries was emphatically reflected in the industrial policy resolution of April 6, 1948. The policy resolution outlined that cottage and small-scale industries had a very important role in the national economy, offering, as they did, scope for individual, village or co-operative enterprises and means for the rehabilitation of displaced persons. The objectives specified for small-scale and village industries in this policy resolution were:

i. To meet a substantial part of the increased demand for consumer goods and simple industrial goods through small industry;

ii. To create large scale employment at relatively low capital costs;

iii. To ensure a more equitable distribution of national income, including the spread of industry over different regions of country; and

iv. To counteract the tendency towards concentration of economic power by the widening of opportunities for new entrants to small-sized units.

Thus, the thrust of the policy in respect of the small-scale sector was to generate employment on a very large scale at low capital costs so as to ensure equitable distribution of national income.
2.5.4 Industrial Policy Resolution of 1956:

The Karve Committee and the International Perspective Planning Team envisaged decentralized industrial development to avoid the evils of concentration. The Industrial Policy Resolution of 1956 fully endorsed this recommendation. Decentralisation formed the essence of the policy relating to small-scale industries in the 1956 resolution. The resolution pointed out that the State was following a policy of supporting cottage and small-scale industries by restricting the volume of production in the large scale sector, through differential taxation or direct subsidy. The aim of the State policy was to ensure that the decentralized sector acquired sufficient vitality to be self-supporting, integrating its development with that of the large scale industries. The objectives for small-scale industries specified in the policy were:

a) To provide immediate large scale employment opportunities with low capital cost per unit of labour.

b) To provide opportunities for encouraging new entrepreneurs and

c) To mobilize small capital resources and skills.

2.5.5 Industrial Policy Resolution of 1977:

In March 1977, the Congress Party was defeated in the general elections and the newly formed Janatha Party came to power at the Center. It wanted to make some radical changes in the Industrial Policy of 1956. The real intention for introducing the changes, as stated in the statement itself, was to remove the distortions of the past so that the genuine aspirations of the people can be met with in a time bound programme of economic development. Hence, in December 1977 the Janatha Government
announced its new Industrial policy by way of a statement. Therefore, it is called as Industrial Policy Statement of 1977.

The Fifth Five Year Plan (1974-79) emphasized the need for continuing policy measures of protection and incentives to the small-scale sector. This was reiterated in the Industrial Policy Statement of December 23, 1977. The principal features of the policy statement are the following:

1. Promotion of Small Sector: The main thrust of the new policy was on the effective promotion of cottage and small towns. It was also decided to establish District Industries Centers, which can provide all the services and support under a single roof.

2. Areas for Large Sector: The areas of large sector were, thus clearly defined in the statement.

3. Policy towards Large Houses: The large houses were asked not to depend upon financial institutions for assistance and help for future expansions. They were advised to depend on their own internally generated resources for financing. It is no doubt that every one who is really a socialist will appreciate this feature.

4. Role of Public Sector: the public sector was also assigned an expanding role in several fields including production of consumer goods. The statement declared that the public sector should provide a countervailing power to the growth of large houses and monopoly undertaking in the private sector.
5. Development of Backward Areas: Most of the industries in the past get concentrated in and around metropolitan and large urban areas. To remove this handicap, the Government decided not to issue any new license to start industrial units within certain limits of large metropolitan cities.

2.5.6 Industrial Policy Resolution of 1980:

The Industrial Policy Statement of July 23, 1980 emphasized the role of ancillary development in the small-scale sector and modernization of small-scale industries, ensuring rapid growth in backward areas. The concept of nucleus plants for upgrading the technology of small units was emphasized. The establishment of nucleus plants was to be supported by a suitable system of incentives. The basic objectives of this policy were to ensure a balanced growth of economy where large, medium, small, and cottage industries could play their respective roles in the growth of the national economy.

The socio-economic objectives of the Industrial policy statement of 1980 are as follows:

1. Optimum utilization of installed capacity
2. Maximizing production and achieving higher productivity
3. Higher employment generation
4. Correction of regional imbalances
5. Strengthening of the agricultural base
6. Foster promotion of export oriented and import substitution industries
7. Promotion of economic federalism
8. Protection of consumer against higher price and bad quality.
2.5.7 Industrial Policy Resolution of 1990:

The policy stressed the need for the promotion of small-scale and agro-based industries. It also emphasized a change in the procedure for grant of industrial approvals. The core decision of this policy was to ensure adequate and timely flow of credit for small-scale industries through the Small Industries Development Bank of India (SIDBI), commercial banks and other financial agencies.

2.5.8 Industrial Policy Resolution of 1991:

The Government announced the new policy for the small-scale industries on August 6, 1991. The salient features of this policy document were the promotion of small-scale, cottage and village industries by enhancing the cut-off limits of investment in plant and machinery for the small-scale and tiny sector industries. The investment limit as per this policy in respect of the small-scale industries was Rs.60 lakhs.

The policy recommended the provision of cheaper availability of credit and other facilities and more attention to the development of handloom, handicraft, khadi and other village industries.

The concept of “Economic Federalism” was evolved and a few nucleus units were set up in identified industrial backward districts to help and develop small and ancillary units by providing raw material and assembling and marketing facilities through such units and the gradual move towards liberalization and marketisation.

The New Industrial Policy of 1991 contemplated several changes in the old policy relating to the small-scale sector with an intention of making small enterprises
economically viable and financially strong. The new policy proposed several measures for ensuring the supply of adequate raw material to small-scale units. It also proposed to initiate steps for the creation of an effective marketing mechanism for small-scale industry products. The Small Industries Development Organisation was directed to act as a nodal agency for promoting the export of small-scale industry products. With regard to financial support, the policy envisaged adequate flow of credit to small-scale units by non-small-scale industrial undertakings, provision for the supply of risk capital through limited partnership and measures to ensure speedy payments arising from the sale of products of small-scale sector. For the viability of small industry, its production programmes were to be integrated with the large private and public sector units. Tiny sector was allowed easy access to institutional finance.8

Reforms of Industrial Policy 1991: All these reforms of industrial policy led the Government to take a series of initiatives in respect of policies in the following areas.

1. Industrial Licensing Policy: Industrial licensing to be abolished for all projects except for a short list of industries related to security and strategic concerns, social reasons, hazard chemical and overriding environmental reasons and items of elitist consumption industries reserved for the small scale will continue to be so reserved.

2. Foreign Investment: In order to invite foreign investment in high priority industries, requiring large investments and advanced technology, it was decided to provide approval for direct foreign investment up to 51 per cent foreign equity in such industries. For the promotion of exports of Indian products in world markets, the Government would encourage foreign trading companies to assist Indian exporters in export activities.

3. **Foreign Technology**: With a view to injecting the desired level of technological dynamism in Indian Industry, government would provide automatic approval for technology agreements related to high priority industries within specified parameters. No permission will be necessary for hiring of foreign technicians and foreign testing of indigenously developed technologies.

4. **Public Sector Policy**: Public enterprises have show a very low rate of return on the capital invested. This has inhibited their ability to regenerate themselves in terms of new investments as well as in technology development. The result is that many of the public enterprises have become a burden rather than being an asset to the Government.

### 2.6 ROLE OF SMALL-SCALE AND TINY INDUSTRIES IN INDIAN ECONOMY

The micro and small enterprises constitute an important segment of the Indian economy, contributing around 42 per cent of the country’s manufacturing output and 36 per cent of its exports in 2006-07. It provides employment to around 30.5 million people in the rural and urban areas of the country.⁹ The process of economic liberalisation and market reforms, while exposing the Indian medium and small enterprises to increasing levels of domestic and global competition, has also opened up attractive possibilities of access to larger markets and of stronger and deeper linkages of medium and small enterprises with larger enterprises. Improved manufacturing techniques and management processes can be sourced and adopted with greater ease. The robust and vibrant medium and small enterprises segment can derive the benefits of these new opportunities provided appropriate enabling policies.

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⁹ [www.tradeportalofIndia.com](http://www.tradeportalofIndia.com).
are put in place and measures for capacity building in public-private mode are also initiated. In this environment of competition and rapid technological changes, the segment can then achieve higher sustained growth by enhancing its technological capabilities, improving its product and service quality to global standards and seeking ways of innovation.

