CHAPTER III

SALIENT FEATURES OF THE TIRUNELVELI DISTRICT AND DEVELOPMENT OF SMALL-SCALE INDUSTRIES

In this chapter, an attempt had been made to describe the salient features of the Tirunelveli district. For this purpose, the present chapter has been divided into two parts, namely,

i) Profile of the Tirunleveli district and

ii) The Development of the Small-Scale Industries in the district.

3.1 Profile of the District

The name Tirunelveli had been coined from the three Tamil words i.e. "Thiru-Nel-Vel" meaning "Sacred Paddy Hedge". The Valley of Tamiraparani which was the main river in the district is referred to as the rice bowl of this region. The district is situated in the Southern part of the State. It is surrounded by the Districts of Kanyakumari in the South, Virudhunagar in the North, Tuticorin in the east and the west. The district also comprises of a part forests of the Western Ghats in the state. The District was propounded in the year 1790 and it was divided into two districts namely, Tuticorin and Tirunelveli on the 16th of October, 1986.
Tirunelveli

The Tirunelveli town is the headquarters for the district. It consists of the old Tirunelveli town, Palayamkottai and Melapalayam. Palayamkottai is the new township which had been popularized by the British. Thus the collectorate, most of the district offices, the District Police and Forest Offices, the District Courts and the residences of all important district officials are situated in Palayamkottai.

Tirunelveli has a very diverse topography. It has plains, mountains, rivers, coastline and beaches, forests, fertile fields, barren arid lands, waterfalls and the like. The Tambiraparani river is perhaps the most significant landmark of the district and water flows in it throughout the year.

The District had been divided for administrative convenience into 3 Revenue Divisions, namely Tirunelveli, Cheranmahadevi and Tenkasi and each Revenue Division comprised of 3 taluks as mentioned in the following paragraphs. The Veerakeralampudur taluk was formed in the year 1998.

Tirunelveli Revenue Division


Cheranmahadevi Revenue Division

Tenkasi Revenue Division


There are 19 Panchayat Unions, 9 Municipalities, 628 Revenue Villages, 37 Town Panchayats and 425 Village Panchayats in the Tirunelveli district.

Location of the District

Tirunelveli district which covers an area of 6823 sq.kms in the south-eastern portion of Tamil Nadu is triangular in shape. It lies between 8.05’ and 9.30’ of the Northern latitude and 77°.05’ and 78°.25’ of eastern longitudes.

Social Aspects

The total population of this district as per the 2001 census was 28,01,193. The sex ratio was 1,042 females for every 1000 males as against the state average of 974 females for 1000 males. The density of population per sq.km was 410.55 as against 428 for the entire state.

Out of the total population 46,497 persons live in the urban areas. The district has got a scheduled caste population of 17.90 per cent. Paliyans and Kanitrbes are the inhabitants of the Western Ghats. The total number of the scheduled tribes was 8,975 which worked out to 0.36 per cent of total the population of the district. Of the
total working population in the district, 21.3 per cent were cultivators. Literacy rate was quite high at 72.16 per cent as compared to the national as well as the state averages.

**Agriculture**

Out of the total extent of 6,82,308 hectares, 1,41,983 hectares were found to be under cultivation, which worked out to nearly 20.8 per cent of the total area of the district. The important food crops in the district were Paddy, Blackgram, Sorghum and the important commercial crops were cotton, chillies, sugarcane, onion, banana and groundnut. Of the total area of 1,41,983 hectares 38,403 hectares were cultivated more than once. Agriculture had played a vital role in the economy of the district.

**Industries**

In the Tirunelveli district electricity was generated through the hydel power station of Papanasam and through numerous wind mills. Papanasam hydel power station had an installed capacity of 20 MW. The liquid propulsion system centre of the Indian Space Research Organsiation (ISRO) at Mahendradin near Panangudi is the only major Central Government Project in the district. A nuclear power plant is under construction at Koodankulam in the Radhapuram Taluk in collaboration with Russia. The existence of a Naval base centre INS Kattabomman, at South Vijayanarayanam of the Nangueri taluk is worth mentioning.
The small scale industries in the district include the categories under rice milling, flour milling, saw milling, matches, beedi, vessel making, brick and tile manufactures and the like. Among the handicrafts, the silky mats of Pathamadai, the terracotta figurines of Karukurichi and the brass lamps of Ambasamudram were very famous.

