CHAPTER IV
ROLE AND FUNCTIONS OF DISTRICT INDUSTRIES CENTRE
– A MACRO VIEW

4.1 Overview

The District Industries Centres (DIC’s) programme was started in 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas. The DIC’s are envisaged as a single window interacting agency at the district level providing service and support to small entrepreneurs under a single roof. DIC’s are the implementing arm of the central and state governments of the various schemes and programmes. Registration of small industries is done at the district industries centre and PMRY (Pradhan Mantri Rojgar Yojana) is also implemented by DIC. The organizational structure of DIC’S consists of General Manager, Functional Managers and Project Managers to provide technical services in the areas relevant to the needs of the district concerned. Management of DIC is done by the state government.

Progress of DIC Till March 31st 1998, 422 District Industries Centres (DICs) have been set up covering 431districts of country leaving out the metropolitan cities and some new districts. The same rose to a total of 640 Districts as per the census of 2011.

4.2 The Aim of District Industries Centre

In each district one agency to deal with all requirements of small and village Industries. This is called “District Industries Centre”, The District Industries Centres have undertaken various programmes for investment promotion at the grass root level such as organizing seminars workshops, extending support for trade fairs and exhibitions organized by various Industry’s associations. All the services and support required for MSME units under was the single roof of the District Industries Centre. The Centre has a
separate wing to look after the special needs of cottage and house-hold industries as district from small industries.

**TABLE: 4.1**
**AIM OF DIC**

<table>
<thead>
<tr>
<th>Areas</th>
<th>Aim</th>
</tr>
</thead>
</table>
| Development of Industries        | • To develop the small Scale Industries and Cottage Industries in the Union Territory of Pondicherry.  
                                | • To develop the human skill needed for the above industries by sending the youth to industries to gain experience by working in the plant itself.  
                                | • To bring the modern techniques developed to the knowledge of industrialists, entrepreneurs and to their representative |
| Development of Handicrafts       | • To revive the vanishing handicrafts  
                                | • To increase the number of artisan by giving training and to boost their livelihood.  
                                | • To develop the new techniques in handicrafts in our Territory  
                                | • To enhance sale of handicraft articles |
| Development of Khadi and Village Industries | • To arrange for grant-in-aid for the development of khadi and village Industries through Pondicherry Khadi and Village Industries Board. |
| Development of Coir              | • To develop the coir based industries |
| Marketing and Publicity          | • To arrange for exhibition/publicity for sale of products manufactured in the Union Territory /districts |
| Implementing Centrally Sponsored Schemes | • To implement the welfare schemes on self-employment introduced by the Central Government |

Source: DIC, Thoothukudi – 2009-10

**4.3 Functions of DICs**

The DIC’s art funded by the State government concerned and the Centre jointly. The Government has provided substantial assistance to the DIC’s which can be spent by DICs on construction of an office building, expenditure on furniture, fixtures, equipment, vehicles and other recurring expenses. With
this basis facility, DIC’s in the district level undertakes various promotional measures with a view to bringing out all development of SME in the district. In starts from exploration of potential entrepreneurs to marketing the products produced by the SMEs. The DICs provide and arrange a package of assistance and facilities for credit guidance, raw materials, training, marketing etc. including the necessary help to unemployed educated young entrepreneurs in general. Thus it may be said that DIC extends promotional, technical, physical, financial, marketing and all other type of services, required for growth and development of SSI. The important functions of DICS are discussed as follow:

1. **Identification of Entrepreneurs:** DIC’s develop new entrepreneurs by conducting entrepreneurial motivation programmes throughout the district particularly under SEEUY scheme. DICs also take association of SIS’s and TCOs for conducting EDPs.

2. **Provisional Registration:** Entrepreneurs can get provisional registration with DICs which enable them to take all necessary steps to bring the unit into existence. The entrepreneur can get assistance from term lending institutions only after getting provisional registration. The provisional registration is awarded for two years initially and can be renewed every year but only for two times.

3. **Permanent Registration:** When the entrepreneur completes all formalities required to commence the production like selection of site, power connection, installing machinery etc they can apply to DIC for permanent registration. It is only after getting the permanent registration that the entrepreneur can apply for supply of raw materials on concessional rates. Permanent registration is essential to avail all types of benefits extended by the government from time to time.

4. **Purchases of Fixed Assets:** The DIC’s recommend loan applications of the prospective entrepreneur to various concerned financial and developmental
institutions e.g. NSIC, SISI etc. for the purchase of fixed assets. It also recommend to the commercial banks for meeting the working capital requirement of SSI to run day-to-day operations.

5. **Clearances from Various Departments:** DIC takes the initiative to get clearances from various departments which is essential to start a unit. It even takes follow up measures to get speedy power connection.

6. **Assistance to Village Artisans and Handicrafts:** In spite of inherent talent and ability, village artisans are not better off because they lack financial strength to strive in the competitive market. DIC in support with different lead banks and nationalized banks extends financial support to those artisans.

7. **Incentives and Subsidies:** DIC helps SMEs and rural artisans to subsidies granted by government under various schemes. This boost up the moral as well as the financial capacity of the units to take further developmental activities. The different types of subsidies are power subsidy, interest subsidy for engineers and subsidy under IRDP etc. from various institutions.

8. **Interest Free Sales Tax Loan:** SIDCO provides interest free sales tax loan up to a maximum limit of 8 per cent of the total fixed assets for SSI units set up in rural areas. But the sanction order for the same is to be issued by DIC. The DIC recommends the case of SME to National Small Industries Corporation Limited for registration for Government purchase programme.

9. **Assistance of Import and Export:** Government is providing various types of incentives for import and export of specific goods and services. These benefits can be availed by any importer or exporter provided the same is routed through the concerned DIC. Export and import license is also issued to the importer or exporter only on the basis of recommendation of DIC.

10. **Fairs and Exhibitions:** The DIC inspires and facilitates the SSI units to participate in various fairs and exhibitions which are organized by the
Government of India and other organizations to give publicity to industrial products. DICs provide free space to SMEs for the display of their products and provide financial assistance for the purpose.

11. **Training Programmes:** DIC organizes training programs to rural entrepreneurs and also assists other institutions or organization imparting training to train the small entrepreneurs.

