CHAPTER - II

Growth of Industrial Development Institutions in India.
2.1 INTRODUCTION

It could be traced from the history that before the European countries got industrialized, India was fairly industrialized. Her riches and artistic industrial products were well-known. Without the use of power and modern machinery, handicrafts, cottage and small-scale industries were flourishing and their exports were popular. But, with the beginning of the British rule, process of de-industrialization began rapidly. The rule by both the East India Company and the Crown (mid-19-20th centuries) aimed at killing the prosperous cottage and household industries in India. The industrialization that commenced from the mid-19th century was in fact re-industrialization. Thus, India lagged a century behind the European modern industrialization. Although some large-scale industries and mining activities were promoted by the Britishers during the two century rule, they never allowed or encouraged setting up of core, basic and heavy industries except a few in the consultancy area.
Due to apathy of the British Government compounded by absence of institutional set up and laws regulating industries and investment, India remained a dark, backward, dependent and stagnant economy. An estimate suggests that during the last 50 years of the British rule (1900-47), the growth rate of Indian economy was nominal at 1.2 per cent and that of industrial output at 2 to 3 per cent per annum.¹

2.2 SOURCES OF INDUSTRIAL FINANCE AND ASSISTANCE

Before turning to post-independence development institutions, acknowledge of industrial climate and sources of finance before 1947 is useful. The pre-1947 industrial financial resources may be classified under 4 channels, viz., internal savings of the industry, own resources including share capital of entrepreneurs, purchase of securities by the public directly and loans and investments by financial institutions. Internal savings depend on size of the industry and profit rate. As the size was small, the savings were not large. Due to narrow base of entrepreneurs, the second source was negligible. Public participation in the industrial sector was not popular. This feature is lamented upon as “shyness of India Capital”. It should be noted that risk aversion of the Indian was not due to psychological
reasons but due to absence of legal protection against frauds which were prevalent at that time and another reason was lack of organized industrial securities (stock) market.²

Regarding institutions, although commercial banking was developed, it was concentrating on trade and commerce and short-term finance to industry adhering to their traditional approach. Insurance companies were investing mainly in government securities. The managing agency system, however, promoted and developed quite a few industries.

Despite its successful record, it functioned under constraints and many limitations. In brief, in the then prevailing set up, industry had very limited access to the savings of the economy which themselves were meager. The legal and institutional frames were incapable of generating high rate of savings/investment in the industrial sector. Due to lack of protection, people were afraid of investing in the industries. Awareness of these inhibiting factors led to many enactments during the post-independence era, such as, Industries Act, Companies Act, Capital Issues Act, Securities Contract Act and established some financial institutions for the industrial development.
2.3 NEED AND RELEVANCE OF INSTITUTIONAL DEVELOPMENT

Soon after achieving political independence, the Government of India embarked upon rapid industrialization under mixed economy set up. This is evident from the first Industrial Policy Resolution adopted in 1948 which spelt out intentions and frame of development of industries. Based on the Policy, the Industries (Development and Regulation) Act was enacted in 1950. In 1956, the Policy was amended and the second Industrial Policy more concretely defined the role of public and private sectors and the broad areas of their operations. The Second Five Year Plan launched in 1956 prioritized industrial development. Public sector was assigned the role of control over commanding heights of the economy and expected that it would fill up gaps in industrialization.

The essence of these policies was to create conditions for generating savings, mobilizing them and making available to different sectors and industries in accordance with pre-determined priorities. These necessitated increasing control of the Governments over distribution of the resources. The process began with the nationalization of the Reserve Bank of India (RBI) in 1948, establishing the State Bank of India (SBI) in 1955 by nationalizing the
Imperial Bank of India, Life Insurance Corporation (LIC) in 1956, General Insurance Corporation in 1973, commercial banks numbering 14 and 6 in 1969 and 1980, respectively. Nationalization and setting up of new institutions were not guided primarily by ideological factors but were mainly dictated the objective of rapid growth with justice.

2.4 Institutional Assistance

The success of small-scale industries in the industrial sector depends on the well-established institutional assistance. In order to meet out various requirements of the rapidly expanding small-scale industrial sector, both Central and State Governments provide adequate institutional support to it. Identification of profitable and feasible projects, preparation of the profiles of such projects, identification of potential entrepreneurs and offering the project profiles to such entrepreneurs are the primary requirements of any programme in this direction. This is followed by the selection of a suitable area for the development and expansion of these areas for the establishment of factories/enterprises, creating infrastructure such as roads, water, power and transport and also offering technical and financial consultancy services, undertaking assistance programmes for the
provision of factory sheds/premises, procurement of machinery, moulds, dies, tools, raw material and components, training skilled labour and other skills, availability of adequate and timely finance and marketing aids. All these proved as useful assistance in this background.