2.6.1 Performance of Small-Scale Industries in India:

SSI in India has an important role to play in its economic development. The modern small-scale industry had its beginning in India in the early part of the nineteenth century and prior to that only traditional-artisan based small-scale industrial units existed. The First World War induced the Swadesi movement which made significant contribution to the development of Indian SSI sector during the inter-war period. After independence, India witnessed a rapid pace towards industrialisation through Five Year Plans, Industrial Policy Resolutions, Industrial Licensing Policies and Specialised Ad-hoc Committees. The Industrial Policy Resolutions gave emphasis to ‘Socialistic Pattern of Society’ by giving special assistance for the development of small industries and synchronized the development of small and large industries. The Industrial Licensing Policy aimed at protecting and encouraging small and medium entrepreneurs, preventing concentration of ownership of industries and achieving balanced economic development of different regions. By raising the investment limit of small-scale industry through every Five Year Plan, the government came forward to extend its extensive help.
The small-scale units produce a variety of goods. Small Industries Development Organisation (SIDO) acts a policy formulating agency for small-scale industries. Six States, viz., Maharashtra, Tamil Nadu, West Bengal, Uttar Pradesh, Punjab and Gujarat account for 59 per cent of the total units in the small sector, 62 per cent of the total employment, 66 per cent of total investment in fixed assets and 69 per cent of gross output.\textsuperscript{10}

The performance of the SSIs in India\textsuperscript{11} is evaluated below in the following paragraphs:

\textbf{a) Overall Production of SSI:}

The small-scale industries sector plays a vital role in the industrial growth of the country. It contributes almost 40 per cent of the gross industrial value added in the Indian economy. It has been estimated that a million rupees of investment in fixed assets in the small-scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points. The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive.

\textbf{b) Employment Opportunities in Different Sectors:}

SSI sector in India creates the largest employment opportunities for the Indian populace, next only to agriculture. It has been estimated that one lakh rupees of investment in fixed assets in the small-scale generates employment for four persons.

\textsuperscript{10} Ruddar Dutt and K.P.M. Sundram (2005),\textit{Indian Economy}, S.Chand & Co. Ltd., New Delhi, p.536.

\textsuperscript{11} \textit{Kisan World}, Vol.34, No.07, July 2007, pp.42-43.
In the case of generation employment on the basis of industry group-wise, food products industry has ranked first in generating employment, providing employment to 0.48 million persons (13.1%). The next two industry groups were non-metallic mineral products with employment of 0.45 million persons (12.2%) and metal products with 0.37 million persons (10.2%). In chemicals and chemical products, machinery parts except electrical parts, wood products, basic metal industries, paper products and printing, hosiery and garments, repair services and rubber and plastic products, the contribution ranged from 9 per cent to 5 per cent, the total contribution by these eight industry groups being 49 per cent. In all other industries the contribution was less than 5 per cent.

Per unit employment was the highest (20) in units engaged in beverages, tobacco and tobacco products mainly due to the high employment potential of this industry particularly in Maharashtra, Andhra Pradesh, Rajasthan, Assam and Tamil Nadu. Next came cotton textile products (17), non-metallic mineral products (14.1), basic metal industries (13.6) and Electrical machinery and parts (11.2).

On the basis of rural employment distribution, non-metallic products contributed 22.7 per cent to employment generated in rural areas. Food Products accounted for 21.1 per cent, wood products and chemicals and chemical products shared among them 17.5 per cent.

As for urban areas, food products and metal products almost equally shared 22.8 per cent of employment. Machinery parts except electrical, non-metallic mineral products, and chemicals and chemical products amongst them accounted for 26.2 per cent of employment.
In metropolitan areas the leading industries were metal products, machinery and parts except electrical and paper products and printing (total share being 33.6%).

Based on the State-wise employment distribution, Tamil Nadu (14.5%) made the maximum contribution to employment. This was followed by Maharashtra (9.7%), Uttar Pradesh (9.5) and West Bengal (8.5%) the total share being 27.7%). Gujarat (7.6%), Andhra Pradesh (7.5%), Karnataka (6.7%), and Punjab (5.6%) together accounted for another 27.4 per cent. Per unit employment was high – 17, 16 and 145 respectively – in Nagaland, Sikkim and Dadra and Nagar Haveli. It was 12 in Maharashtra, Tripura and Delhi, Madhya Pradesh had the lowest figure of two. In all other cases it was around the average of six.

c) Export Performance of SSI:

SSI sector plays a major role in India's present export performance. About 45 to 50 per cent of the Indian exports is contributed by SSI sector. Direct exports from the SSI Sector account for nearly 35 per cent of total exports. Besides direct exports, it is estimated that small-scale industrial units contribute around 15 per cent to exports indirectly. This takes place through merchant exporters, trading houses and export houses. They may also be in the form of export orders from large units of the production of parts and components for use for finished exportable goods. It would surprise many to know that non-traditional products account for more than 95 per cent of the SSI exports. The export destination has been identified for 16 SSI products. It is given in Table 2.1.
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Product Group</th>
<th>Main Destination (Countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Readymade garments</td>
<td>USA, Europe, Canada, West Asia, North Africa</td>
</tr>
<tr>
<td>2.</td>
<td>Plastic items</td>
<td>UAE, China, Italy, Saudi Arabia, Oman</td>
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<tr>
<td>3.</td>
<td>Marine products</td>
<td>Japan, USA, European Union, China, South-East Asia</td>
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<tr>
<td>4.</td>
<td>Sports goods</td>
<td>UK, USA, Australia, Germany, South Africa</td>
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<tr>
<td>5.</td>
<td>Spices</td>
<td>East Asia, European Union, North African Zone and American Zone</td>
</tr>
<tr>
<td>6.</td>
<td>Cashew items</td>
<td>USA, Netherlands UK, Japan and UAE</td>
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<tr>
<td>7.</td>
<td>Shellac items</td>
<td>Indonesia, Germany, Arab Republic Emirates, USA and Italy</td>
</tr>
<tr>
<td>8.</td>
<td>Shellac items</td>
<td>AE, UK, Turkey, USA and Italy</td>
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<tr>
<td>9.</td>
<td>Leather and Leather items</td>
<td>Germany, UK, Italy, USA and France</td>
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<tr>
<td>10.</td>
<td>Engineering and electronic items</td>
<td>USA, Europe, Japan, Hong Kong, UAE, Germany, Belgium and France</td>
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<tr>
<td>11.</td>
<td>Basic chemicals and cosmetics</td>
<td>USA, Japan, Saudi Arab, China, Singapore and Netherlands</td>
</tr>
<tr>
<td>12.</td>
<td>Chemical and Allied products</td>
<td>Japan, Belgaum, Italy, France, Bangladesh, USA and UK</td>
</tr>
<tr>
<td>13.</td>
<td>Wool and woolen (Madeups), knitted garments, etc.</td>
<td>Europe, Japan, Bangladesh</td>
</tr>
<tr>
<td>14.</td>
<td>Processed food items</td>
<td>USA, Europe, Japan</td>
</tr>
<tr>
<td>15.</td>
<td>Electronic items and computer software</td>
<td>USA, Hong Kong, UAE, UK, Germany and Japan</td>
</tr>
<tr>
<td>16.</td>
<td>Tobacco and tobacco items</td>
<td>East Europe</td>
</tr>
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2.7 SMALL-SCALE SECTOR IN THE FIVE YEAR PLAN PERIODS

2.7.1 First Five Year Plan (1952-53 to 1956-57):

The important aspect of the first five-year plan was the acceptance of the principle of a common production programme for large scale and small-scale industries to eliminate competition between the two. This was formulated by reserving of spheres of production, limiting the expansion of large-scale industrial capacity, arranging for the supply of raw materials, coordinating research, training etc. and imposing a cess on large scale industry.

For financing small-scale and village industries, State Finance Corporation and National Small Industries Corporation were set up and rules governing grant of loans were liberalized. In order to encourage small and village industries, the government liberalized its store purchase policy by giving preference to these
products over the factory products up to a certain percentage. The Planning Commission appointed in June 1955, the Village and Small Industries Committee under the chairmanship of Karve to examine the problems of small-scale and cottage industries.¹²

2.7.2 Second Five Year Plan (1956-57 to 1960-61):

In the second five year plan the programme of village and small industries was based on Karve Committee report. A provision of Rs.200 crores was made in this plan period for the development of handloom, khadi, village and small industries including ‘Ambar Charka’ programme, Special stress was laid on the establishment of industrial co-operatives in every field. By 1960-61, around 634 industrial estates were also constructed under the initiative of the government and a provision of Rs.15 crores was made available for this purpose in the second plan.

During this period, the government of India invited a 5 member Japanese delegation of experts headed by T. Iwatake to study the organization of small industries in India. The delegation recommended many changes for the promotion of small industries.¹³

2.7.3 Third Five Year Plan (1960-61 to 1965-66):

During the third five year plan the main objectives were to improve the productivity of the workers in small industries, to enlarge the availability of institutional finance, promotion of small industries as ancillaries to large industries.

¹² www.planningcommission.com, First Five Year Plan, Industry.