12. **Self-employment for Unemployed Educated Youth:** The DICs have launched a scheme to assist the educated unemployed youth by providing them facilities for self-employment. The youth should be in the age group of 18 to 35 years with minimum qualification of Metric or Middle with I.T.I. in engineering or Technical Trade. Technocrats and women are given preference.
<table>
<thead>
<tr>
<th>Functions</th>
<th>Work Nature</th>
</tr>
</thead>
</table>
| Registration  | • EM Part-I acknowledgement  
• EM Part-II acknowledgement  
• C.S.P.O.  
• Lubricating, Oil, Grease License |
| Recommendation| • Land recommendation for N.A.  
• NSIC Report |
| Incentive Scheme | • Sanction and Disbursement of interest Subsidy in New Industries Policy  
• Quality Upgrading  
• Cluster Development  
• Critical Infrastructure Development  
• Industrial Park  
• Textile & Apparel  
• gems & Jewellery  
• Energy and water conservation  
• Patent Assistance’  
• Support to R&D Institution  
• Market Development  
• Scheme for Assistance to MSME & Medium Enterprises |
| Organizing Seminars | • District or Taluk Level  
• Buyer-Seller & Exhibition |
| Others Activities | • Recovery of Package Loan margin Money Loan & Subsidy  
• Welfare of Salt Workers and Recovery of Royalty from Salt Workers, Namak Majdor Awas Yojana.  
• Follow up of Industrial Approvals.  
• Follow up of units which have availed benefits under incentives schemes |
| Self-Employment scheme | • Recommendation of loan applications under Vajpayee Bankable Scheme  
• Recommendation of loan application under PMEGP Scheme Manav Kalyan Yojana – Tool kits to artisans. |
| Co-operative Package Scheme | • Package Scheme  
• Handloom Development Scheme  
• Training & Production centre  
• Woolen Carpet Centre  
• Weaving Scheme  
• Recovery of Loan & Share contribution of Co-operative Societies  
• Liquidation of Industrial Society  
• Preparation of Project Profiles  
• Audit of Industrial Society  
• Gramodyog Vikas Kendra  
• Hastakala Mela |

Source: DIC, Thoothukudi – 2009-10
The main functions of DIC are:

- To prepare and keep model project profiles for reference of the entrepreneurs.
- To prepare action plan to implement the schemes effectively already identified.
- To undertake industrial potential survey and to identify the types of feasible ventures which can be taken up in ISB sector, i.e., industrial sector, service sector and business sector.
- To guide entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its supply and procedure for importing machineries.
- To provide guidance for appropriate loan amount and documentation.
- To assist entrepreneurs for availing land and shed equipment and tools, furniture and fixtures.
- To appraise the worthiness of the project-proposals received from entrepreneurs.
- To help the entrepreneurs in obtaining required licenses/permits/clearance.
- To assist the entrepreneurs in marketing their products and assess the possibilities of ancillarization.
- To conduct product development work appropriate to small industry.
- To help the entrepreneurs in clarifying their doubts about the matters of operation of bank accounts, submission of monthly, quarterly and annual returns to government departments.
- To conduct artisan training programme.
- To act as the nodal agency for the district for implementing PMRY (Prime Minister Rojgar Yojana).
- To function as the technical consultant of DRDA in administering IRDP and TRYSEM programme.
• To help the specialized training organizations to conduct Entrepreneur development programmes.

Role of DIC for the promotion of Small Scale & Cottage Industries.

2. Information on sources of machinery & Equipment.
3. Priority in Power supply / Telephone connection.
4. Promotion of new Industrial Estates / Growth Centres.
5. Land/ Shed in Industrial Estate.
6. Approval of Project Reports of special types.
7. Promotion of Electronic Industries.
10. Assistance under State Incentives Scheme.
13. Financial assistance through Bank/ WBFC/ WBSIC/NSIC.
14. Assistance under Equipment Leasing Scheme through NSIC.
15. Marketing linkage with Central Govt./ State Govt. organisations/ undertakings.
16. Marketing assistance through WBSIC/NSIC/CEO.
17. Ancillary Industry tie-up with Govt. undertakings.
18. Marketing information.
19. Marketing assistance through participation in Exhibitions/ Trade Fairs/ Buyers-Sellers Meet etc.
20. Marketing assistance to Handicrafts Artisans through participation in Handicrafts Expo and Exhibition inside/ outside of the state.
21. Linkage with organisations like WBHDC/ WB State Handicrafts Co-operative Society Ltd. /Development Commissioners (Handicrafts).
22. Attending problems related to SSI Registration/ Bank loan/ Marketing of production etc.
23. Linkage with Research Institutes like CMERI/CGCRI/NML/CFTRI etc. for technology upgrading and innovation.
24. Financial Assistance for modernization of Unit.
25. Skill development training through own workshop/organization like SISI, PDTC/Coir Board/ETDC.
26. Managerial capability improvement through training, workshop, and seminars.
27. Export assistance.
28. In-plant study of their SSI Units.
29. Standardisation of products.
30. Sick unit Revitalisation.
31. National level awards for innovative products/outstanding growth/exports etc.
32. Promotion of products under Non-conventional Energy Sources.
33. Assistance under Coir development Schemes.
34. Registration of Industrial Co-operative and financial assistance to them.
35. Pollution control.
36. Assistance under scheme promoted by district development. Finance Corporation/ KVI Commission/Board and such other organisations.
37. Single window assistance through SIDA and District Industries Centres.
38. BSAI Loan for Cottage Industries.
40. Awards to Handicrafts Artisans.
41. Development of Lac Industries.
42. Setting up of Bio-gas plants.
43. Linkage with Research Institutes like CMERI/CGCRI/NML/CFTRI etc. for technology upgradation and innovation.
44. Financial Assistance for modernisation of Unit.
45. Skill development training through own workshop/organization like SISI, ETC/Coir Board/ETDC.
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52. Promotion of products under Non-conventional Energy Sources.
53. Assistance under Coir development Schemes.
54. Registration of Industrial Co-operative and financial assistance to them.
55. Pollution Control.
56. Assistance under scheme promoted by W.B. Minority Dev. Finance Corporation/ KVI Commission/ Board and such other organisations.
57. Single window assistance through SIDA and District Industries Centres.
58. BSAI Loan for Cottage Industries.
60. Awards to Handicrafts Artisans.
61. Development of Lac Industries.
62. Setting up of Bio-gas plants.