2.5 INDUSTRIAL DEVELOPMENT INSTITUTIONS

For the overall development of small-scale sector, a widely diversified organizational structure both at the National and State level was needed. Accordingly, steps were initiated soon after independence through establishment of Cottage Industries Board in 1947 which was later split up into three boards and reconstituted in 1952 as All India Handlooms Board, the All India Handicrafts Board and the All India Khadi and Village Industries Board.\(^3\)

However, for a systematic development with modern approach a new set of institutions was needed for promotion of these industries. In order to realize the potential benefits from small-scale sector, the institutional arrangements based on the recommendations of the International Perspective Planning Team in 1954 were implemented with a three-tier system consisting of:
A) National Level Institutions

1. Small Industries Development Organization (SIDO)
2. National Small Industries Corporation (NSIC)
3. Industrial Development Bank of India (IDBI)
4. Indian Standard Institute (ISI)

B) State Level Institutions

1. Karnataka State Financial Corporation (KSFC)
2. Karnataka State Industrial Investments and Development Corporation (KSIIDC)
3. Karnataka State Small Industrial Development Corporation (KSSIDC)
4. Karnataka Industrial Area Development Board (KIADB)
5. Karnataka Leather Industries Development Corporation (KLIDC)

C) District Level Institutions

1. District Industries Centres (DICs)

The researcher has pointed out that the industrial institutions are instrumental for overall growth and development of SSI sector in the country. These institutions are indicated in Figure 2.1.
2.5.A. National Level Industrial Institutions

2.5.A.1. Small Industries Development Organization (SIDO)

The Government of India has established the SIDO in the year 1954 under the Ministry of Industry. It functions as a policy formulating, co-ordinating and monitoring agency for the development of small-scale industries. It maintains a close liaison with the relevant Central Ministries, the Planning Commission, State Governments, financial institutions and other organizations which are involved in promoting the development of small-scale sector. Its activities relate to all the small-scale industries excluding those which fall within the purview of specialized
board or agencies, viz., the All India Handloom and Handicrafts Board, the Coir Board, the Central Silk Board and the Khadi and Village Industries Commission.

The SIDO provides a comprehensive range of consultancy services and technical, managerial, economic and marketing assistance to the small-scale units. Through its network of twenty five Small Industries Service Institutes and its 20 branches, 41 Extension Centers, 4 Regional Testing Centers, one Product and Process Development Centre, 3 Footwear Training Centers and 5 Production Centers. At the headquarters the Development Commissioner is assisted by various services as indicated in Figure 2.2.

**Figure 2.2 Activities of SIDO**
The Organization co-ordinates the work relating to the development of small-scale industries on an all-India basis by:

i) Evolving all-India policy and programme for the development of small-scale industries;

ii) Co-ordinating the policies and programmes of various State Governments;

iii) Acting as liaison between different States and Central Ministries, the Planning Commission and the Reserve Bank and the State Bank;

iv) Co-ordinating the programmes for the development of large and small-scale industries; and

v) Co-ordinating the programmes for the development of industrial estates and ancillaries all over the country.

**Promotional and Developmental Activities SIDO**

The SIDO offers a comprehensive range of *technical and workshop services* to the small-scale sector on improved technical processes, production planning, selection of machinery, use of modern machines and processes, preparation of factory layouts and designs, material holding, etc.

The SIDO has been implementing a *programme of modernization* of selected industries and of others on the
basis of concentration in certain areas. Under this programme, motivational programmes - seminars, workshops, industrial clinics, modernization courses, etc. arranged and literature and other publicity material have been disseminated. Quick and intensive in-plant studies have been conducted with a view to assisting selected small-scale units in implementing the suggestions made by various study teams. Sixty-two industries have been selected for this programme, out of which 20 have been chosen on all-India basis and the remaining from particular areas of concentration.

One of the important activities of the SIDO has been the provision of consultancy services and training in various disciplines to help improve the competitive strength of small entrepreneurs and enable them to keep abreast of the latest developments in their respective fields.

The SIDO conducted regular and ad hoc training courses in several specialized fields. These included 339 technical courses and 116 specialized courses. About 15 open house discussions, seminars and workshops were organized by the SIDO with a view to providing opportunities to units located in different regions or belonging to particular trades to identify their problems,
exchange views and discuss measures for the expeditious
development of their undertaking.