During this plan period a sum of Rs.240.75 crores were spent on the development of cottage and small-scale industries in India in the public sector.  

2.7.4 Fourth Five Year Plan (1969-70 to 1973-74):  

The objectives of small industries programme in the fourth five year plan were to improve the production techniques and enable them to produce quality goods and to bring them to a viable level, to promote decentralization and dispersal of industries and to promote agro-based industries. These were expected to be achieved through giving facilities for research, design and development, industrial extension services enlarged testing and promoting schemes for supply of machines on hire purchase with the assistance of the banks.  

2.7.5 Fifth Five Year Plan (1974-75 to March 1978):  

During this plan, the strategy of development was designed for developing and promoting entrepreneurship and providing a ‘package of consultancy service’ so as to generate maximum employment and self-employment opportunities, facilitating fuller utilization of the skills and equipment of the person, and, progressively improving the production techniques, promoting these industries in selected ‘growth centres’ in semi-urban and rural areas including backward areas. For this purpose a total outlay of about Rs.1600 crores was made available for the development of small industries.  

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14 www.planningcommission.com, Third Five Year Plan, Industry.  
16 www.planningcommission.com, Fifth Five Year Plan, Industry.
2.7.6 Sixth Five Year Plan (1980 to 1985):

This plan envisaged further improvement in the levels of production, creation of additional employment opportunities, and expanded effort in export promotion.\(^{17}\)

2.7.7 Seventh Five Year Plan (1985 to 1990):

The seventh plan allocated a sum of Rs.2,752.74 crores towards village and small-scale industries. The small-scale sector achieved the targets set in terms of production and employment during this period. The value of exports from small-scale sector went up from Rs.2, 553 crores in 1984-85 to Rs.7, 626 crores in 1989-90. The number of small-scale units under the purview of Small Industries Development Organization (SIDO) increased from 12 lakhs units at the end of 1984-85 to around 18 lakhs units at the end of 1989-90. \(^{18}\)

2.7.8 Eighth Five Year Plan (1992 to 97):

The Eighth five year plan is totally a different plan from earlier plans as it was formulated in a changed context of economic liberalization since 1991, which focusses among others on human resource development, employment in rural areas, setting up small ‘Agri-Business consortium’ to bring together farmers, the business community, banking institutions, scientific organizations and various governmental bodies. Ten areas have been identified. They are food crops, oilseeds, cotton, sugarcane, horticulture, sericulture, dairy development, poultry aquaculture and agro-forestry for intensive attention. The objective is, to improve the efficiency of

\(^{17}\) www.planningcommission.com , Sixth Five Year Plan, Industry.
\(^{18}\) www.planningcommission.com , Seventh Five Year Plan, Industry.
production and post-harvest technologies and develop suitable marketing network which would lead to creation of more jobs, as well as, income generation.\textsuperscript{19}

2.7.9 Ninth Five Year Plan (1997 to 2002):

The Ninth plan observed that the small sector is presently producing about 8000 items, out of which 822 items, after the recent de-reservation of 14 items, are reserved for the production in small sector. However, out of the reserved items, it has been observed that as many as 200 are either not produced at all in the small sector or their production is insignificant. Besides this, the ninth plan mentioned that during the last few years, “the growth of SSI sector in the non-reserved area has been higher than in the reserved categories which are proof of their inherent strength and resilience of the small sector and its ability to respond to the challenge of the market forces”.

During this plan period, the government had enhanced the investment from Rs.60 lakhs to Rs.3 crores for the small-scale industries (later it was reduced to Rs.1 crore) and from Rs.5 lakhs to Rs.25 lakhs for the tiny industries. According to the ninth plan, the major problem faced by the SSI sector was inadequate flow of credit. To increase the flow of credit, the Government started setting up specialized branches of banks exclusively meant for providing credit to SSI. To improve technology of SSI, SIDBI has already set up a Technology Development and Modernization Fund with a corpus of Rs.200 crores. Under the Scheme of Integrated Infrastructure

\textsuperscript{19} www.planningcommission.com , Eighth Five Year Plan, Industry.
Development Centres (IIDC), infrastructure facilities are being developed in backward rural areas\textsuperscript{20}.

\textbf{2.7.10 Tenth Five Year Plan (2002 to 2007):}

The expected overall annual growth of industry in the Tenth plan period at around 8.7 per cent fell short of the targeted growth rate of 10 per cent for the plan period.\textsuperscript{21}

\textbf{2.7.11 Eleventh Five Year Plan (2007 to 2012):}

Given the recent performance, however, the eleventh plan target of 10 per cent annual industrial growth appears eminently achievable. As the country enters into the first year of the Eleventh plan, the sustained growth of the industrial sector is crucially dependent on removing the infrastructural impediments, especially, in the power sector. Capacity additions through investment are critical for accelerating growth in industry. The investment scenario looks quite optimistic, particularly with rising domestic savings rates and FDI inflows. Sustained economic growth, fiscal consolidation and an enabling policy environment will continue to provide incentive to capacity addition in industry and sustaining its high growth.

Adequate expansion of employment in the industrial sector, particularly in the organized segment, requires attention. The formations of appropriate skills through a wide variety of vocational training as well as optimal degree of flexibility of labour laws are important aspects in this regard. Progress on these fronts will determine how much progress is made in generating employment in the organized industry in the

\textsuperscript{20} \url{www.planningcommission.com}, Ninth Five Year Plan, Industry.

\textsuperscript{21} \url{www.planningcommission.com}, Tenth Five Year Plan, Industry.
The outlay for village and small-scale industries over the various plan periods are given in Table 2.2.

Table – 2.2
Plan Outlay for Village and Small-Scale Industries over the Plan Periods

<table>
<thead>
<tr>
<th>Plans and Years</th>
<th>Outlay</th>
<th>Percentage of Total Plan Outlay</th>
<th>Percentage of SSI Investment on Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Village and SSIs (Rs. in crores)</td>
<td>Modern SSIs (Rs. in crores)</td>
<td></td>
</tr>
<tr>
<td>First Five Year Plan (1952-57)</td>
<td>42.00</td>
<td>20.00</td>
<td>2.10</td>
</tr>
<tr>
<td>Second Five Year Plan (1957-61)</td>
<td>187.00</td>
<td>56.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Third Five Year Plan (1961-66)</td>
<td>240.80</td>
<td>113.06</td>
<td>2.80</td>
</tr>
<tr>
<td>Annual Plan (1966-69)</td>
<td>126.10</td>
<td>53.48</td>
<td>1.90</td>
</tr>
<tr>
<td>Fourth Five Year Plan (1969-74)</td>
<td>242.60</td>
<td>56.19</td>
<td>1.50</td>
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<tr>
<td>Fifth Five Year Plan (1974-78)</td>
<td>592.60</td>
<td>221.74</td>
<td>1.50</td>
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</table>

www.indiabudget.nic.in, Industry.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
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<tr>
<td>Annual Plan</td>
<td>955.70</td>
<td>104.81</td>
<td>2.10</td>
<td>36.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sixth Five Year Plan</td>
<td>1829.90</td>
<td>616.10</td>
<td>1.70</td>
<td>34.60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seventh Five Year Plan</td>
<td>2752.70</td>
<td>1120.51</td>
<td>1.50</td>
<td>40.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eighth Five Year Plan</td>
<td>6334.20</td>
<td>2145.36</td>
<td>1.46</td>
<td>34.40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ninth Five Year Plan</td>
<td>12467.50</td>
<td>4258.23</td>
<td>1.80</td>
<td>33.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenth Five Year Plan</td>
<td>23489.20</td>
<td>7823.56</td>
<td>1.70</td>
<td>34.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eleventh Five Year Plan</td>
<td>45196.40</td>
<td>13489.75</td>
<td>1.90</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Government of India – Economic Surveys

2.8 SMALL-SCALE INDUSTRIES IN TAMIL NADU

Tamil Nadu occupies the third place in the growth of industries next to Maharashtra and West Bengal. The progress made by Tamil Nadu is remarkable, despite the fact that the state is deprived of basic raw materials such as coal, coke and steel. Out of 129.3 lakhs small-scale units established in India, 6,64,579 (5.1%) units have been located in Tamil Nadu. Tamil Nadu has been one of the pioneering States in India in encouraging the small-scale industries.
2.8.1 Assistance to SSI Sector in Tamil Nadu:

Worldwide, SSI sectors are being recognized for their contribution to employment, innovation and economic dynamism. In the Indian context, SSI units are helping generate new jobs, supplying a wide range of products, contributing to exports, helping in more equitable distribution of national income and emerging as outsourcing destinations. The government has been encouraging and supporting SSI through policies for infrastructural support, technology upgradation, preferential access to credit, reservation of products for exclusive manufacture in the SSI sector, preferential purchase policy, etc.