4.4 Administration

General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Commissioner Level. The General Manager has senior officers to assist him, such as Manager (Raw Material), Manager (Credit), Manager (Economic Investigation), Manager (Marketing) Industrial Promotion Officer(IPO) and Technical Officer cum Project Manager (PM)
4.5 Monitoring of DICs

The functioning of DICs and their achievement is monitored by Industries Commissioner, Meeting of General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes. To resolve the problems of industries/industrialists, there are two types of committee at the district level viz.

i. District Industrial Executive Committee (DIEC)

DIEC is constituted for solving industry related problems and promoting industrial growth. District Collector is the Chairman of this Committee and General Manager of DIC is the Member Secretary. The other members of the DIEC are Presidents of District Panchayats, DDO, MP, MLAs, Prominent persons active in Industries in the district and members of all district level industries associations.

ii. Single Window Industrial Follow up Team (SWIFT)

Entrepreneurs face many difficulties when they start new industries. They have to deal with many government agencies and get many clearances. SWIFT helps them in guiding solving their problems at a single spot. This committee is working under the District Collector, General Manager of DIC is the Member Secretary and District Development Officer is Vice President of
SWIFT. All industries related officers in the district are members of this committee.

4.6 Role of District Industries Centre in Tamilnadu

The District Industries Centre is the institution at the district level, which provides all the services and support facilities to the entrepreneurs for setting up Small and Village Industries. This includes identification of suitable schemes, preparation of feasibility reports, arrangements for credit facilities, machinery and equipment, provision of raw materials and extension services. The District Industries Centre has been pursuing the basic objectives by assisting for optimum utilization in existing industries, faster promotion of new Small Scale Industries and Village Industries with a rural bias and by increasing the employment opportunities in industries sector.

The Small entrepreneur required various types of assistance right from the selection of an item for manufacture, inputs like credit, raw materials, power, land and building etc., under the new scheme of District Industries Centre the entrepreneur can get all such assistance through one agency. General Manager heads the District Industries Centre assisted by Manager (Economic Investigation) to look after the survey & statistical work, Cottage Industries and Village Industries and administration and Manager (Materials) to look after Materials and Infrastructure, Exports, Entrepreneurial Development Programme & Training, exclusively for Women and of course, with other supporting staff.

The main functions of District Industries Centre are:

- Conducting Motivation Campaigns in Block level
- Counseling and guiding the entrepreneurs
- Issuing Provisional registration for SMEs, manually.
- Online Provisional registration for Small Scale Industries, through authorized Browsing Centres.
• Conducting Single Window Committee meeting periodically to get the clearances fast from different agencies like Power, Local body etc.,
• Preparing technical feasibility report, whenever the financial institutions ask for.
• Issuing Permanent SME registration for the industry which commenced production
• Issuing registration certificates for Cottage Industries
• Issuing registration certificates for Handicrafts Industries.
• Counseling and guiding the entrepreneurs to start under New Anna Marumalarchi Thittam (NAMT)
• Granting subsidy on Low Tension Power Tariff @ 30per cent, 20per cent and 10per cent for the first 3 years respectively for the industries set up under NAMT.
• Granting export compensatory subsidy for leather and electronics industries.
• Conducting Task force committees to select the beneficiaries under Rural Employment Generation Programme of Khadhi Village Industries Commission and tying up with financial institutions for loan assistance
• Conducting Task force committees to select the beneficiaries under Prime Minister’s Rozgar Yojana scheme for the educated unemployed youth block wise, train them and tying up with financial institutions for loan assistance
• Conducting Entrepreneur Development Programme at selected institutes to the probable entrepreneurs.
• Conducting exclusive Entrepreneur Development Programme for women under 5 Lakhs women entrepreneur training scheme.
• Conducting seminars, workshops, etc., on industrial development related subjects.
• Formation of Industrial Co-operative Societies in the district
• Recommending the industries for awards of State & Central Governments
• Identifying the sick units and declaring them through District Sick Unit Declaration Committee
• Assisting the SMEs to get their long pending dues from their borrowers through Regional Industry Facilitation Council.
• Recommending SMEs to get actual users certificate to obtain concession in the rate of customs duty while importing Capital Goods
• Assisting the entrepreneur to get scarce raw material
• Assisting the entrepreneur to get the industrial license, if needed
• Assisting SC/ST entrepreneurs under twenty point programme
• Conducting regular meeting with local SMEs to solve any particular problem of SMEs.
• Assisting the banks in recovering the dues from the PMRY beneficiaries by conducting regular recovery campaigns
• Associating with various departments / Government agencies like TAHDCO, TABCEDCO etc, for the uplift of the entrepreneurs belonging to the socially weaker sections
• Assisting and guiding the entrepreneurs in exporting through the proposed Export Cell etc.

i. Organisation of Motivation Campaigns

District Industries Centre identifies the entrepreneurs and renders all assistances by co-ordinate efforts with line departments to commission the small-scale industrial units chosen by them. The motivation conducted yields the result of desire by changing the students’ population as entrepreneurs. There are many agencies providing avenue for development of entrepreneurship including Government. For example, The District Industries Centre, Thoothukudi conducts motivation campaigns in all the Blocks with the assistance of Panchayat Presidents and also for the final year students of
colleges of Engineering and Arts, Polytechnics and also Industrial Training Institutes. Likewise seminars on specific areas namely Information technology, silk weaving, etc. are being arranged in co-ordination with the voluntary organisations. The motivation and seminars done at grass-root level creates a desire among the student population to choose self-employment opportunity instead of waiting for wage employment.

**ii. Entrepreneurship Development Programme for Women:**

Government of Tamilnadu has announced a scheme to train 5 Lakhs women in entrepreneurial skills for self-employment. The Tamilnadu Corporation for Development of Women Limited, Department of Industries and Commerce, Tahdco, and Departments of Agriculture, Backward Classes and Rural Development are the implementing agencies of this scheme. The Industries and Commerce Department has been allocated a target of 25,000 women per year for training in 5 years working out to 1,25,000 women in 5 years. This being the 3rd year of implementation, District Industries Centre, Vilupuram, will impart training for 950 women. It is planned to conduct the EDP training to 400 women under BPL (Below Poverty Line) from the credit rated SHG (Self Help Groups) and 360 technically qualified women. On completion of the EDP training, follow up may be done to provide them with credit linkages.

**iii. SMEs Registration**

Small and medium enterprises Registration is one of the main functions for recognition to obtain incentives and concessions from Government and Government Agencies. Initially, once a person thinks of starting an industry he should determine the activity and the location. Then he has to apply for a provisional registration certificate to District Industries Centre. This registration helps the entrepreneur to get the priority in getting the power connection from TNEB. Also the financial institution needs this certification where ever, the bank goes for refinances with major financial institutes such as SIDBI, ICICI, IDBI, NABARD etc. This certificate has validity of 5 years.
from the date of issue. The cost of the application is Rs. 20/- and is available at District Industries Centre, on cash payment. The certificate is issued within 3 days.