Irrigation

The river Tamiraparani is the main source of irrigation and it also provides drinking water facilities to a number of places in the district. The different sources of irrigation are the canals, the tanks and the wells, which covered 1,01,203 hectares of the land area in the district. Of the total area irrigated, well irrigation covered 40,061 hectares, tanks accounted for 43,758 hectares and the canals covered an area of 7,384 hectares.

Tourism

The district has a number of tourist centres. Courtallam is called “Spa of the South” and is located in the Western Ghats. During the months of June to September which is the peak Courtallam season, a number of tourists visit the place. It is believed that the waterfalls possessed herbal properties. Banathirtham is another important waterfalls and is also an important pilgrimage centre.
Kalakkad-Mundanthurai is a tiger sanctuary, with rare animal species like the lion and the tailed monkeys, besides the tigers.

Nellaiapper-Kanthimathi temple at Tirunelveli, Sankaranarayana, Gomathiammal temple at Sankarankoil, Ulagammai Viswanathan temple at Tenkasi attract devotees from all over Tamil Nadu and from outside states also. Krishnapuram temple near Tirunelveli is famous for its sculptures and architectural beauty.

3.2 Development of Small-Scale Industries in the Tirunelveli District

In the Tirunelveli district, the industrial development had been taking place at a slow pace and there were vast disparities between the different areas and taluks in terms of industrial growth.

The first small industry with an iron and steel fabricating base was started in the district in 1910 to produce steel trunks, iron trunks buckets and shutters.

Since 1921, the textile industries had begun to appear; automobile spare parts manufacturing industries came into being as early as in 1931.

The confectionery industries producing ice-cream, bread and biscuits emerged in the year 1935. The beverage industries soon followed in 1938.
By 1941, non-ferrous metals and alloy industries came on the scene producing aluminum sheets, aluminum, copper and brass vessels and household utensils made of brass.

From 1943 onwards the chemical and fertilizer industries manufacturing calcium-carbide, camphor tablets, crude salt, carbondioxide, Benzedrine and dihydrochloride came into being. Small industries manufacturing rice hullers, holders, blades and textile mill parts came into existence since 1944\(^1\).

Firms producing electrical accessories and equipments started functioning from 1948. Small industries producing cement pipes, cement-well-rings, mosaic tiles, and cement grill-blocks were started in 1958. The plastic and polypropylene industries emerged in the 1960's and the electronic industries in the 1970s.

The Small Scale Industries' area survey report on the industrial development potentialities of the Tirunelveli district in 1971\(^2\) had found that there were a number of favourable factors for the development of various industries in the Tirunelveli district.

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\(^2\)Ibid.
They were:

i) the availability of entrepreneurs with modern ideas.

ii) the availability of labour capable of picking up skill within a short period.

iii) the availability of agricultural products such as sugarcane, cotton and groundnut, which could be used as raw-materials in the various small industries.

Role of the District Industries Centre in the Development of SSI in the Tirunelveli District

The Government of India launched the ‘District Industries Centres’ (DIC) programme on May 1, 1978, to provide a focal point for the promotion of small, tinny, village and cottage industries and to offer all the services and support to the decentralised industries’ sector under a single roof at the district level. A district industries centre was an institution at the district level which provided all the services and facilities to entrepreneurs at one place for setting up small and village industries.

District Industries Centre

The District Industries centre was formed to gear up industrialisation and to render all the assistance that was required for the setting up of new units under one roof. It was functioning in the Tirunelveli district from 1.7.1978. As a friend,
philosopher and guide the centre had been providing very earnest and effective assistance to the Small Scale Industries in the sphere of finance, in getting clearance of various types of licences, registration, incentives and loan assistance offered by the Government of Tamil Nadu and the like. The activities of the centre are detailed below.