Towards the entrepreneurial development, the SIDO
organizes training programmes for engineer entrepreneurs,
unemployed and conducts advanced courses for
entrepreneurial development amongst students, the war
widows, scheduled castes/scheduled tribes, ex-servicemen
and people from backward, rural, tribal and hilly areas. A
close liaison was maintained by the SIDO with State
Industries Departments, Industrial Development
Corporation and other developmental agencies to ensure
that intensive efforts are made to motivate an increasingly
larger number of entrepreneurs to set up small industrial
enterprises.

The SIDO has made consistent efforts to provide the
necessary institutional support to the programme of the
growth of ancillaries. As a consequence, the Bureau of
Public Enterprises has issued fresh guidelines to public
sector undertakings to encourage the growth of ancillary
units. Exhibitions and buyer-seller meets were organized to
make it possible for large undertakings and the SSI units to
derive benefits through ancillarisation.
Performance of SIDO

The overall programme of SIDO with reference to SSIs registration of units, employment, investment and export during the study period from 1992-93 to 2002-03 is depicted in Table 2.1.

It could be observed from Table 2.1 that there has been a phenomenal growth in achievement of SSI activities in terms of the number of SSI units set up, capital investment, employment generation and export over a period of past ten years. It is found from the Table that there is 100 per cent growth in registration of units within a period of 10 years. In the year 1992-93, 16.38 lakh units were registered which increased to 28.49 lakh units in 2002-03.
<table>
<thead>
<tr>
<th>Year</th>
<th>Registered (A)</th>
<th>Unregistered (B)</th>
<th>Total (A+B)</th>
<th>Fixed investment</th>
<th>Rs. in crore</th>
<th>Employment (No. in Lakh)</th>
<th>Export (Rs.in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>16.48 (10.01)</td>
<td>05.98 (02.40)</td>
<td>22.46 (07.88)</td>
<td>NA</td>
<td>209300</td>
<td>223626</td>
<td>134.06</td>
</tr>
<tr>
<td>1993-94</td>
<td>17.76 (07.77)</td>
<td>06.12 (02.34)</td>
<td>23.88 (06.14)</td>
<td>NA</td>
<td>241648 (15.46)</td>
<td>241648 (07.10)</td>
<td>139.38</td>
</tr>
<tr>
<td>1994-95</td>
<td>19.44 (09.46)</td>
<td>06.27 (02.45)</td>
<td>25.71 (07.66)</td>
<td>NA</td>
<td>29886 (23.69)</td>
<td>266054 (10.10)</td>
<td>146.56</td>
</tr>
<tr>
<td>1995-96</td>
<td>20.18 (03.81)</td>
<td>06.40 (02.07)</td>
<td>26.58 (03.88)</td>
<td>NA</td>
<td>362656 (21.34)</td>
<td>296385 (11.40)</td>
<td>152.61</td>
</tr>
<tr>
<td>1996-97</td>
<td>21.53 (06.69)</td>
<td>06.50 (01.56)</td>
<td>28.03 (05.46)</td>
<td>64839</td>
<td>411858 (13.57)</td>
<td>329935 (04.84)</td>
<td>160.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>22.82 (05.59)</td>
<td>06.62 (01.85)</td>
<td>29.44 (05.03)</td>
<td>70891</td>
<td>462641 (12.33)</td>
<td>357749 (08.43)</td>
<td>167.20</td>
</tr>
<tr>
<td>1998-99</td>
<td>24.06 (05.43)</td>
<td>06.74 (01.81)</td>
<td>30.80 (04.62)</td>
<td>77531</td>
<td>520650 (12.54)</td>
<td>385296 (07.70)</td>
<td>171.58</td>
</tr>
<tr>
<td>1999-00</td>
<td>25.26 (04.99)</td>
<td>06.86 (01.78)</td>
<td>32.12 (04.29)</td>
<td>82411</td>
<td>572887 (10.03)</td>
<td>416736 (08.16)</td>
<td>178.50</td>
</tr>
<tr>
<td>2000-01</td>
<td>26.14 (03.48)</td>
<td>06.98 (01.75)</td>
<td>33.12 (03.11)</td>
<td>79703</td>
<td>639024 (11.54)</td>
<td>451033 (08.22)</td>
<td>185.64</td>
</tr>
<tr>
<td>2001-02</td>
<td>27.31 (04.50)</td>
<td>07.11 (01.80)</td>
<td>34.42 (03.91)</td>
<td>84329</td>
<td>690316 (08.03)</td>
<td>478456 (06.08)</td>
<td>192.23</td>
</tr>
<tr>
<td>2002-03</td>
<td>28.49 (04.32)</td>
<td>07.23 (01.77)</td>
<td>35.72 (03.79)</td>
<td>92087</td>
<td>742021 (09.20)</td>
<td>514292 (07.78)</td>
<td>199.65</td>
</tr>
</tbody>
</table>

Source: Laghu Udyog Samachar, A publication of Development Commissioner (SSI), Ministry of SSI, Government of India, April to September 2003, p. 51.