After commencing the production, this registration is converted into Permanent Registration. This certificate is issued to the industry within 30 days, after inspection. This registration helps the entrepreneurs in getting all the incentives / subsidies eligible to them. Further one can get priority in telephone connection, concession in duty while importing capital goods etc. Application can be had from District Industries Centre, free of cost.

An industrial unit is defined as Small Scale Industry, as long as the investment on Plant and Machinery does not exceed Rs. 1 Crore the status of Tiny is given as long as the investment on Plant and Machinery does not exceed Rs.25 Lakhs. All industrial oriented business enterprises/ establishments and service industries are brought under SSSBE (Small Scale Service/ Business Enterprises) category. The investment on Plant and Machinery should not exceed RS.10 lakhs in this case.

iv. Industrial License

After the introduction of Industrial liberalisation policy, Industrial licensing procedure was also liberalised to the maximum extent. Three categories of industries were formed to have separate procedure for starting the same.
### TABLE: 4.3
**INDUSTRIES CLASSIFICATION**

<table>
<thead>
<tr>
<th>Category</th>
<th>Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>List of Industries reserved for the public sector</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Schedule I</strong></td>
<td></td>
</tr>
<tr>
<td>• Arms and ammunition and allied items of defence equipment, Defence aircraft and warships.</td>
<td></td>
</tr>
<tr>
<td>• Atomic energy</td>
<td></td>
</tr>
<tr>
<td>• Coal and lignite.</td>
<td></td>
</tr>
<tr>
<td>• Mineral oils.</td>
<td></td>
</tr>
<tr>
<td>• Mining of iron ore, manganese ore, chrome ore, gypsum, sulphur gold and diamond.</td>
<td></td>
</tr>
<tr>
<td>• Mining of copper, lead, zinc, tin, molybdenum and wolfram.</td>
<td></td>
</tr>
<tr>
<td>• Minerals specified in the Schedule to the Atomic Energy (control of Production and Use) Order, 1953</td>
<td></td>
</tr>
<tr>
<td>• Railway transport.</td>
<td></td>
</tr>
<tr>
<td><strong>List of industries in respect of which industrial licensing is compulsory</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Schedule II</strong></td>
<td></td>
</tr>
<tr>
<td>• Distillation of Brewing of alcohol drink.</td>
<td></td>
</tr>
<tr>
<td>• Cigars, Cheroots, Cigarettes of Tobacco or Tobacco substitutes.</td>
<td></td>
</tr>
<tr>
<td>• Hazardous chemicals</td>
<td></td>
</tr>
<tr>
<td>• Electronic aerospace and defence equipment of all types.</td>
<td></td>
</tr>
<tr>
<td>• Drugs and Pharmaceuticals (as per drug policy as Sep. 1994)</td>
<td></td>
</tr>
<tr>
<td>• Industrial Explosives including detonating fuses, Safety fuses, Gun powder, Nitro cellulose and matches</td>
<td></td>
</tr>
<tr>
<td><strong>All industries reserved for small scale industries</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Schedule III</strong></td>
<td></td>
</tr>
</tbody>
</table>

v. **Advantages of Registration as SME**

1. Priority in getting the Electricity Power connection & Telephone connection.
2. While competing in tenders, EMD / SD exemption are eligible for SMEs and tender forms may be given free of cost.
3. Power tariff will be charged under III-A & III-B only.
4. Single window clearance facility is available to get various clearances from Government departments to set up industry.
5. Orders have been issued for exclusive procurement of reserved item from SMEs only by Government Departments.
The registration scheme has no statutory basis. Units would normally get registered to avail some benefits, incentives or support given either by the Central or State Government. It is to be noted that the Banking Laws, Excise Law and the Direct Taxes Law have incorporated the word SME in their exemption notifications. Though in many cases they may define it differently. However, generally the registration certificate issued by the registering authority is seen as proof of being SME. States/UTs have their own package of facilities and incentives for small scale. They relate to development of industrial estates, tax subsidies, power tariff subsidies, capital investment subsidies and other support. Both the Centre and the State, whether under law or otherwise, target their incentives and support packages generally to units registered with them.

4.7 Promotion of Micro, Small and Medium Enterprises in Tamilnadu

In recent years the Micro, Small and Medium Enterprises Sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. Thus, Micro, Small and Medium Enterprises are important for the national objectives of growth with equity and inclusion.

Tamil Nadu accounts for the largest number of (15.07 per cent) Micro, Small and Medium Enterprises (MSMEs) in the country with 6.89 lakhs registered MSMEs, producing over 8,000 varieties of product for a total investment of more than Rs.32,008 crores.

Tamil Nadu is a leader in Auto parts and components, Readymade Garments and Leather and leather goods. In order to give special drive the following 13 Industries have been identified as thrust sector:

1. Electrical and electronic industry
2. Leather and leather goods
3. Auto parts and components
4. Drugs and pharmaceuticals.
5. Solar energy equipment.
7. Pollution Control equipments.
9. Cost effective building material.
11. Food processing
12. Plastic and
13. Rubber

The Commissionerate of Industries and Commerce, Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) and Tamil Nadu Small Industries Corporation Limited (TANSI) play an increasingly effective catalyst role by rendering services in issuing industrial clearances and granting subsidies, allotment of industrial plots, providing and developing infrastructure facilities and supply of plant and machineries required by the Micro, Small and Medium Enterprises. The Entrepreneurship Development Institute, popularly called EDI was constituted by the Government in 2001 with the aim to fulfill the long felt-need for creating an apparatus for catering to the training needs of small scale industries.