The following are the schemes and assistance available to improve the SSI sector in Tamil Nadu.

2.8.1.1 New Anna Marumalarchi Thittam (NAMT):

The New Anna Marumalarchi Thittam (NAMT) was introduced by Government of Tamil Nadu on 28th June 2002 to generate rural employment, to fetch higher price for agricultural produce and to improve the rural employment, and to improve the rural economy, by promoting agro-based food processing industries. In order to facilitate the NAMT entrepreneurs to avail collateral-free loans under Credit Guarantee Fund Trust Scheme, the capital investment limit has been brought down from Rs.25 lakh to Rs.20 lakh. The scheme provides a package of incentives which includes special capital subsidy of 15 per cent on plant and machinery up to a maximum of Rs.15 lakhs, additional capital subsidy of 5 per cent up to a maximum of Rs.5 lakhs for employing more than 50 per cent women in their work force, generator subsidy of 15 per cent on the cost of the generator up to a maximum of Rs.5 lakhs and
low tension power tariff subsidy at the rate of 30 per cent, 20 per cent and 10 per cent of energy charges for the first, second and third years, respectively. The district level committees headed by the District Collectors provide escort support to the entrepreneurs in getting loans from financial institutions and in obtaining statutory clearances and power connection for the projects promoted under New Anna Marumalarchi Thittam.

The projects cleared by the committee include activities such as cashew processing, extraction of concentrate from flowers and herbs, Oleoresin from spices, vegetable and fruit processing, setting up of modern rice mill with colour sorter, cold storage plants, cattle and poultry feed, prawn culture, mushroom, starch and sago, activated carbon, coir pith block, coir fibre, and coconut shell powder.

### 2.8.1.2 Export Guidance Cell:

The Government of Tamil Nadu had established export guidance cells during 2002-03, in the District Industries Centres, to promote export by motivating entrepreneurs. The export guidance cells provide information on the existing export activities, the potential for further exports and to provide necessary assistance on procedural matters for export. The export promotion cell at the district level under the chairmanship of the District Collector has also been constituted to counsel the prospective exporters on export formalities and procedures, provide details of export formalities and procedures, provide details of export market intelligence, addresses of foreign buyers, etc. and advise on export documentation. An export promotion cell at the state level under the chairmanship of Industries Commissioner and Director of

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23 [www.tn.gov.in](http://www.tn.gov.in)
Industries and Commerce has been constituted to initiate measures for development of export in the State.

2.8.1.3 Entrepreneurship Development Programme:

The Department of Industries and Commerce has targeted to train 1,25,000 women at the rate of 25,000 per year from 2001-02 to 2005-06 under this programme for five lakh women scheme. During 2003-04, 11,172 women from Self Help Groups, 8828 women who are technically qualified (ITI/Diploma) and 5,137 women under PMRY, totalling 25,137 women were trained to set up micro enterprises.24 Besides, entrepreneurship training including resource management techniques has been introduced during 2003-04 for NAMT entrepreneurs and so far about 150 entrepreneurs have been trained.

2.8.1.4 Back-Ended Interest Subsidy to Small-Scale Industries:

The new scheme of Back-Ended Interest Subsidy to Small-scale Industries for the term loans obtained from banks and financial institutions for technology upgradation and modernization, term loan and working capital loan obtained under Credit Guarantee Fund Trust Scheme, term loan obtained under National Equity Fund Scheme, term loan obtained for obtaining ISO Certification, Research and Development resulting in registration of Patent Rights, Intellectual Property Rights, composite term loan obtained from National Small Industries Corporation – Tamil Nadu Small Industries Development Corporation consortium was introduced during 2003-04 with a view to reduce interest burden to SSI units.

24 www.tn.gov.in
The quantum of back-ended interest subsidy is 3 per cent over and above the prime lending rate (PLR) or the excess of actual rate of interest over the PLR whichever is less. In cases where PLR is not followed by any of the financial institutions, the excess of the actual rate of interest over 10.5 per cent subject to a maximum of 3 per cent is allowed as subsidy. This subsidy is sanctioned by way of quarterly reimbursements to the financial institutions for a maximum period of 5 years irrespective of the period of repayment of loan and the maximum amount of subsidy payable per loan is Rs.15 lakh.\textsuperscript{25}

\textbf{2.8.1.5 Industrial Infrastructure Upgradation Scheme:}

In the present WTO scenario, the SSI units can survive only if they produce good quality products in bulk at competitive rates. The capability of SSI units can be improved only by adopting cluster approach. Under the public-private partnership concept, the Government of Tamil Nadu is taking speedy and effective action besides participating along with Government of India in the development of industrial clusters in Tamil Nadu under Industrial Infrastructure Upgradation Scheme.

Under this scheme, the Tamil Nadu State Government have forwarded their recommendations to the Government of India for six detailed project reports, viz., Leather cluster, Ambur; Pump, Motor, Foundry and Allied Industries Cluster, Coimbatore; Auto Ancillary Cluster, Chennai, Coir and Allied Composite Products, Tamil Nadu; Cereals, Pulses and Staples (CPS) Milling Cluster, Madurai; and Mango Plup Cluster, Krishnagiri. The Government of India have given in principle clearance for Pump, Motor, Foundry and Allied Industries Cluster, Coimbatore and approved

\textsuperscript{25} www.tn.gov.in
Auto Ancillary Cluster, Chennai. The Government of India has also released Rs.25 crores as first instalment for the Textile Cluster at Tiruppur.26

2.8.1.6 Development of Rural Industrial Cluster:

To boost the rural economy by creating more employment avenues for the rural youth in the non-farm sector and to slow down the migration of the rural artisans to towns and cities, a new scheme of National Programme on Rural Industrialization (NPRI) was announced by the Government of India to set up new/existing rural industrial clusters in the country. The Government of India provides a grant of Rs.5 lakh to meet the expenditure towards the diagnostic study, demonstration, development of modern tools and kits and other technical inputs including design, market linkages, seminars, workshops, study visits and consultancy, etc. under this scheme.

The Tamil Nadu State Government is working towards getting grant under this scheme from Government of India for the development of rural clusters, namely Tamarind Processing, Coconut Fibre and Coir Rope in Erode district, Soap and Readymade garments in Madurai district, Wood Craft in Villupuram district, Bell Metal in Thanjavur district, Fire Proof and Long Lasting Coconut Thatches in Thiruvarur district, Grass Weaving in Tirunelveli district and Arecanut Leaf cups and plates in Salem district.

2.8.1.7 Prime Minister's Rozgar Yojana Scheme:

Towards solving the unemployment problem through self-employment, the centrally-sponsored PMRY Scheme was launched on 2nd October, 1993. Since then

26 www.tn.gov.in
the scheme is being successfully implemented in the state. Those who have been trained by government recognized and approved institutions are given preference under this scheme. The scheme also takes care of the welfare of Scheduled Caste and Scheduled Tribe candidates and other backward class candidates by providing reservation of 22.5 per cent and 27 per cent, respectively.

2.8.1.8 Single Window Clearance:

The Government of Tamil Nadu has formulated a single window clearance scheme for speedy clearances by the statutory authorities, viz., Pollution Control Board, Tamil Nadu Electricity Board, Local Body, Town and Country Planning, Fire Service Department and Public Health Department, etc., for setting up industries. A common application form has been prescribed to apply to the above agencies to get clearances through District Industries Centres. The District Industries Centre acts as a nodal agency. The Single Window Clearance Committee under the chairmanship of the District Collector meets once in every month to help the entrepreneurs to speed up all the clearances and solve the problems in implementation of their projects.

To speed up the issue of statutory clearances, and power connection to the agro-based units to be set up under NAMT, the Government has issued orders to include Deputy Director of Town and Country Planning, District Environmental Engineer of Tamil Nadu Pollution Control Board and Superintending Engineer of Tamil Nadu Electricity Board as Members in the District Level Committee constituted by the Government for the approval of projects under NAMT. This has benefited the NAMT entrepreneurs to get orders on re-classification of land use
within 21 days, Pollution Control Board clearance within 7 days and power connection on priority basis without delay.

2.8.1.9 Regional Industrial Facilitation Council:

Under the Interest on Delayed Payments to Small-scale and Ancillary Industrial Undertakings Act 1993, the Government of Tamil Nadu has constituted four Regional Industrial Facilitation Councils under the chairmanship of Industries Commissioner and Director of Industries and Commerce with headquarters at Chennai, Trichy, Madurai and Coimbatore. The councils meet once in three months for discussion. These councils render facilitation service to help the seller units in realizing the dues from the buyer units for goods supplied to them.