1. Assisting entrepreneurs in selecting the viable industries.
2. Providing project reports.
3. Registration of the provisional small-scale industrial units, the permanent units and the ancillary units.
4. Getting clearances of various licences through the single window clearance committee.
5. Providing information to entrepreneurs relating to machinery, buyer-seller details and the like.

There were only 1330 registered small scale industrial units under the permanent category when the District Industrial Centre, Tirunelveli district started functioning on 1.7.1978. After 20 years of functioning of the District Industrial Centre, it was able to achieve the target fixed for the creation of new units every year, and there were 8,761 registered small-scale industrial units in the permanent register as on 31.3.1998.
# TABLE 3.1

CLASSIFICATION OF THE REGISTERED SMALL SCALE INDUSTRIES IN THE TIRUNELVELI DISTRICT AS ON 31.3.98

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Industry</th>
<th>Number of Registered Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agro based Industries</td>
<td>926</td>
</tr>
<tr>
<td>2</td>
<td>Forest based Industries</td>
<td>431</td>
</tr>
<tr>
<td>3</td>
<td>Textile based Industries</td>
<td>803</td>
</tr>
<tr>
<td>4</td>
<td>Animal Husbandry based Industries</td>
<td>155</td>
</tr>
<tr>
<td>5</td>
<td>Mineral based Industries</td>
<td>357</td>
</tr>
<tr>
<td>6</td>
<td>Chemical based Industries</td>
<td>805</td>
</tr>
<tr>
<td>7</td>
<td>Engineering based Industries</td>
<td>1230</td>
</tr>
<tr>
<td>8</td>
<td>Electrical Industries</td>
<td>788</td>
</tr>
<tr>
<td>9</td>
<td>Miscellaneous Industries</td>
<td>3270</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>8763</strong></td>
</tr>
</tbody>
</table>


**Motivation Campaigns**

Realising the basic need for motivating the prospective entrepreneurs, campaigns had been arranged to make the public know about the assistance and the services that were available through the District Industries Centre. This centre had been conducting motivation campaigns, twice every month at the Panchayat Union.
(Block) level so as to enlighten the new entrepreneurs regarding the prospects of setting up of the small-scale industrial units of their choice.

**Technical Library**

The District Industries Centre, Tirunelveli, had been equipped with a Technical Information Library. The Library contained more than 1,000 technical books on various industrial projects with a capital value ranging from Rs.50,000 to Rs.60 lakhs. A number of journals and periodicals had also been made available for the benefit of the entrepreneurs so that they can have a fair knowledge of the latest technology and the market potential that existed in the country.

**Single Window Committee and the Escort Services**

To remove the hurdles of the entrepreneurs in their chosen ventures, the Government under the Chairmanship of the District Collector had constituted a committee known as the ‘SINGLE WINDOW COMMITTEE’. The General Manager of the District Industries Centre, is the Member-Secretary of the committee and the other departmental heads of the District were the members of the committee.

**Entrepreneur Development Programme for Women**

The Government of Tamil Nadu had encouraged entrepreneurship among women through the Entrepreneur Development Programme (EDP) conducted
annually. A two months EDP training programme for 60 women entrepreneurs who had passed the 10th standard and completed 18 years of age were being organised and conducted. A stipend of Rs.200 per trainee per month was also given. After the completion of the training period arrangements for providing the loan assistance through financial institutions were also made. The Government also provided incentives, such as the margin money subsidy for the First Generation Women Entrepreneurs who were single individual, Widows, Destitutes or Divorcees at 10 per cent of the project cost or Rs.50,000 which ever was found to be less.