4.7.1 Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 seeks to facilitate the development of these enterprises and also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of “enterprises” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative
mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. As per the MSMED Act, the enterprises are classified into manufacturing and service enterprises based on their investment in plant and machinery / equipment (excluding land and building) as indicated below:

**TABLE: 4.4 ENTERPRISES CLASSIFICATION**

<table>
<thead>
<tr>
<th>Category</th>
<th>Investment in Plant &amp; Machinery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing Enterprises</strong></td>
<td></td>
</tr>
<tr>
<td>Micro Manufacturing Enterprises</td>
<td>Up to Rs.25 lakhs</td>
</tr>
<tr>
<td>Small Manufacturing Enterprises</td>
<td>Above Rs.25 lakhs &amp; upto Rs.5 Crores</td>
</tr>
<tr>
<td>Medium Manufacturing Enterprises</td>
<td>Above Rs.5 Crores &amp; upto Rs.10 Crores</td>
</tr>
<tr>
<td><strong>Service Enterprises</strong></td>
<td></td>
</tr>
<tr>
<td>Micro Service Enterprises</td>
<td>Up to Rs.10 lakhs. - Small Service Enterprises</td>
</tr>
<tr>
<td>Small Service Enterprises</td>
<td>Above Rs.10 lakhs and upto Rs.2 Crores.</td>
</tr>
<tr>
<td>Medium</td>
<td>Above Rs.2 Crores and upto Rs.5 Crores.</td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11

**4.7.2 Micro, Small and Medium Industries Policy 2008**

The objective of the Micro, Small and Medium Industries Policy 2008 is to enhance the competitiveness of the Micro, Small and Medium Enterprises sector, to sustain the annual growth rate of over 10 per cent for MSMEs and to generate direct and indirect employment opportunities to the tune of 10 lakhs during the XI Five Year Plan period. The objective of generating 10 lakh employment opportunities is sought to be achieved by motivating entrepreneurs in the State to take up self-employment and industrial ventures through various financial incentives and promotional schemes announced in the MSMI Policy of the State. The details of employment generated through various schemes implemented by the State during the XI Plan period are given below:
### TABLE: 4.5
EMPLOYMENT GENERATED IN MSMS SECTOR
DURING THE XI\textsuperscript{TH} FIVE YEAR PLAN

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Scheme</th>
<th>Employment Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2007-08</td>
</tr>
<tr>
<td>1.</td>
<td>PMRY / PMEGP Scheme</td>
<td>52655</td>
</tr>
<tr>
<td>2.</td>
<td>NAMT Scheme</td>
<td>1180</td>
</tr>
<tr>
<td>3.</td>
<td>MSME Registration (EM Part II)</td>
<td>72972</td>
</tr>
<tr>
<td>4.</td>
<td>Cottage Industries Registration</td>
<td>13958</td>
</tr>
<tr>
<td>5.</td>
<td>Handicrafts Industries Registration</td>
<td>8134</td>
</tr>
<tr>
<td>6.</td>
<td>Industrial Cooperatives</td>
<td>1700</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>150599</strong></td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11

The Policy focuses on the development of MSMEs in the State through incentive schemes, infrastructure development, technology upgrading, skill development, marketing support, deregulation and simplification, administrative reforms and rehabilitation of sick enterprises in the State.

#### 4.7.3 Flow of Credit to MSME Sector

The Government of India has been extending liberal financial support to MSMEs through banks and financial institutions. The credit flow to MSMEs is regularly monitored by State Level Bankers’ Committee (SLBC) Meeting at the State level.

### TABLE: 4.6
FLOW OF CREDIT TO MSME SECTOR

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Year</th>
<th>Credit to MSMEs (Rs. in Crores)</th>
<th>Total Credit to priority sector (Rs. in Crores)</th>
<th>Percentage Credit Flow to MSMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2007-08</td>
<td>7617.16</td>
<td>33282.89</td>
<td>22.89per cent</td>
</tr>
<tr>
<td>2.</td>
<td>2008-09</td>
<td>8260.98</td>
<td>37859.32</td>
<td>21.82per cent</td>
</tr>
<tr>
<td>3.</td>
<td>2009-10</td>
<td>9303.25</td>
<td>44709.83</td>
<td>20.81per cent</td>
</tr>
<tr>
<td>4.</td>
<td>2010-11</td>
<td>10374.78</td>
<td>52224.00</td>
<td>19.86per cent</td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11
At the District level the same is monitored by the District Level Bankers' Committee Meeting with District Collector as its Chairman. The flow of credit for the MSMEs during the XI Plan period is given below:

4.7.4 The Commissionerate of Industries and Commerce

The Commissionerate of Industries and Commerce is the nodal agency for the development of industries in general and micro, small and medium enterprises in particular, in the State. The Commissionerate implements various programmes laying emphasis on the development of micro, small and medium enterprises in the State. District Industries Centres (DICs) are functioning in 30 Districts excluding Chennai District in Tamil Nadu. In Chennai District, the Regional Joint Director renders all help to the prospective entrepreneurs for starting and sustaining the micro, small and medium enterprises. District Industries Centres provide escort services to the entrepreneurs, i.e., identification of enterprises, the preparation of project profile, obtaining financial assistance from financial institutions, obtaining statutory clearances from various Government Departments and sanction and disbursement of subsidies. With the objective of increasing exports in the State, the Government has designated the Industries Commissioner and Director of Industries and Commerce as "State Export Commissioner", based on the MSMI Policy, 2008.

4.7.5 Incentive Schemes

The following incentive schemes are being extended to micro, small and medium enterprises in the State:

a. Exclusive subsidy schemes for micro manufacturing enterprises established anywhere in the State

- 15 per cent capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.3.75 lakhs.
b. Subsidy schemes for micro, small and medium manufacturing enterprises established in industrially backward blocks and agro-based enterprises set up in all the blocks in the State.

Micro, small and medium manufacturing enterprises coming up in 251 industrially backward blocks, all industrial estates promoted by the Government and Government Agencies like SIPCOT, TANSIDCO, etc., (excluding Industrial Estates located within the radius of 50 Kms from Chennai city centre) and agro-based enterprises set up in all the 385 Blocks in the State are eligible for the following package of incentives:-

i. 15per cent capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.30 lakhs.

ii. 5per cent additional employment intensive subsidy on the value of eligible plant and machinery for giving employment to 25 workers for 3 years within the first 5 years from the date of commencement of commercial production, subject to a maximum of Rs.5 lakhs.

iii. 5per cent additional capital subsidy on the value of eligible plant and machinery for enterprises set up by women, SC/ST, differently abled and trans-gender entrepreneurs subject to a maximum of Rs.2 lakhs.
iv. 25 per cent additional capital subsidy on the value of eligible plant and machinery installed to promote cleaner and environment-friendly technologies subject to a maximum of Rs.3 lakhs and certification by the Tamil Nadu Pollution Control Board.

v. 20 per cent low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection whichever is later.

c. Special Capital Subsidy for Thrust Sector Enterprises set up anywhere in the State

A Special Capital Subsidy of 15 per cent on the eligible plant and machinery (subject to a maximum of Rs.30.00 lakhs) is extended to the 13 thrust sector enterprises setup anywhere in the State viz., Electrical and Electronic Industry, Leather and Leather goods, Auto parts and components, Drugs and Pharmaceuticals, Solar Energy Equipment, Gold and Diamond Jewellery for exports, Pollution Control equipments, Sports Goods and Accessories, Cost effective building materials, Readymade Garments, Food Processing, Plastic and Rubber Industries.

d. Generator Subsidy

Micro, small and medium manufacturing enterprises anywhere in the State, which purchases Generator set upto 125 KVA capacity is eligible for Generator Subsidy at 25 per cent of the cost of the generator set, subject to a maximum of Rs.1.50 lakhs.

e. Back-ended Interest Subsidy

Back-ended interest subsidy at the rate of 3 per cent, subject to a maximum of Rs.10.00 lakhs for a period of 5 years is being provided to micro, small and medium manufacturing enterprises for term loan upto Rs.100 lakhs obtained for
- Technology upgrading/ modernization
- National Equity Fund (NEF) Scheme
- ISO certification
- Research and development resulting in registration of patents and intellectual property rights
- Credit Guarantee Fund Trust Scheme (CGFTS).
- TIIC will provide credit to MSME with 3 percent interest rebate.