2.8.1.10 SSI Board:

A State Level Small-Scale Industries Board has been constituted with Minister for Rural Industries as Chairman, Chief Secretary to Government as Vice Chairman, Industries and Commerce Secretary as Member-Secretary, Officials of other Departments and representatives of Small and Tiny Industries Association as members. The representations received from the member associations are placed before the board and its recommendations are sent to Government for necessary action.

2.8.1.11 Electrical and Electronic Estates:

To facilitate industrial growth in the field of electrical and electronics, eight functional estates with required infrastructure have been developed at Dr. Vikram Sarabhai Instronic Estate, Chennai, developed Plots Estate at Perungudi, Chennai, Kakkalur in Thiruvallur District, Coimbatore, Salem, Hosur, Trichy and Madurai.
2.8.1.12 Testing Laboratories:

The Department of Industries and Commerce is running Testing Laboratories for Electrical and Electronic items at Kakkalur in Thiruvallur District and Hosur in Krishnagiri District. This Department also runs Chemical Testing Laboratories at Chennai, Madurai, Coimbatore, Salem and Tuticorin. These Laboratories provide testing facilities to the small-scale industrial units at concessional rates. From 2003-04, the entrepreneurs are also provided with training in testing and calibration of electrical equipments at Kakkalur.

2.8.1.12 Industrial Co-operative Societies:

These societies provide services to their members in purchase and supply of raw materials, and then undertake production activities and marketing of the products. There are 318 industrial co-operative societies with a total membership of 61,775.27

2.8.1.13 Tea Sector:

Indcoserve: Indcoserve has 15 Industrial Co-operative Tea Factories with a membership of 19,799 which help in improving the economy of the small tea growers of Nilgiris district considering the slump in the tea market, Government of Tamil Nadu introduced 'Ooty Tea' on 28th August 2001 for sale through Public Distribution System.

Teaserve: Government of Tamil Nadu inaugurated an Electronic Tea Auction Centre ‘Teaserve’, the first of its kind in the country, on 13.9.2003 at Coonoor to transact tea auction in a more transparent manner and to fetch remunerative price to the tea

27 www.tn.gov.in
growers. This centre removes all shortcomings prevailing in the conventional auction centres.

**Sagoserve:** Sagoserve is one of the most successful examples of Industrial Cooperatives in the state. The society supports about 700 small and medium sago and starch units which meets 80 per cent of the national demand. The Government of Tamil Nadu has issued orders for collection of concessional rate of sales tax in respect of sale of sago and starch through sagoserve, Salem. The concessional rate of sales tax has immensely helped in marketing the sago and starch manufactured by the members of Sagoserve to their best advantage.

2.8.1.14 **Coir Industrial Co-operatives:**

There are 66 Coir Industrial Co-operative Societies in the state with 9901 members. To promote coir-based industries, the Coir Board has prepared an action plan with an outlay of Rs.42.36 crore for implementation during 2004-05. The Government of Tamil Nadu joined this venture by contributing its share of Rs.43.40 lakh during 2004-05 in implementing this action plan.

2.8.1.15 **Tamil Nadu Industrial Co-operative (TAICO) Bank:**

Tamil Nadu Industrial Co-operative (TAICO) Bank, established in 1961, caters to the financial needs of Industrial Co-operative Societies and SSI units. The Reserve Bank of India has recognized TAICO Bank to provide credit facilities to Industrial Co-operative Societies under NABARD’s Refinance Scheme.
2.8.2 State Level Institutional Support:

Tamil Nadu State Government executes different promotional and developmental projects/schemes and provides a number of supporting incentives for development and promotion of small-scale sector in their respective States. These are executed through State Directorate of Industries, which has District Industries Centres (DICs) under them to implement Central/State Level schemes. The State Industrial Development and Financial Institutions and Tamil Nadu State Financial Corporations also look after the needs of the small-scale sector.

2.9 SMALL-SCALE INDUSTRIES IN MADURAI DISTRICT

Madurai, the second big city in Tamil Nadu, has a rich cultural heritage dating back to Sangam era. The total population of the district has been estimated at 25.62 lakhs (2001 census) spreading 44 per cent of the population in rural areas and 56 per cent in urban areas. The literacy rate is 70 per cent. The district is basically an agricultural district and paddy, jowar, ragi, groundnut, cotton and sugarcane are the important crops under cultivation. A variety of fruit crops like mangoes, tomatoes, oranges, lime and bananas are grown. The forest produce of timber, firewood and pulpwood are available in the district. The important minerals like graphite, granite blocks, blue metal, quartz and limestone are available in the district. The district is famous for jasmine flowers. Jasmine flowers are transported to other cities of India from Madurai. The district is located in the middle of Tamil Nadu and good communication network is well connected with all major cities and towns of Tamil Nadu.

28 www.tn.gov.in
Madurai district is predominantly offering good scope for the establishment of SSI units in the fields of textiles, heavy engineering, fabrication, plastic, confectionery, automobile spareparts, readymade garments, bakery, dairy, horticulture, herbal medicines, cold storage, etc. The cluster based SSI units and non-resource base industries are also possible. There is also very good scope for establishing bakery and biscuit manufacturing units, sugar candy and confectionery, preservation of fruits and vegetables, manufacturing of dairy products, potato chips, roasted cashew nuts, tomato juice, sauce, fruit squashes, mushroom processing, extraction of perfumes, appalam and papad manufacturing units. In the district, private sector reputed organizations like T.V. Sundaram Iyengar and Sons, Madura Coats, Fenner (India) Limited, George Oaks Limited, etc. which are engaged in the production of a variety of goods like tyres and tubes, machineries, textiles, conveyor belts, etc. functioning and also provide a lot of employment opportunities to the people of this district.

2.9.1 Infrastructure Facilities and Climate for Industrial Development:

For achieving parity in industrial growth and for distributing economic activities evenly all over the district, there is a need for building up the infrastructure facilities uniformly. The District Annual Credit Plan envisaged implementation of good numbers of innovative and hi-tech projects in the field of agriculture, horticulture, farm forestry, wasteland development, dairy and small-scale industries.

The system of transport plays a pivotal role in overall economic development of any area. The district has well laid out roads and railway lines connecting all major towns within and outside the State with good communication network. Water
facilities for industrial use and human consumption are also available in plenty in most areas of the district. About 37 nationalized and scheduled banks having 198 bank branches spreading over the rural and urban areas of the district, are functioning. District Co-operative Banks, Tamil Nadu Industrial Investment Corporation (TIIC), National Small Industries Corporation (NSIC), Tamil Nadu Industrial Co-operative (TAICO) Bank are also in the field of financing of SSI units. They should formulate the lending strategy taking into consideration the viability of project reports, the development of backward and most backward areas of the district and the promotion of new entrepreneurs based upon the genuine requirements of the borrowers.

2.9.2 Online Registration and Issue of Provisional SSI Registration Certificate through Browsing Centres:

The scheme of issue of online provisional SSI registration certificate was inaugurated on 12th September 2002. Any new entrepreneur desirous of setting up a SSI unit can get a provisional SSI registration certificate through any of the 262 approved browsing centres at a nominal service charge of Rs.50 per certificate. This simplified procedure facilitates the new entrepreneurs to get provisional SSI certificates at their will and convenience.

The following are the approved browsing centres in Madurai district for online registration and issue of provisional SSI registration certificate.


2) Alpha Net Internet Café, 178A, I Floor, North Veli Street, Madurai-1.
3) Priya Consultancy Services, 91, Navalar Nagar, Bye-pass Road, Madurai-10.

4) Business Information Centre, MADITSSIA Hall, Dr.Ambedkar Road, Madurai-20.


6) Usilai Net Browsing Centre, 7-3-321, II Floor, Peraiyur Road, Usilampatti, Madurai District.

The number of units registered in Madurai district for the period 2001-02 to 2005-06 is shown in the following Table 2.3.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units got provisional certificate</td>
<td>2200</td>
<td>964</td>
<td>894</td>
<td>877</td>
<td>231</td>
</tr>
<tr>
<td>Number of units got provisional certificate through browsing centre</td>
<td>-</td>
<td>205</td>
<td>369</td>
<td>542</td>
<td>687</td>
</tr>
<tr>
<td>Number of units got permanent certificate</td>
<td>2219</td>
<td>2209</td>
<td>2371</td>
<td>2157</td>
<td>2313</td>
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<tr>
<td>Total</td>
<td>4419</td>
<td>3378</td>
<td>3634</td>
<td>3576</td>
<td>3231</td>
</tr>
</tbody>
</table>

Source: District Industries Centre, Madurai.

2.9.3 Existing Industrial Scenario:

In Madurai District, industrial development is at a slow pace and there are vast disparities between different areas and taluks in terms of industrial growth. The
block-wise data of existing SSI units and large-medium size industries (LMI) units in
Madurai district during 2011-12 are given in Table 2.4.