Small-Scale Industries’ Registration

Small-Scale Industries Registration was the main condition for the recognition of the unit for obtaining incentives and concessions from the Government. The District Industries Centre issued a provisional registration for a period of 5 years to the entrepreneurs which would help them to be recognised by the various development agencies for providing assistance. The registration helped them also in securing factory buildings, machinery and equipment, raw materials, power supply and other infrastructural facilities that were required to establish the small industrial units. This was later converted into a Permanent Registration of the units after the unit had commenced its production.
Incentives and Concessions given to the SSI Units

With a view to accelerate the industrial growth in the Tirunelveli district, the Government of Tamil Nadu had declared certain blocks of the district as backward and certain other blocks as most backward areas and had offered incentives for the newly started small and tiny industries units established in these areas which had engaged themselves in manufacturing activities.

The list of the Most Backward Blocks/Urban Areas

1) Courtallam (urban) 2) Kadayanallur (urban) 3) Melaneelithanallur

The list of the Backward Blocks/Urban areas

1) Palayamkottai  2) Kalakkadu  3) Shenkottai
4) Kuruvikulam  5) Tenkasi  6) Keelapavoor
7) Alangulam  8) Kadayanallur  9) Radhapuram
10) Valliyoor  11) Chernmahadevi  12) Kadayam
13) Pappakudi  14) Puliangudi (urban)

State Capital Subsidy

In the Tirunelveli District, Melaneelithanallur, Courtallam (urban), and Kadayanallur (urban) had been declared as the most backward blocks and Palayamkottai, Kalakkadu, Shenkottai, Kuruvikulam, Tenkasi, Keelapavoor,
Alangulam, Kadayanallur, Radhapuram, Valliyoor, Cheranmahadevi, Pappakudi, Puliangudi (urban) and Kadayam as the backward blocks. A state capital subsidy of 20 per cent of fixed investment or Rs.20 lakhs which ever was found to be lower was provided for the eligible small-scale units started in the three most backward blocks.

In respect of the backward blocks a subsidy of 15 per cent of fixed equipment or Rs.15 lakhs which ever was found to be less was provided for the eligible small-scale units started in the fourteen backward blocks.

A state capital subsidy of 15 per cent on fixed investment was granted also to the units started in the state owned Industrial Estate and the Industrial growth centre.

**Special Capital Subsidy**

A special capital subsidy of 20% or Rs.15 lakhs whichever was less was provided for the eligible units for the setting up of the following types of industries, anywhere in the Tirunelveli district.

1. Automobile spare parts
2. Drugs and Pharmaceuticals
3. Solar Energy equipments and other non conventional energy equipments.
4. Export oriented gold jewellery/making and diamond processing units.
5. Pollution control equipments
6. Jute Industry in the Ambasamudram Taluk
7. Sports goods and accessories

8. Food Processing Industries

9. Cost effective building materials like aluminium on PVC doors and windows and window frames and the like.

10. Rubber wood industries.

Special Subsidy for Electronic Industries

Electronic units set up anywhere in the district were eligible for a special subsidy at the rate of 20 per cent of the investment made in fixed investment, subject to a ceiling of Rs.35.00 lakhs. This was made applicable for both small-scale industries as well as for the medium and the major industries.

Leather Industries

Leather units set up anywhere in the district were eligible for a special subsidy of 20 per cent on fixed investment subject to a maximum of Rs.20 lakhs.

A special subsidy of 10 per cent of the value of the assets created towards the setting up of effluent treatment plants with a monetary ceiling of Rs.2 lakhs would be made available for the installation of the effluent treatment plants by the existing tanneries.
Subsidy for purchase of Generator

A new generator purchased by the captive users will be granted a subsidy at the rate of 15 per cent with a monetary ceiling of Rs.5.00 lakhs. This subsidy will be made available to the existing industries, irrespective of their location in the district. Conventional resource based industries and power intensive units were not eligible for the above subsidy.

Power Subsidy

Low Tension Power subsidy was given to eligible units at the rate of 40 per cent, 30 per cent and 20 per cent respectively on the rates of power consumption amounts to the newly started units for the first, second, and third years respectively.