The fund allocation and expenditure under various incentive schemes to MSMEs for the year 2010-11 are given below:

**TABLE: 4.7**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Name of the scheme</th>
<th>Fund Allotted</th>
<th>Fund Utilised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Capital Subsidy</td>
<td>4500.00</td>
<td>4500.00</td>
</tr>
<tr>
<td>2.</td>
<td>LTPT Subsidy</td>
<td>500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>3.</td>
<td>Value Added Tax (VAT) subsidy</td>
<td>150.00</td>
<td>149.99</td>
</tr>
<tr>
<td>4.</td>
<td>Generator Subsidy</td>
<td>835.02</td>
<td>835.02</td>
</tr>
</tbody>
</table>

Back ended Interest Subsidy schemes

a. For Technology Upgrading / Modernisation | 38.20 | 38.20 |

b. For R&D / ISO certification | 0 | 0 |

c. For National Equity Fund scheme | 28.99 | 28.99 |

d. For CGFT / NSIC SIDCO consortium scheme | 5.44 | 5.44 |

Total | 6057.65 | 6057.64 |

Source: Policy Note-Ministry of MSMEs 2010-11

**f. Schemes for Technology Development**

The following are the schemes available to MSME for technology development:-

- 50 per cent subsidy on the cost of filing a patent application subject to a maximum of Rs.2 lakhs per application

- 50 per cent of the cost of the application for trade mark registration or Rs.25,000/- whichever is less.
• Establishment of industrial clusters and mini tool rooms under Public Private Partnership mode by providing 25 per cent of the total project cost subject to a maximum of Rs. 1 Crore as assistance.

• Creation of Technology Development Fund for evolving cleaner / energy efficient / IT enabled technologies.

• Assistance for creation of Centres of Excellence and Technology Business Incubators for introduction of a new production techniques and design development to the tune of Rs. 50 lakhs per incubator / centre of excellence

**g. Schemes for Skill Development / Up-gradation Training**

Reimbursement of 50 per cent of the tuition fees for skill development training for the benefit of the educated unemployed youth and up-grading of the skills of the existing employees of micro, small and medium enterprises by the MSME associations.

**i. Marketing Support**

The Government provides the following marketing support to micro and small manufacturing enterprises:

• 15 per cent Price preference for purchase of goods of domestic micro and small manufacturing enterprises as provided in the Tamil Nadu Transparency in Tenders Act, 1998.

• Purchase preference for items notified from time to time by the State Government.

• Waiver of Earnest Money Deposit for participation in tenders.

• 50 per cent grant on hall-rent for participation in exhibitions within the State and also in other States by MSME associations.
• Support for marketing under a common banner or brand name.

4.7.6 Policy for Rehabilitation of Sick Micro, Small and Medium Enterprises

An appropriate rehabilitation package for the rehabilitation of sick Micro, Small and Medium Enterprises in the State was announced in the MSMI Policy 2008. The policy envisages assistance for conducting diagnostic study of sick enterprises, scrutiny of the diagnostic study reports by a sub-committee of the State Level Inter Institutional Committee (SLIIC) constituted by the Reserve Bank of India and its recommendation to Empowered State Level Rehabilitation Committee (SLRC) for rendering rehabilitation assistance to sick Micro, Small and Medium Enterprises.

The guidelines for the implementation of the rehabilitation package announced in the Policy will be issued by the Government shortly, taking into account the recommendation of the Micro, Small and Medium Enterprises Task Force constituted by the Hon’ble Prime Minister.

4.7.7 Empowered Committee for monitoring of the implementation of MSMI Policy

An Empowered Committee under the Chairmanship of Hon’ble Minister for Rural Industries has been set up for monitoring of the implementation of MSMI Policy. Officials from various Departments of the Government have been nominated as members of the Committee for effective interaction with the Industries Bodies.

4.7.8 Micro, Small and Medium Enterprises Board

The MSME Board functions under the Chairmanship of Hon’ble Minister for Rural Industries with the Chief Secretary to Government as Vice Chairman. The Board includes 23 official members of State / Central Government departments / organizations and 12 non-official members representing MSME / SME Associations. This Board will meet once in 6
months to analyse the problems and issues of MSMEs raised by the MSME Associations and suggest suitable solutions and send its recommendations to Government.

4.7.9 Prime Minister’s Employment Generation Programme (PMEGP)

The Government of India, and Ministry of MSME, New Delhi have introduced a credit linked subsidy scheme called Prime Minister’s Employment Generation Programme (PMEGP) by merging the schemes of Prime Minister’s Rozgar Yojana and Rural Employment Generation Programme (REGP) in 2008. This scheme aims at empowering the first generation entrepreneurs to set up micro enterprises. This scheme provides loans up to Rs.10 lakhs to set up service enterprises and upto Rs.25 lakhs to set up manufacturing enterprises. At national level, the Khadi and Village Industries Commission (KVIC), acts as the nodal agency. At the State level, the scheme is implemented through State Khadi and Village Industries Commission (KVIC), State Tamil Nadu Khadi and Village Industries Board (KVIB) Prime Minister’s Employment Generation Programme (PMEGP)

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TABLE: 4.8
EMPLOYMENT GENERATED IN MSMS SECTOR
DURING THE XI FIVE YEAR PLAN

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Implementing Agency</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Nos.</td>
<td>Margin Money (Rs. in Lakhs)</td>
</tr>
<tr>
<td>1.</td>
<td>DIC</td>
<td>1299</td>
<td>1819.13</td>
</tr>
<tr>
<td>2.</td>
<td>KVIC</td>
<td>1110</td>
<td>1553.96</td>
</tr>
<tr>
<td>3.</td>
<td>KVIB</td>
<td>726</td>
<td>1016.94</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3135</td>
<td>4390.03</td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11

4.7.10 Rajiv Gandhi Udyami Mitra Yojana (RGUMY)

Government of India, Ministry of Micro, Small and Medium Enterprises Department has formulated a scheme, viz., "Rajiv Gandhi Udyami Mitra Yojana" to provide hand holding support and assistance to the potential first generation entrepreneurs for setting up and running of the enterprises. Among others, the Entrepreneur Development Institute (EDI), Chennai has been empanelled by the Government of India under Category-II training institute. Moreover, 26 Udyami Mitras have been empanelled by Government of India entrepreneurs (Udayamis).