Note: 1) Growth rates increase over previous years are shown in parentheses. 2) NA: Not available. 3) Figures in parenthesis indicate growth in percentage.
Table 2.1 depicts that 134.06 lakh persons are engaged in SSI in the year 1992-03 followed by 167.20 lakh in the year 1992-98 and 199.65 lakh in the year 2002-03 indicating that SSI fetches a large amount of employment to the Indian youth.

Table 2.1 reveals that small-scale industries during 2002-03 recorded growth in production of 7.50 per cent over the previous year. "The small-scale industries sector has recorded higher growth rate than the industrial sector as a whole (4.9 per cent during 2002-03). It contributed 39 per cent towards the industrial production as a whole and 35 per cent of direct exports from the country."4

2.5.A.2. National Small Industries Corporations (NSIC)

Another central organization, the NSIC, a Government of India undertaking was set up in 1955 with the objectives of supplying machinery and equipment to small entrepreneurs on hire-purchase basis and assisting them in procuring government orders for various items of stores. Figure 2.3 gives the activities of the NSIC.
The Corporation earlier had four subsidiary corporations at Delhi, Bombay (now Mumbai), Calcutta (now Kolkatta) and Madras (now Chennai). However, since 1961 all the subsidiary corporations have been amalgamated with the main corporation and three branch offices have been set up at Mumbai, Kolkatta and Chennai. The Delhi Subsidiary Corporation has been merged with the parent corporation and its work is looked after by a separate Delhi Cell set up in it. The main functions of the NSIC are:

- To provide small-scale industries with modern machines on a hire-purchase basis;
• To assist small enterprises to participate in the stores purchase programme of the Central Government;

• To arrange the marketing of small industries products by starting emporia and sales depots and promoting their exports;

• To develop small-scale industries as ancillary units to large-scale industries;

• To distribute basic raw material through their raw material depots;

• To import and distribute components and parts to actual small-scale users in specific industries; and

• To construct industrial estates and establish and run prototype production-cum-training centers.

The NSIC has taken itself the challenging task of promoting and developing small industries almost from scratch and has adopted an “integrated approach” to achieve its socio-economic objectives. It has created a proper “industrial” atmosphere and has infused confidence in the small entrepreneurs to prepare schemes for the manufacture of products or identify the balancing equipment for the purpose of modernization and diversification. The NSIC being a small unit supplies machinery and equipment, marketing inputs and technical support to small units only. Hence, the
seeding comes up as a 'factory' which provides jobs for the unemployed or under-employed.

2.5.A.3. Industrial Development Bank of India (IDBI)

The IDBI was established in the year 1964 under an Act of Parliament. It functions as the apex of all development institutions catering to the needs of industries in India. One of its main functions is refinancing. Its varied direct and indirect promotional activities contribute a lot in building up a large industrial base, encompassing small, medium and large industries throughout India. It was delinked from the RBI in 1976 for making it autonomous and now it is fully owned by the Government of India through its wholly owned subsidiary of Small Industries Development Bank of India (SIDBI). IDBI also assists Small Scale Industries (SSI). Further, it has set up the Capital Market Services Ltd. and IDBI Bank Ltd. in 1994.

The broad functions of IDBI are (i) Refinancing (ii) Promoting (iii) Developing and (iv) Co-ordinating.

The IDBI plays a special role in (a) Planning, promoting and developing industries to fill vital gaps in industrial structure; (b) Providing technical and administrative
assistance for promotion, management and expansion of industries; and (c) Undertaking marketing and investment research and surveys as also techno-economic studies in connection with the development of industry.

IDBI has also been providing refinance assistance for loans granted for the setting up of industrial estates mainly for the development of land for the provision of infrastructure facilities and for the construction of sheds.

