Chapter I
Introduction

1.1 Introduction:

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. The finances for setting up DICs in a state are contributed equally by the particular state government and the central government. To facilitate the process of small enterprise development, DICs have been entrusted with most of the administrative and financial powers. For purpose of allotment of land, work sheds raw materials etc., DICs functions under the 'Directorate of Industries'.

1.2 Activities of District Industries Centre (DIC):

1. Economic Investigation
2. Plant and Machinery
3. Research, education and training
4. Raw materials
5. Credit facilities
6. Marketing assistance
7. Cottage industries
1.3 Objectives of District Industries Centre (DIC):

The important objectives of DICs are as follows:

A. Accelerate the overall efforts for industrialisation of the district.
B. Rural industrialisation and development of rural industries and handicrafts.
C. Attainment of economic equality in various regions of the district.
D. Providing the benefit of the government schemes to the new entrepreneurs.
E. Centralisation of procedures required to start a new industrial unit and minimisation of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

Functions of District Industries Centre (DIC):

a) Acts as the focal point of the industrialisation of the district.
b) Prepares the industrial profile of the district with respect to:
c) Statistics and information about existing industrial units in the district in the large, medium and small.

1.4 Role of DIC for the promotion of Small Scale & Cottage Industries:

1. Technical support for preparation of Project Report:

The Small Scale Industry is an enterprise whose employee count and revenue falls below certain levels. Small Scale Industries in India provide job opportunity to more than 65 million people. Internationally SMEs report for 98% of business statistics and are accountable for triggering originality and competition. Small scale industry in India is
renowned for its socio economic growth factors and even industrial expansion. One of the unique features of small scale industry is that its growth has generated better job prospects helping free enterprise and inculcation of expertise besides guaranteeing better utilization of limited fiscal reserves and technology. Additionally, they play an important part in attaining the economic targets and sociopolitical aims.

Establishing a small scale enterprise requires detailed project report so that promoters can understand that in how many years the endowments can be forfeited. The DIC (District Industrial Centre) helps in the preparation of Project Report for Small Scale Industry which helps in identifying the product line and target market of the sector, besides evaluating the level of skill and accuracy. Hence, a small scale industry project report must contain 5-7 years evaluations in context of revenues, expenditures, cash flows and outflows, balance sheet of legal responsibilities and assets in hand, and reimbursement agendas of working capital and long-term loans, etc. In this way the endorsers can make use of the estimations provided by the firm in the project reports and compare it with the real performance and accordingly take remedial steps against the negative disparities. The promoters establishing their commercial enterprises without considering the project reports are taking a big risk as they are equipped with any measuring units to assess the firm's
performance. In the competitive market ambiance, industrialist must not make a foray into a new sector or set up a new business without preparing Project Reports. The project report prepared by the Small Scale industry with the guidance of the District Industrial Unit have other users who could require the project reports are industrialists, Financiers, banks, Financial Analysts, merchants, clients, certifying authorities, Management Accountants, etc

2. Information on sources of machinery & Equipment:

Once the firm has decided on the foremost issues of which product it wants to produce and the location of the industry, the next important step is to select appropriate technology and equipment to produce the same. The District Industry Centre DIC helps in finding or guiding the best sources of machinery and equipment required for the project. In addition to this, the source of raw material has to be decided upon. The requirements of all these can either be met through domestic sources or can be imported subject to the regulatory requirements of the Government. The regulatory requirements pertaining to the import procedures vary depending on the item of import. In case of raw materials, the Export Import Policy of the Government regulates imports. However, in the case of technology, the Foreign Direct Investment (FDI) Policy and the Foreign Technology Transfer Agreements
govern the imports. The firm should do a careful cost and benefit analysis before going ahead with the process of placing the orders to minimize the production costs and hence increasing the profit margins. Various sources of Capital should be explored and the cost of capital should be analysed cautiously. All these points which are mentioned above the DIC helps the industry in procuring and analysing the most feasible think to do.

Once the choice of the product is made, selection of the right process technology becomes important. The process technology required may be *Indigenously developed*:- In India, technologies are being developed at CSIR and Defence Research Labs. There are some intermediaries like APCTT (Asian and Pacific Centre for Transfer of Technology), TBSE( Technology Bureau for Small Enterprises) which can help you to locate the relevant technologies. Besides there are some In-house R & D centres of companies which develop technologies and sell them to interested parties. Indigenously developed process know-how has intrinsic benefits like appropriateness, relative inexpensiveness and possibility to work with technology developer.

**Imported** :- For some complex products, process know-how has to be imported. In such cases agreements for technology transfer should be made with due care in order to safeguard nation's interest. Government of India
facilitates foreign technology induction both through FDI and through foreign technology collaboration agreements. FDI and Foreign technology collaboration agreements can be approved either through the automatic route under the powers delegated to the Reserve Bank of India or otherwise by the Government.