4.7.11 Micro and Small Enterprises – Cluster Development Programme (MSE-CDP)

This scheme is operated by Ministry of Micro, Small and Medium Enterprises Government of India. Government of India assistance for setting up of Common Facility Centres is available upto 70 per cent of the total project cost of maximum Rs.15 crores and the State Government assistance at 10per cent of the total Project cost. Common Facility Centre proposals for 15 clusters have already been sanctioned by Government of India with a Project cost of Rs.5738.95 lakhs which are under implementation and 9 proposals with a Project cost of Rs.3663.17 lakhs have already been given in principle
sanction by the State Government and recommended to Government of India for approval.

Tamilnadu state has obtained approval for maximum number of Common Facility Centre proposals from Government of India during the XI Plan period. The details of 15 cluster proposals already sanctioned by Government of India are as follows:

**TABLE: 4.9**
**CLUSTER PROPOSALS ALREADY SANCTIONED BY GOVERNMENT OF INDIA**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Cluster Name</th>
<th>Project cost (Rs. In lakhs)</th>
<th>No of Enterprises</th>
<th>Turnover (Rs. In crores)</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Wet grinder, Coimbatore</td>
<td>288.20</td>
<td>700</td>
<td>300.00</td>
<td>20000</td>
</tr>
<tr>
<td>2.</td>
<td>Safety matches, Gudiyatham</td>
<td>156.00</td>
<td>525</td>
<td>52.50</td>
<td>1000</td>
</tr>
<tr>
<td>3.</td>
<td>Safety matches, Virdhunagar</td>
<td>156.00</td>
<td>825</td>
<td>82.50</td>
<td>1500</td>
</tr>
<tr>
<td>4.</td>
<td>Safety matches, Sattur</td>
<td>156.00</td>
<td>1225</td>
<td>122.50</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Safety matches, Srivilliputtur</td>
<td>156.00</td>
<td>525</td>
<td>52.50</td>
<td>750</td>
</tr>
<tr>
<td>6.</td>
<td>Safety matches, Kazhugumalai</td>
<td>156.00</td>
<td>525</td>
<td>52.50</td>
<td>1225</td>
</tr>
<tr>
<td>7.</td>
<td>Safety matches, Kovilpatti</td>
<td>156.00</td>
<td>1025</td>
<td>102.50</td>
<td>1100</td>
</tr>
<tr>
<td>8.</td>
<td>Sago &amp; starch, Salem</td>
<td>150.00</td>
<td>550</td>
<td>230.29</td>
<td>25000</td>
</tr>
<tr>
<td>9.</td>
<td>Brick, Tirunelveli</td>
<td>227.28</td>
<td>50</td>
<td>34.50</td>
<td>150</td>
</tr>
<tr>
<td>10.</td>
<td>Ceramic, Virudhachlam</td>
<td>73.10</td>
<td>300</td>
<td>48.00</td>
<td>1200</td>
</tr>
<tr>
<td>11.</td>
<td>Coir, Sivaganga</td>
<td>658.90</td>
<td>7219</td>
<td>39.66</td>
<td>7500</td>
</tr>
<tr>
<td>12.</td>
<td>Engineering, Ranipet</td>
<td>927.08</td>
<td>200</td>
<td>12.00</td>
<td>26000</td>
</tr>
<tr>
<td>13.</td>
<td>Printing, Sivakasi</td>
<td>1096.87</td>
<td>600</td>
<td>1000.00</td>
<td>12000</td>
</tr>
<tr>
<td>14.</td>
<td>Rice Mill, Keelapavoor</td>
<td>690.58</td>
<td>163</td>
<td>1575.00</td>
<td>3720</td>
</tr>
<tr>
<td>15.</td>
<td>Auto components, Hosur</td>
<td>690.94</td>
<td>1500</td>
<td>450.00</td>
<td>18000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5738.95</td>
<td>15932</td>
<td>4154.45</td>
<td>119145</td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11

The following 9 cluster proposals are proposed to be taken up during the year 2011-12:
TABLE: 4.10
CLUSTER PROPOSALS ARE PROPOSED TO BE TAKEN UP DURING THE YEAR 2011-12

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Cluster name</th>
<th>Project cost (Rs. In lakhs)</th>
<th>No. of enterprises</th>
<th>Turnover (Rs. In crores)</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rice mill, Alangulam</td>
<td>789.15</td>
<td>75</td>
<td>75.00</td>
<td>1000</td>
</tr>
<tr>
<td>2.</td>
<td>Plastic, Madurai</td>
<td>524.42</td>
<td>800</td>
<td>100.00</td>
<td>8500</td>
</tr>
<tr>
<td>3.</td>
<td>Pharmaceuticals (MICAL), Chennai</td>
<td>342.64</td>
<td>350</td>
<td>2000.00</td>
<td>81000</td>
</tr>
<tr>
<td>4.</td>
<td>Engineering, Amuattur</td>
<td>551.36</td>
<td>620</td>
<td>550.00</td>
<td>4500</td>
</tr>
<tr>
<td>5.</td>
<td>Engineering, Dindigul</td>
<td>971.29</td>
<td>210</td>
<td>75.00</td>
<td>4000</td>
</tr>
<tr>
<td>6.</td>
<td>Engineering, Perungudi</td>
<td>77.00</td>
<td>2000</td>
<td>12.00</td>
<td>40000</td>
</tr>
<tr>
<td>7.</td>
<td>Engineering, Paramakudi</td>
<td>233.39</td>
<td>47</td>
<td>45.78</td>
<td>765</td>
</tr>
<tr>
<td>8.</td>
<td>Stainless tell vessels, Kumbakonam</td>
<td>126.52</td>
<td>114</td>
<td>19.44</td>
<td>400</td>
</tr>
<tr>
<td>9.</td>
<td>Pharam Indian System of Medicine, Kavangarai, Thiruvallur</td>
<td>47.40</td>
<td>120</td>
<td>42.00</td>
<td>1300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3663.17</strong></td>
<td><strong>4336</strong></td>
<td><strong>2919.22</strong></td>
<td><strong>141465</strong></td>
</tr>
</tbody>
</table>