**Table 2.4**

<table>
<thead>
<tr>
<th>Name of the Block</th>
<th>No. of SSI units</th>
<th>No. of LMI units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kottampatti</td>
<td>122</td>
<td>-</td>
</tr>
<tr>
<td>Sedapatti</td>
<td>174</td>
<td>-</td>
</tr>
<tr>
<td>Alanganallur</td>
<td>189</td>
<td>1</td>
</tr>
<tr>
<td>Chellampatti</td>
<td>183</td>
<td>1</td>
</tr>
<tr>
<td>Kallikudi</td>
<td>179</td>
<td>-</td>
</tr>
<tr>
<td>Madurai East</td>
<td>641</td>
<td>-</td>
</tr>
<tr>
<td>T.Kallupatti</td>
<td>526</td>
<td>2</td>
</tr>
<tr>
<td>Usilampatti</td>
<td>416</td>
<td>-</td>
</tr>
<tr>
<td>Vadipatti</td>
<td>509</td>
<td>2</td>
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<tr>
<td>Madurai West</td>
<td>718</td>
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<tr>
<td>Melur</td>
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</tr>
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<td>Tirumangalam</td>
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<td>5</td>
</tr>
<tr>
<td>Tirupparankundram</td>
<td>2043</td>
<td>5</td>
</tr>
<tr>
<td>Madurai Corporation</td>
<td>12864</td>
<td>7</td>
</tr>
<tr>
<td>Melur Municipality</td>
<td>126</td>
<td>-</td>
</tr>
<tr>
<td>Usilampatti Municipality</td>
<td>287</td>
<td>-</td>
</tr>
<tr>
<td>Tirumangalam Municipality</td>
<td>412</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20294</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>

Source: District Industries Centre, Madurai.
2.9.4 Industrial Estates:

The most appropriate technique for fostering rapid, balanced and decentralized development of SSI is setting up of the industrial estates. In Madurai District, five industrial estates are functioning. In formation relating to name of the industrial estate, the total extent of land and the number of the work sheds available as on 31st March 2012 are given in Table 2.5.

Table – 2.5

<table>
<thead>
<tr>
<th>Name of the Industrial Estate</th>
<th>Total extent of land (in acres)</th>
<th>No. of work sheds</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDCO Industrial Estate, K.Pudur.</td>
<td>56</td>
<td>74</td>
</tr>
<tr>
<td>SIDCO Industrial Estate, Kappalur</td>
<td>136</td>
<td>148</td>
</tr>
<tr>
<td>Hosiery Industrial Estate, Uranganpatti</td>
<td>69</td>
<td>147</td>
</tr>
<tr>
<td>Electrical and Electronic Industrial Estate, Kappalur.</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>Automobile Co-operative Industrial Estate, Kappalur.</td>
<td>24</td>
<td>201</td>
</tr>
</tbody>
</table>

Source: District Industries Centre, Madurai.

A Hosiery Industrial Estate was formulated specially for cluster-based activity of hosiery. Since no response was received from such type of entrepreneurs and most of the existing entrepreneurs have changed their place of location, it has been converted as a common estate. It has been proposed to utilize the vacant sheds of 40 by inviting the new entrepreneurs especially from women entrepreneurs.
Electrical and Electronic Industrial Estate is owned by the Department of Industry and Commerce exclusively for promoting electrical and electronic industries. Automobile Co-operative Industrial Estate is a co-operative industrial estate under the control of the Department of Industry and Commerce. Owners of automobile service centres have formed this estate and become members. It has been proposed to establish an exclusive industrial estate for women in Madurai. The required land has also been identified at Maruthankulam Kanmoi and the alienation work is under process.

2.9.5 Possibilities of New Ventures at Block Level:

2.9.5.1 Alanganallur Block:

The block is declared as industrially backward block. A number of motivation campaigns are being conducted at this block to set up new SSI ventures by disseminating the viable projects, schemes and incentives available. The main activity of the block is agriculture. The possibilities for setting up of SSI units are coconut defibring, coir yarn, quarry, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products, chemical and plastic industries and general engineering industries.

2.9.5.2 Chellampatti Block:

This block has been declared as industrially backward block. A number of motivation campaigns are being conducted at this block to set up new SSI units by disseminating the viable projects, schemes and incentives available. The main activity of the block is agriculture. Paddy is the dominant crop and the jasmine and coconut are minor crops. The possibilities for setting up of SSI units are coconut defibring, coir yarn, quarry, blue metal jelly, chamber/country brick, limestone, food
processing units, saw mills, chemical and plastic industries, rice and flour mills and dairy products.

2.9.5.3 Kallikudi Block:

The block is declared as industrially backward block. A number of motivation campaigns are being conducted at this block to set up new SSI ventures. The main activity of the block is agriculture. Paddy, pulses, jasmine, banana, groundnut are the main crops of the block. The viable projects at this block are quarry, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products, dehydration of fruits and vegetables, dhal mill, tin containers, packaging industries, handmade paper products, general engineering, paints and varnishes and leather goods.

2.9.5.4 Madurai East Block:

The block is declared as industrially backward block. All types of SSI units are possible in the block. The main viable projects are quarry, blue metal jelly, chamber/country brick, paper cups, packaging industries, limestone, food processing units, dairy products, general engineering and fabrication, plastic goods and polypropylene circular looms.

2.9.5.5 T. Kallupatti Block:

The block is also declared as industrially backward block. The main activity of the block is agriculture. Gandhi Nikethan Training Centre is located in this block where the training in the field of electronics, food processing, masala making, kadhi products, viz., footwear, soap, steel furniture, etc. are given. The possible ventures are quarry, blue metal jelly, chamber/country brick, limestone, food processing units,
rice and flour mill, leather goods, general engineering and fabrication, matches, powerloom, forest-based industries, dairy products, leather goods, liquid blue, detergent soaps, herbal based industries, etc.

2.9.5.6 Usilampatti Block:

The block is declared as industrially backward block. A number of motivation campaigns are being conducted at this block to start new SSI units by disseminating the viable projects, schemes and incentives available. The main activity of the block is agriculture. The possible new ventures are biscuit and confectionery manufacturing, PVC pipe manufacturing, quarry, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products, powerloom, palm rosa oil, edible oil extraction, rice and flour mill and instant masala powders.

2.9.5.7 Vadipatti Block:

Vadipatti block has also been declared as an industrially backward block. Motivation programmes are being conducted to start new SSI units in this block. The main activity of the block is agriculture. The new possible ventures are coconut defibring, coir yarn, curled coil, rubberized coir, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products, rubber products, wooden-based industries, fruit pulps and perfumery products.

2.9.5.8 Sedapatti Block:

The block is declared as industrially most backward block and it needs immediate attention and concentration to promote this block as an industrial pocket. The main activity of the block is agriculture. Since the water scarcity is prevailing in the block, the people of the block are contemplating on an alternative employment.
The formation and development of new industries are alone helping the people to make their livelihood in a better way. According to the resources and infrastructure available in the block, the possible new ventures are chemical products, quarry, blue metal jelly, chamber/country brick, limestone, power loom weaving, paper and allied products, herbal based products, readymade garments and leather products.

2.9.5.9 Kottampatti Block:

The block is declared as industrially backward block, which needs immediate attention to develop as an industrial pocket. The main activity of the block is agriculture. Coconut cultivation is predominant in the block. The turnout from agriculture and coconut cultivation does not improve the livelihood of the people. The establishment of large number of SSI units would only help to improve the block. According to the resources available in the block, the viable projects are coconut defibring, coir yarn, quarry, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products, rubberized coir, curled coir, manufacturing of agricultural instruments, forest-based industries, saw mill, poultry and cattle feed, granite cutting and polishing, automobile spare parts and general engineering and fabrication. The block is located in the National Highway enroute to Trichy from Madurai which is one of the main advantages and meant for setting up of SSI units.

2.9.5.10 Madurai West Block:

All types of SSI units are having good scope in this block, especially quarry, blue metal jelly, chamber/country brick, limestone, food processing units, readymade garments manufacturing, dairy products, automobile spare parts, heavy engineering and fabrication units.
2.9.5.11 Melur Block:

The main activity of the block is agriculture. The possibilities of new ventures for setting up of quarry, blue metal jelly, chamber/country brick, limestone, food processing units, dairy products etc. are brighter. This block is also located in the National Highway enrooting to Trichy from Madurai.