While choosing the process technology, the following considerations are essential; The level of skilled workers or complex machines required by the process. The quantity of water and / or power required. If any process or product patent is needed in order to utilize the selected process technology. Any special Pollution or Environmental regulation is to be followed. The appropriateness of the technology to the Indian environment and conditions.

Raw Material procurement and planning are critical to success, of a start-up unit. The raw materials required may be:-

**Domestically available (within the country):** As we know that our country is a resource rich country with abundance of specific raw materials in different States. (For details, please refer to 'Investment opportunities and incentives' section). Accordingly appropriate suppliers of raw materials have to be selected.
**Imported from abroad:**- For importing the raw materials the Government rules and regulations have to be followed. The imports are regulated by the Foreign Trade (Development and Regulation) Act, 1992. The Act provides for the appointment by the Central Government, of a Director General of Foreign Trade for the purpose of the Act. The DGFT shall advise Central Government in formulating export and import policy and implementing the policy. (For details, please refer to 'Legal Aspects' section). Whatever be the source of raw materials it must be bought from reputed dealers and agencies only. Before ordering, compare the prices and get quotation from at least 3-4 places and also check whether price is inclusive or exclusive of transportation costs. While receiving the delivery, check the quality and quantity of the materials. Proper planning is essential because non-availability of the required raw material may result in production hold-ups, idle machinery and manpower. On the other hand if too much is ordered too soon considerable amount of working capital gets locked up. All this will lead to increased production costs. But proper inventory management can lead to manageable cash flow situations. For imported raw material whose lead time are large, proper planning is all the more essential.

The next important step is choosing and ordering of right machinery and equipments. The machinery and equipments required may be either domestically available
or imported from abroad. For importing machinery and equipments, the Government rules and regulations have to be followed. The imports are regulated by the Foreign Trade (Development and Regulation) Act, 1992. The Act provides for the appointment by the Central Government, of a Director General of Foreign Trade for the purpose of the Act. The DGFT shall advise Central Government in formulating export and import policy and implementing the policy. (For details, refer to 'Legal Aspects' section).

Generally, technology or process provides with the necessary specifications relating to machinery and equipment required. Otherwise, an extensive techno-economic survey of the available machinery and equipment may be carried out. International trade fairs and engineering fairs are good places to look at available options. The entrepreneur may also consult experts, dealers / suppliers as well as users, prior to making a selection of equipment and machinery. Many entrepreneurs buy second hand machines and equipments. But this leads to the problem of prevalence of outdated production and management methods hindering the efficient operation of business units. The advice of SISI and NSIC can also be sought.

There are 30 Micro, Small and Medium Enterprises Development Institutes (MSME-DIs) and 28 Branch MSME-DIs (formerly SISIs) set up in State capitals and
other industrial cities all over the country. The main objective of National Small Industries Corporation Limited (NSIC) and the District Industrial Centre DIC is to provide machinery and equipment to small industrial units offering them long repayment period with moderate rate of interest. It has been found that small industrialists are unable to install modern machinery and equipment due to lack of investable funds. Hence many schemes and incentives are available to assist them. Now, small scale firms can acquire industrial machinery, office equipment, vehicles, etc, without making full payment through hire purchase. With the help of assets acquired through hire purchase, they can produce and sell. From the earning of production, they can make payments in instalment. Ultimately the ownership of assets can be acquired. The District Industry Centre also provides machinery and equipment to small scale units on hire purchase basis and on lease basis. NSIC follows the following Hire Purchase procedure and Hire Purchase Scheme for financing plant and machinery to small scale units:

3. **Priority in Power supply/ Telephone connection:**

   It is the role of District Industrial Centre DIC to oversee that the company is provided with Power Supply and telephone connection.
4. Promotion of new Industrial Estates/ Growth Centres:

DIC is a statutory agency established by the government for acquiring land for industrial projects and to develop industrial areas. District industrial centre DIC is engaged in acquiring, developing and allotting industrial areas with comprehensive infrastructures. These areas are of ready to occupy in nature and facilitate investors to start their ventures without any loss of time. District Industrial Centre DIC has also developed many growth centres at various places in and across India. Vast extents of land have been acquired and developed in these growth centres with necessary infrastructure. A full pledged Export Promotion Industrial Park [EPIP] is developed by DIC in various places in Maharashtra. DIC is also promoting and developing a Special Economic Zones [SEZ] at the various state levels.