Coir Industries

The Coir Board had encouraged coir industries to set up new units based on coconut fibre and a subsidy at the rate of 25 per cent on the fixed investment of the unit was granted.

Interest Free Sales Tax Waiver and Deferment

Industrial units located in the most backward regions were eligible either for a complete waiver of their sales tax for a period of five years or for a deferred payment
of the sales tax for a period of nine years and the amount to be waived or deferred was limited to 100 per cent of the amount invested on fixed assets for the new industries and to 80 per cent of the amount for expansion projects.

Industrial units located in the backward areas were eligible for interest deferment of the sales tax for a period of nine years and the amount of deferred payment was limited to a maximum of 100 per cent of the investment made on fixed assets for the new projects and to a maximum of 80 per cent for the expansion projects.

Industrial units located in the areas which were neither backward nor most backward were also eligible for the interest free sales tax deferment for a period of five years and the amount was limited to 60% (for new projects) and 50% (for expansion projects) for the investments made on fixed assets.

For availing IFST waiver or deferment, industrial units should apply to the Tamil Nadu Industrial Investment Corporation of the District Industries Centre within, one year from the date of commencement of the production.

**Low Tension Power Tariff Subsidy**

Small, Tiny, Medium and large industrial units located in areas consuming L.T. power and not covered under the urban land taxation area were eligible for a subsidy on L.T.P.T (Low Tension Power Tariff)
The L.T.P.T. subsidy was given by way of reimbursement of the payment made already to the Tamil Nadu Electricity Board at the rate of 40 per cent, 30 per cent and 20 per cent respectively for the first, second and the third years of commercial production.

The application for availing the L.T.P.T subsidy should be made to the General Manager, District Industries Centre, within three months from the date of commercial production.

All these concessions and incentives were restricted to certain industrial units such as the textiles, cement, mining, rice mills, flour mills, edible oils, calcium carbides, aluminium smelting, steel rolling, service establishments and the like as per the rules which were in force.

Prime Minister’s Rozgar Yojana Scheme

This scheme was first introduced throughout the country by the Hon’ble Prime Minister of India on the Independence Day in 1993 and was implemented with effect from October 2, 1993. The objective of the scheme was to provide self-employment opportunities in the fields of industry, services and in the business sector to the educated unemployed youth. The scheme was further modified with some more concessions during the year 1999-2000.
Educated unemployed youth between the ages of 18 to 35 years and who had studied up to the VIII standard were eligible for loan assistance to a maximum extent of Rs.1,00,000 for the setting up of business ventures and upto Rs.2,00,000 for the setting up of service and industrial ventures with a margin contribution of 5 per cent to 16.25 per cent by the promoters. The Reserve Bank of India provided subsidy to a maximum extent of Rs.7500 or 15 per cent of the project cost whichever was found to be less. The family income including all the various sources should not exceed Rs.24,000 per annum under the scheme. The scheme also provided an opportunity for the setting up of self-employment units for partnership ventures upto Rs.10,00,000 for 5 persons.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Sanctioned</td>
<td>Distributed</td>
<td>Sanctioned</td>
<td>Distributed</td>
<td>Sanctioned</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nos</td>
<td>Amount</td>
<td>Nos</td>
<td>Amount</td>
<td>Nos</td>
</tr>
<tr>
<td>1</td>
<td>Industry</td>
<td>54</td>
<td>41.40</td>
<td>52</td>
<td>34.50</td>
<td>77</td>
</tr>
<tr>
<td>2</td>
<td>Service</td>
<td>186</td>
<td>102.90</td>
<td>165</td>
<td>100.55</td>
<td>190</td>
</tr>
<tr>
<td>3</td>
<td>Business</td>
<td>211</td>
<td>80.10</td>
<td>210</td>
<td>76.55</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>451</td>
<td>224.40</td>
<td>427</td>
<td>211.60</td>
<td>517</td>
</tr>
</tbody>
</table>