Source: Policy Note-Ministry of MSMEs 2010-11

4.7.12 Single Window Clearance

Considering the importance of Micro, Small and Medium Enterprises sector, the State Government pursues a proactive and hassle free policy. To encourage the entrepreneurs to establish enterprises under MSME Sector and to expedite the process of getting approval from various departments / agencies like Tamil Nadu Pollution Control Board, Tamil Nadu Generation and Distribution Corporation Limited, Fire Services, Public Health Department and Local Bodies, at a single point, Single Window Agency has been constituted. The District Industries Centres (DIC) in each district serves as a Single Window Agency providing entry level essential services to eligible MSMEs. As on 31.3.2011, out of 1146 received applications, 1029 applications have been disposed (89.79 per cent), of favorably.
4.7.13 Micro and Small Enterprises Facilitation Councils

Government have constituted four Regional Micro and Small Enterprises Facilitation Councils at Chennai, Tirchy, Madurai and Coimbatore to facilitate speedy settlement of the arrears of sale proceeds due from the major industrial undertakings to the micro and small enterprises, for the goods supplied, in accordance with the Micro, Small and Medium Enterprises Development Act 2006. During the financial year 2010-11, 31 MSEFC sittings were conducted and 100 cases were settled. Rs.254.46 lakhs have been realised to the micro and small enterprises as on 31.03.2011.

4.7.14 Unemployed Youth Employment Generation Programme

The Unemployed Youth Employment Generation Programme (UYEGP) which is being implemented since 2011 aims to mitigate the unemployment of the educated youth in socially and economically weaker sections of the society by way of self-employment through setting up of micro enterprises in manufacturing, service and business sectors. In this scheme the maximum financial assistance for manufacturing / Service / Business activities is Rs.5 lakhs, Rs.3 lakhs and Rs.1 lakh respectively, including 15 per cent subsidy of the Government on the Project Cost. The promoter’s contribution is 10 per cent and 5 per cent of the project cost in respect of General category and Special category respectively. Any individual above 18 years and with a minimum educational qualification of pass in VIIIth standard is eligible to benefit under the scheme. The upper age limit for the General Category is 35 years and upper age limit is 45 years for the Special Category comprising SC / ST / BC / MBC / Minority / Women / Ex-servicemen / Differently abled / Transgender. During the year 2010-11 an amount of Rs.17.00 crores was allocated towards subsidy component and contingencies. After getting State Level Bankers’ Committee approval in the 4th quarter, the scheme was put into operation and 4468 applications were forwarded to the banks with the subsidy component to the tune of Rs.14.19 crores. Training is being imparted to the beneficiaries, and for 521 beneficiaries with the subsidy of Rs.1.5 crores and project cost to the tune
of Rs.10 crores has already been disbursed and further training and disbursement is also continuing for the year 2011-12. A total allocation of Rs.17.00 crores is provided for implementation of the scheme.

4.8 Performance Evaluation of DIC in Thoothukudi District

The District Industries Centre here has issued 614 provisional SME registration certificates to various entrepreneurs for starting new ventures, during the year 2012. DIC in the current financial year between April and September, have issued permanent SME certificates to 156 industrial units functioning across the district, 97 registration certificates to cottage units and 54 online provisional registration certificates to industrial firms during the same period. Under the Prime Minister's Rozgar Yojana Scheme, 220 cases had so far been recommended to banks, in which Rs.40.75 lakh was sanctioned pertaining to 93 cases. As part of its efforts to enhance the entrepreneurial and technical skills among the industrial fraternity, the DIC imparted training to 54 persons till September 30 and took effective steps to disburse loans to the beneficiaries of the training programme. Eight industrial units were benefited by term loans under the New Anna Marumalarchi Thittam up to September 30, 2010 and added that three among the eight commenced production.

A large number of youth will be benefitted from the Unemployed Youth Employment Programme (UYEGP) directly and indirectly in Tamil Nadu during the Eleventh Plan period. It would help the unemployed to set up enterprises including manufacturing and other commercial establishments by availing loans to a maximum of Rs. 5 lakh with 15 per cent subsidy of the project cost. Financial assistance of Rs. 5 lakh would be provided towards project cost for manufacturing sector and Rs. 3 lakh for service sector and Rs. 1 lakh for business sector. Any individual with 18 years of age and above with a ceiling of family income up to Rs. 1,50,000 per annum could benefit from the programme. General Managers of DIC, Thoothukudi appealed to the unemployed to utilize this opportunity. Economically viable manufacturing
service and business activities excluding direct agricultural operations like raising crops, etc., would be covered under this programme. District Industries Centre will be the implementing agency to render assistance.

4.9 Conclusion

The SMEs are assuming greater importance every day. A successful entrepreneur not only creates employment for himself but for hundreds. The Small-Scale Industry sector has emerged as a dynamic and vibrant sector of the Indian economy in recent years, displaying phenomenal growth in the field of production, employment and dispersed development in general and exports in particular.

The Directorate of Industries and Commerce is the nodal agency for planning and implementing various schemes for the promotion of Small Scale Industries in Tamil Nadu. It provides various services through the District Industries Centres such as registration of SMEs, training of entrepreneurs, Industrial guidance, promotes Village and Small Industries by organising Industrial Co-operatives (particularly for match, tea & coir industries) and identifies and promotes craftsmen and artisans engaged in the handicrafts industry. The Department of Industries and Commerce also implements a variety of programmes to provide financial assistance, technical support and guidance service to the existing as well as new industries. These programmes are implemented with an accent on the development and modernisation of industries, up-grading of technology and quality control. It operates through a network of District Industries Centres (DICs), one in each district, headed by a General Manager.

The DIC assists entrepreneurs in getting statutory clearances from Local Bodies, Town Planning, Pollution Control Board, Public Health, Factories and other Departments and getting power connections through the Single Window Committee. The District Single Window Committee has been formed with District Collector as its Chairman. A State Level Committee under the
Chairmanship of the Chief Secretary to Government periodically reviews the functioning of the District Window Committees in the State.

Based on the explorative discussion made in this chapter and the subsequent chapter the perceptions and experiences of entrepreneurs’ with the role and assistance provided by DICs are discussed in an empirical nature.