The DIC Karnataka is proposing to establish 6 (Six) Food and Agro Technology Parks at Bagalkot, Belgaum, Chitradurga, Jewargi, Maddur and Malur for housing food and agro industries. There are plans to set up Apparel Park at Belgaum and Bellary, the other district industries centre have also completed or has proposed the above.
5. Land/ Shed in Industrial Estate:

Land / Sheds in growth centres, Industrial areas, etc. would be allotted to entrepreneurs for setting their industrial units on lease of 30 years on annual rent with the facility of renewal. The rent payable for land so allotted would be subjected to revision after every 10 years. The land/sheds allotted for the purpose of setting up of Industrial unit shall not be allowed to be used for any other purpose other than the purpose for which the land has been leased. It would also be ensured that land is allotted as per the actual requirement. However, the terms and conditions of the lease deed shall be determined by the Industry department. The State Government shall constitute a "Land Bank" at District level to make available the required land to intending entrepreneurs to overcome the delay in land acquisition process.

Waste land / Degraded forest land may be made available by the DIC on behave of the State Government on long term lease basis after taking prior approval from the Government of India under section '2' of Forest (Conservation) Act, 1980 wherever required, for plantation development / tourism purposes which will encourage forest based / tourism industries.

The State Government will assist the entrepreneurs in providing land and also in acquiring land for locating industrial units outside industrial areas growth centres.
Enabling amendment in Chhotanagpur Tenancy Act 1908 has already been made to facilitate setting up of any unit for industrial purpose or for the purpose of mining (Bihar Act 2 of 1996). Similarly, enabling amendments have already been made in the Bihar Tenancy Act authorizing conversion of agricultural land.

The District Industry Centre encourage such entrepreneurs by providing approach road, in case of those industries where minimum investment in plant and machinery is Rs. one crore. However, the cost involved in providing such communication facility shall be subject to a limit of 20% of such investment or maximum limit of Rs. 25 lakhs whichever is lower.

6. Promotion of Electronic Industries:

The District Industrial Centre acts as a catalyst for the overall development of the industrial sector through effective discharge of developmental and facilitation roles. With a view to promote investment and trade, the Department formulates and implements the Policies of the State, Identification of Sectoral Advantages of the State and Human resource development for sustainable and growth-oriented industrialization has been a crucial role of the Department. Facilitating the take-off of infrastructure projects that boost the industrial growth has also been the Department’s forte. The Department helps enhance the competitiveness of domestic industry through
modernization, technology up gradation and adoption of best practices. It also provides a forum for entrepreneurs and industrialists through their associations to represent their needs to the Government, which translates into Policies of the State.

Some of the crucial infrastructure projects facilitated by the Department include Growth Centres across the State, Export Promotion Industrial Parks, International Technology Park Ltd., Electronic city, Food and Agro-technology parks, Agro Export zones, Special Economic Zones, Bengaluru International Airport, etc.

7. **Govt. Margin Money Loan under Additional Employment Programme:**

To encourage self-employment venture amongst unemployed youths, Govt. has specially announced New Seed Money Scheme w.e.f. 18.5.07 increasing project cost limit from Rs.10 lakhs to 25 lakhs, reducing rate of interest on seed capital from 10% to 6%. A special rebate of 3% is admissible for regular repayment of seed capital. Eligible educated unemployed gets 15% soft loan from D.I.C @ 6% as seed money loan for the project cost up to Rs.25 lakhs and the upper limit of seed money Rs.3.75 lakhs. In the interest of social justice, for all backward categories and handicapped youths, 20% seed money loan is eligible for the project cost up to Rs.10 lakhs.
8. **Training through Entrepreneurship Development Programme:**

The DIC is an institution set up at the District Level, which provides wide range of services and support to the entrepreneurs/educated unemployed youth for setting up of small, tiny and cottage industries.

DIC plays a vital role in the area of developing budding entrepreneurs, providing employment opportunities to the educated unemployed youth by imparting various training under Inplant training scheme, training in handicrafts and coir, providing financial assistance under Centrally and State Sponsored schemes for setting up of self-employment ventures and marketing assistance for sale of produces by the industrial units of Aurangabad and Jalna.

9. DIC extends their wide services in establishing new industries to obtain various clearances/permission through a system called Industrial Guidance Bureau (IGB) where the entrepreneur/industrialists have been taken care in all respects in the course of obtaining permission/clearance/licence for setting up of new 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 upgradation and innovation.

24. Financial Assistance for modernisation of Unit.

25. Skill development training through own workshop/ organisation like SISI, PDTC/ Coir Board/ETDC.

26. Managerial capability improvement through training, workshop, 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 W.B.Minority Dev. 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.
39. Design & Product Development for HanDICrafts.
40. Awards to HanDICrafts Artisans.
41. Development of Lac Industries.
42. Setting up of Bio-gas plants.
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