2.10 INSTITUTIONS IN AID OF ENTREPRENEURSHIP DEVELOPMENT

Since 1950, a substantial volume of study has gone into the different facets of entrepreneurial development in India to accelerate the process on industrialization. The study showed that entrepreneurs are born and can also be made. It is possible to identify individuals in all communities, in rural and urban areas, among men and women with entrepreneurial talent, to motivate and train them through properly organized programmes undertaking risk-bearing innovative activities for raising the growing rate in agriculture, in industry as well as in the service sector. In this process, institutions play a catalytic role in entrepreneurship development.

2.11 MINISTRY OF SMALL-SCALE INDUSTRIES

The responsibility of promotion and development of small-scale industries lies primarily with the State/Union Territory Governments. However, in recognition of the role of this sector in both creation of wealth and widespread employment and of the need for countrywide framework of policies and measures to facilitate its promotion and development, the Government of India has always supplemented the efforts of the States and Union Territories in several ways. Over the years, the Central Government has thus formulated policy packages and implemented a number of schemes and programmes, to mainly provide infrastructural, technological, credit, marketing and entrepreneurial development support to the small-scale sector.
2.11.1 Vision and Action Plan of the Ministry:

The vision of the Ministry of Small-scale Industry is to create an enabling policy environment and put in place corresponding support measures to help the sector meet the emerging challenges of competition and also harness the opportunities, in tandem with the accelerating pace of liberalization and globalization of the Indian economy. The agenda of the Ministry includes steps to develop an appropriate policy framework within which supply of credit is improved, better infrastructural facilities are provided and targeted, incentives are designed and extended to the enterprises in the sector for their modernization and technology upgradation, improved market access, entrepreneurship development, skill upgradation and capacity building, both at the level of individual firms and their clusters. The agenda takes cognizance of the significant role played by information technology, sunrise, hi-tech and export potent industries, on the one hand, and, the special needs of the tiny/micro enterprises, on the other, as they constitute over 95 per cent of the total population of small-scale industrial units in the country. The action plan thus includes, inter alia, the following measures:

i) New legislation for micro, small and medium enterprises.

ii) Strengthening credit delivery systems and rehabilitation of potentially viable sick units.

iii) Fiscal support.

iv) Technology upgradation for modernizing micro and small enterprises, including IT support.

v) Bridging critical infrastructural gaps.

vi) Extending comprehensive marketing support.
vii) Promoting cluster development with wide-ranging measures for comprehensive development and capacity building.

viii) Promoting entrepreneurship development and encouraging skill improvement.

ix) Redefining the role of existing implementation mechanisms to make them more responsive.

x) Strengthening bilateral and international co-operation.

2.11.3 Organisational Set up:

Most of the programmes and schemes for the development of the sector are implemented through two principal organizations of the Ministry, viz. Small Industries Development Organisation (SIDO) and National Small Industries Corporation (NSIC). Besides, there are three national level Entrepreneurship Development Institutes at Hyderabad, Noida and Guwahati. A National Commission for Enterprises for Unorganised Sector (NCEUS) has also been set up recently by the Government with headquarters in New Delhi.

2.11.3.1 Small Industries Development Organisation (SIDO):

The major activities of SIDO, established in 1954, include:

a) Advising the Government on policy formulation for promotion and development and enhancement of competitiveness of small-scale industries.

b) Facilitating credit flow to micro and small enterprises through support measures like the Credit Guarantee Fund Scheme.

c) Providing techno-economic and managerial consultancy, common facility and extension services to small-scale units.
d) Providing support measures for technology upgradation, (Credit Linked Capital Subsidy Scheme), modernization of management, product/process quality improvement (including product testing and instrument/equipment calibration) and creation and upgradation of infrastructure facilities through individual schemes/programmes as well as to clusters under Small Industries Cluster Development Programme.

e) Human resource development through training and skill upgradation.

f) Providing economic information, including market analysis, services.

g) Market promotion measures and facilitating linkage of small-scale industries as ancillaries to large and medium scale industries.

h) Conducting periodical census/survey of the small-scale industries and generating data/reports on various important parameters/indicators of growth and development of the sector.

i) Maintaining close liaison with other central Ministries, Planning Commission, State Governments, Financial Institutions and other organizations concerned with the development of small-scale industries.

j) Maintaining a comprehensive web site for wide dissemination of all relevant information relating to the activities of SIDO.

The Small Industries Development Organisation (SIDO) comprises the Office of the Development Commissioner (Small-scale Industries) with headquarters in New Delhi, 30 Small Industries Service Institutes (SISIs), 29 Branch SISIs, 4 Regional Testing Centres (RTC), 7 Field Testing Stations (FTS), one Hand Tool Design Development and Training Centre (HTDD &TC), and two Small Entrepreneurs Promotion and Training Institutes(SEPTI) at various locations in the country. It is an
attached Office of the Ministry of SSI. There is at least one SISI located in every State and in some cases more. The four Regional Testing Centres are located at New Delhi, Mumbai, Chennai and Kolkata.

Several guarantee institutions/autonomous bodies also function under the administrative control of the SIDO. AS&DC (SSI) is the ex-officio Chairman of the Governing Councils of these autonomous societies. The activities of these societies range from research and development to tool design, die making, process-cum-product development, training in footwear technology, etc.

2.11.3.2 National Small Industries Corporation (NSIC):

It was established in 1955 with a view to promoting, aiding, and fostering the growth of small-scale industries and industry-related small-scale services/business enterprises in the country, on a commercial footing. During the last 50 years, the Corporation expanded its activities in the areas of marketing, technology, financing and information support to small enterprises in the country. The emerging competitive business environment and dismantling of the market barriers provide an added impetus for enlarging the activities of NSIC. In line with the current economic changes, the Corporation has introduced many new schemes from time to time for the development of small enterprises. The Corporation is now an ISO:9001-2000 company, providing services of marketing assistance, technology upgradation and entrepreneurship development. The scheme of assisting these enterprises in obtaining performance-cum-credit rating is the latest initiative of the Government being implemented by the NSIC with the assistance of noted rating agencies operating in the country.
2.11.4 Institutional Network:

Entrepreneurship is most important to India's growth and future development, given the key role small and medium scale industries are expected to play in its development. While entrepreneurship initiatives in rural areas increases the standard of living there, for the poor and middle-income sections small and medium industries are the resource providers at various levels of the value chain.

Indian economy is blessed with many organisations that provide training and support facilities to aspiring and existing entrepreneurs. They have many world-class programmes that help develop the nation's entrepreneurial culture. These organisations deliver regular and customised programs in the area of entrepreneurship development.

The Development Commissioner (SSI) heads the Small Industry Development Organization (SIDO), which has a network of 30 Small Industries Service Institutes (SISIs), 28 Branch Small Industries Service Institutes (Br. SISIs), four Regional Testing Centres (RTC), seven Field Testing Stations (FTSs), 19 Autonomous bodies which include 10 Tool Rooms (TRs) and Tool Design Institutes (TDI), four Product-cum-Process Development Centres (PPDCs), two Central Footwear Training Institutes (CFTIs), one Electronics Service and Training Centre (ESTC), one Institute for Design of Electrical Measuring Instruments (IDEMI), two National Level Training Institutes, and one Departmental Training Institute and one Production Center.
2.11.5 Government Schemes for Small-Scale Industries:

Small Industry Cluster Development Programme was established for promoting technology upgradation in clusters for a group of small-scale units of one industry. Various schemes are detailed below.

a) Scheme for Capacity Building for strengthening of database and advocacy by industry/enterprise associations, as envisaged in the promotional package for small enterprises.

b) Credit Linked Capital Subsidy Scheme for Technology Upgradation aims at facilitating technology upgradation by providing 15 per cent upfront capital subsidy with effect from the 29th September, 2005 to small enterprises, including tiny, khadi, village and coir industrial units, on institutional finance availed of by them for induction of well established and improved technologies in the specified sub-sectors/products approved under the scheme. The revised ceiling on loan amount for availing the benefit under this scheme is Rs.100 lakhs.

c) Credit Guarantee Scheme grants collateral free loan up to a limit of Rs. 25 lakhs for individual small enterprises.

d) ISO 9000 / ISO 14001 Certification Reimbursement Scheme grants reimbursement of expenses for acquiring Quality Management System (QMS) ISO 9000 certification / Environment Management System (EMS) ISO 14001 certification to the extent of 75 per cent or Rs.75, 000 whichever is lower for individual small, ancillary, tiny and small-scale service business enterprises.

e) Participation in the International Exhibitions/Fairs Scheme for registered small and micro manufacturing enterprises with DIC.
f) Scheme for reimbursement of fees to adopt bar-coding aims at recognising the importance of bar-coding and avail financial assistance through the Office of Development Commissioner.

g) Purchase and Price Preference Policy is administered through the Single Point Registration Scheme of NSIC. Under this, 358 items are reserved for exclusive purchase from small and micro enterprises by Central Government. Other facilities include tender documents free of cost, exemption from earnest money and security deposit and 15 per cent price preference in Central Government purchases for individual, small and micro enterprises.