### TABLE 3.3

**TARGET AND APPLICATIONS FOR UNITS UNDER THE PMRY SCHEME**

**AS ON 31st MARCH 2002**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Particulars</th>
<th>1997-98 to 2001-2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Target</td>
<td>2,570</td>
</tr>
<tr>
<td>2</td>
<td>Applications Received</td>
<td>2,927</td>
</tr>
<tr>
<td>3</td>
<td>Applications recommended</td>
<td>2,639</td>
</tr>
<tr>
<td>4</td>
<td>Applications sanctioned by the banks</td>
<td>2,588</td>
</tr>
<tr>
<td>5</td>
<td>No. of cases to whom money was disbursed by the banks</td>
<td>2,243</td>
</tr>
</tbody>
</table>


### TABLE 3.4

**ACTION PLAN – ABSTRACT**

**PERIOD: 1997-98 TO 2001-2002.**

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Year</th>
<th>No. of units</th>
<th>Amount (Rs. in lakhs)</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1997-1998</td>
<td>900</td>
<td>1,319</td>
<td>2,565</td>
</tr>
<tr>
<td>2</td>
<td>1998-1999</td>
<td>910</td>
<td>1,395</td>
<td>2,969</td>
</tr>
<tr>
<td>3</td>
<td>1999-2000</td>
<td>920</td>
<td>1,582</td>
<td>3,089</td>
</tr>
<tr>
<td>4</td>
<td>2000-2001</td>
<td>960</td>
<td>1,640</td>
<td>3,367</td>
</tr>
<tr>
<td>5</td>
<td>2001-2002</td>
<td>1,043</td>
<td>1,942</td>
<td>3,592</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4,733</strong></td>
<td><strong>7,878</strong></td>
<td><strong>15,582</strong></td>
</tr>
</tbody>
</table>

Industrial Estate

There was one Industrial Estate located at Pettai, which was owned by the Government of Tamil Nadu and managed by the Small Industrial Development Corporation. All the 46 sheds, 18 developed plots and 10 tiny sheds had been occupied by active entrepreneurs. At Ambasamudram the Small Industries Development Corporation had constructed 10 tiny sheds and all the sheds had been occupied by the small wood working industrial units. At present 10 sheds and 15 development plots had been constructed at Kadayanallur, and they were being allotted to prospective entrepreneurs.

SIDCO was actively considering the formation of two more Industrial estates at the Parpakulam village in the Palayamkottai Block and at the Kesavaneri Village in the Valliyoor Block.

In the field of education two engineering colleges, two medical colleges (one for Allopathi and the other for Siddha) and a number of Polytechnics, Arts Colleges and Industrial Training Institutes had contributed much to the needs of the younger population in imparting knowledge, faith and courage.
Gangaikondan Growth Centre

About 810 hectares were proposed to be acquired for the proposed Industrial growth centre at Gangaikondan. Action had already been taken to acquire the land and the acquisition process had already commenced. The project cost was approximately put at Rs.400 millions. All basic infrastructural facilities such as road, drainage facilities, police station and the like would be provided in the complex. After making adequate provisions for the administrative block, for the common service centre, for the industrial sheds and the like, the remaining area would be divided into plots and they would be allotted to prospective entrepreneurs as per their requirements. For the proposed complex, TWAD had been assigned the work of bringing 4 Mgd of water from the Tamirabarani river and hence it is stated that water might not be a constraint for the proposed industries which might come up in the area. Even at the planning stage the Pollution Control Board would be involved in the scheme, so that the industries coming up in the complex may not face any problem from the Pollution Control Board. Regarding power supply the Electricity Board had been informed of the power requirements of the complex well in advance, so that the units coming up in the complex need not wait for long for the supply of power.
The TACID, a corporation formed by the Government of Tamil Nadu, for the development of infrastructural facilities was taking all the necessary steps for the formation of the growth centre.

A High Tech Industrial Park was being set up at Puliyoorkurichi, Rajkkamangalam, to establish industrial units at an estimated total investment cost of about Rs.7,000 crores covering an area of 1000 hectares.