h) Integrated Infrastructure Development Scheme grants assistance up to 40 per cent or Rs.2.00 crores, whichever is less, for setting up industrial estates for small and micro units.

i) Mini Tool Room Scheme grants assistance up to 90 per cent or Rs.9.00 crores, whichever is less, for setting up new mini tool rooms. For upgradation of existing tool rooms, assistance is 75 per cent or Rs.7.5 crores for State Governments.

j) Testing Centres Scheme grants assistance up to a 50 per cent or Rs.50 lakhs, whichever is less, for setting up testing centres for industrial associations.

k) Sub-Contracting Exchanges Scheme gives one time grant for procurement of hardware and thereafter matching grant on tapering basis at 50 per cent, 30 per cent and 10 per cent of running expenses, not exceeding Rs.1.25 lakhs, Rs.0.75 lakhs and Rs.0.25 lakhs respectively during the initial three
years, subject to a ceiling of Rs.1.57 lakhs per exchange for industrial associations.

l) SSI MDA Scheme offers funding up to 90 per cent in respect of to and fro air fare for participation by small and micro entrepreneurs in overseas fairs/trade delegations. The scheme also provides for funding for producing publicity material (up to 25 per cent of costs), sector specific studies (up to Rs.2 lakhs) and for contesting anti-dumping cases (50 per cent up to Rs.1 lakh) for individual small and micro enterprises and industrial associations.

m) Assistance to Entrepreneurship Development Institutes for strengthening training infrastructure in EDIs, assistance up to 50 per cent or Rs.50 lakhs whichever is less for State Governments.

n) Programmes and Schemes of the Ministry of Small-scale Industries are Scheme for International Co-operation, Scheme of Surveys, Studies and Policy Research, Entrepreneurship Development Institution Scheme, Prime Minister’s Rozgar Yojana (PMRY), Scheme of fund for Regeneration of Traditional Industries (SFURTI), Rural Employment Generation Programme (REGP), Product Development, Design Invention and Packaging (PRODIP), Khadi Kairgar Janashree Bima Yojana for Khadi Artisans and Interest Subsidy Eligibility Certification (ISEC).

2.11.6 Other SSI Schemes:

1. Small Industries Development Bank of India (SIDBI) provides Technology Development and Modernisation Fund Scheme for providing
finance to existing SSI units for technology upgradation and modernization.

2. Khadi and Village Industries Commission (KVIC) assist the development and promotion and disbursal of rural and traditional industries in rural and town areas.

3. Under Tax Holiday Scheme, tax holiday has been granted for new industrial undertakings located in all of the North Eastern States.

4. Composite Loan Scheme envisages sanction and disbursement of working capital and term loan together from a single agency.

5. Industrial Estate Schemes objective is to encourage and support the creation, expansion and modernization of SSI.

6. Factoring Services make available the much needed working capital to SSI.

2.12 AWARDS FOR SMALL-SCALE INDUSTRIES

Small-scale entrepreneurs, whose units are permanently registered with the State Directorate of Industries and established within the preceding eight years from the year of the awards and is in continuous production since last four years before the year of award, are eligible for awards. Applications in prescribed format are invited through advertisement in newspapers covering all the States/ Union Territories. Applications are routed through a two-tier selection system, i.e., initial recommendation by the State/UT Level Selection Committee and the final selection by the National Level Selection Committee.
These awards are given for every calendar year on the basis of recommendation by the State/Union Territory level Selection Committee and the final selection by the National Level Selection Committee. The scheme envisages conferring of three National Awards (First, Second and Third) and one Special Recognition Award for an entrepreneur belonging to each State/UT. The first, second and third prizes each carry besides a trophy and certificate, along with a cash award.

2.12.1 National Awards for Outstanding SSI Entrepreneurs:

These awards are given away from the year 1983 to small-scale entrepreneurs for encouraging and motivating them to set up small-scale units and to recognize their efforts to modernize their industries with a view to upgrading the quality of their products, enhancing the productivity, increasing their share both in the domestic/export markets, innovating new technology/design and bringing in technological improvements.

The first, second and third prizes each carry besides a trophy and certificate, a cash award of Rs. 25,000, Rs.20,000 and Rs.15,000, respectively. In 1993 a special prize at par with first National Award to honour an outstanding woman entrepreneur and an outstanding SC/ST entrepreneur was introduced. The Special Recognition Awards are given to an entrepreneur in each applicant State/UT, and carries besides a trophy and certificate, a cash prize of Rs.10,000.

2.12.2 National Awards for Quality Products in Small-Scale Sector:

These awards are given away from the year 1986 to encourage small-scale industries to produce quality products conforming to national and international standards, to propagate a culture of quality consciousness amongst a vast section of
small-scale manufacturing units and to instil a sense of confidence in small industry products with the domestic consumers and to enhance the image of Indian products in export markets. The award consists of a trophy, a certificate and cash prize of Rs.25,000 for quality product in each of the product groups.

Small-scale industries permanently registered with the Directorate of Industries and in production for a minimum of four years preceding the year of awards are eligible for selection under this scheme. The applications for award are invited through advertisement in newspapers and are routed through Director of SISI in each state. The small-scale units engaged in the production of quality products included in Select Product Groups are given an award. The selection of awardees is done through a two-tier selection system, i.e., initial recommendation by the State/UT Level Selection Committee and the final selection by the National Level Selection Committee.

2.12.3 National Award for Research and Development Effort in Small-Scale Sector:

The award is given from the year 2001 for the award year 1999 to promote the concept of in-house research and development efforts for strengthening technical soundness and promoting the spirit of innovation exhibited by the unit.

2.13 TRAINING INSTITUTES FOR ENTREPRENEURSHIP DEVELOPMENT

As entrepreneurship development and training is one of the key elements for the promotion of small-scale industries, the Ministry has established various national institutes, viz. the National Institute of Small Industry Extension Training (NISIET)
at Hyderabad, the National Institute of Entrepreneurship and Small Business Development (NIESBUD) at Noida and the Indian Institute of Entrepreneurship (IIE) at Guwahati as autonomous bodies. These Institutes are responsible for development of training models and undertaking of research and training for entrepreneurship development in the SSI sector. Other institutes are National Commission for Enterprises in the unorganized sector; Entrepreneurship Development Institute of India (EDII), Ahmedabad; Entrepreneurship Development Cell, Kochi; Small Entrepreneurs Promotion and Training Institute, Thiruvalla; Kerala Institute for Entrepreneurship Development (KIED); and Integrated Training Centre (Industries), Nilokheri.

2.14 NATIONAL LEVEL FINANCIAL INSTITUTIONAL SUPPORT

The banks recognized the importance of small-scale industries in industrial development and started financing small-scale industries on a large-scale. To cater to the specific needs of this sector, short-term, medium-term, and long-term loans are provided by the bank. The sources that usually provide working capital requirements are the commercial banks and fixed capital requirements are provided by the Small Industries Development Bank of India (SIDBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), National Bank for Agricultural and Rural Development (NABARD), Industrial Credit and Investment Corporation of India (ICICI), National Minorities Development and Finance Corporation (NMDFC), North Eastern Development Finance Corporation Limited
(NEDFCL), National Federation of State Co-operative Banks Limited (NAFSCOB), Unit Trust of India (UTI).29

2.15 TRADE ASSOCIATIONS

The oldest and most widespread trade organizations are Chambers of Commerce, also known as commercial associations, boards of trade, and development associations. Their main focus is the development of business opportunities and community development. In general, it is a voluntary association of business firms organized on a geographic or industrial basis to promote and develop commercial and industrial opportunities within its sphere of operation, to voice publicly the views of members on matters of common interest and in some cases to exercise some measures of control over prices, output and channels of distribution.

In India, the trade associations have been actively involved in entrepreneurship development programme and identifying and giving training to potential entrepreneurs. The promotional activities like carrying out industrial potential surveys, identification of potential entrepreneurs, conducting entrepreneurship development programmes and providing counseling and technical consultancy services are provided to develop SSI sector. There are several trade associations at national level, state level and district level engaged in conducting various programmes for the development and promotion of SSI sector in India. In Madurai district, 14 associations are functioning for the development of SSIs.

2.16 CONCLUSION

In this chapter an overall view of small-scale industries in India has been analysed. This chapter highlights the details of the status of small-scale enterprises, registration of small-scale industries, and various industrial policies of the government. In addition, the role played by the small-scale industries under various Plan periods is clearly explained. The performances of small-scale industries in India are also highlighted in this chapter. The various facts relating to small-scale industries in Tamil Nadu and Madurai district have been detailed in this chapter.