2.5.A.4. Indian Standard Institute (ISI)

The ISI is operating as a Certificate Mark Scheme under which manufacturers are licensed to use the ISI mark on goods produced by them in conformity with the relevant Indian standards. The scheme is governed by the ISI (Certificate Mark) Act, 1952 and the rules and regulations framed there under which they have vested special power on the institution for such purpose.

Any manufacturer having requisite production and testing facilities may apply for a license under the scheme and the institution may authorize him to use the ISI mark on the products after satisfying the relevant conditions. It plays a great role in ensuring the quality of products.
2.5.B. State Level Institutions

Apart from the National Level Organizations for the development of small-scale industries, there are some State Level Institutions to carry out the policies and programmes framed at national level to frame in order to implement the same at State level. The Directorate of Industries and State Small Industries Development Institutions are set up along with the State Financial and Industrial Development Corporations.

Soon after the independence the Government of India spelt out its industrial policy through the first Industrial Policy Resolution of 1948, which was more concretely stated by the National Industrial Policy and objectives enshrined in the successive Five-Year Plans. The Karnataka Government has been taken various steps and instituted various agencies to promote, develop and expand various industries in the state. Some of them are:

1) Karnataka State Financial Corporation (KSFC)
2) Karnataka State Industrial Investment and Development Corporation (KSIIDC)
3) Karnataka State Small Industrial Development Corporation (KSSIDC)
2.5.B.1. Karnataka State Financial Corporation (KSFC)

The State Financial Corporation Act was passed in the year 1951, which came into effect from 1952. KSFC was set up as a regional or state level financial institutions in this State in the year 1959. In accordance with Section 3 of SFC Act, SFC’s can render assistance to all kinds of industries, may be in the form of private limited companies, partnership firms or sole trading concerns.

KSFC is a statutory corporation established in 1959. It has been a long and fruitful journey of three and half decades for KSFC from 1959-60 the year of its inception to 1995-96 when the corporation scaled unprecedented heights in operational parameters and is set to enter a new era of growth. It can take considerable pride in having led the case of systematic and balanced development of industries in the State with farsightedness and estate planning coupled with a conscious effort to fulfill its objectives.
The principal objectives of KSFC is to initiate industrial development in the State by encouraging first generation and tiny entrepreneurs and promoting balanced regional development. It identifies and motivates potential entrepreneurs and trains them to acquire prerequisite skills. KSFC gives specialized attention to backward districts to bring about balanced growth of industries in the State. KSFC has been working to fulfill certain objectives, which are as follows:

- to promote small-scale and medium scale industries for rapid industrialization,
- to effect transfer of resources for reducing regional imbalances,
- to ensure optimum utilisation of locally available natural resources,
- to help self-sustaining entrepreneurial base,
- to provide adequate and timely financial assistance to needful entrepreneurs,
- to uplift the women entrepreneurs providing finance and training facilities,
- giving special care for the scheduled castes/scheduled tribes, backward classes and minorities, and
- to create additional employment opportunities.
Apart from the industrial sector, KSFC’s assistance has been considerably increasing towards service sector, which is also another important component of national economy. The empirical observations will cast light on how far KSFC is successful in reaching the declared objectives.

**Programme of KSFC Since**

Since the inception KSFC has widened its area of operation with implementation of several new schemes. The number of entrepreneurs funded and financed by KSFC shows increasing trend. But the analysis of data collected and displayed in Table 2.2 for the period from 1992-93 to 2002-03 reveals that the progress of KSFC was not uniform. It shows fluctuation both in the fields of sanction and disbursement.

It is found from Table 2.2 that gross sanction of number of units in 1992-93 were 15233 units which is record achievement in itself. However, these gross sanctions have been declining over a period and it went down to 1,352 units in the year 2002-03. The sanctions of amount and disbursement are also found decreasing marginally till 2002-03.
### Table 2.2 Performance of KSFC

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of units</th>
<th>Sanction (Rs. in lakh)</th>
<th>Disbursement (Rs. in lakh)</th>
<th>Disbursement as percentage of sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>15233</td>
<td>34206 (00.45)</td>
<td>29981 (21.70)</td>
<td>87.65</td>
</tr>
<tr>
<td>1993-94</td>
<td>13224</td>
<td>35477 (03.71)</td>
<td>31001 (03.40)</td>
<td>86.38</td>
</tr>
<tr>
<td>1994-95</td>
<td>14089</td>
<td>52018 (46.62)</td>
<td>43209 (39.37)</td>
<td>83.06</td>
</tr>
<tr>
<td>1995-96</td>
<td>14819</td>
<td>81881 (57.41)</td>
<td>61263 (41.78)</td>
<td>74.82</td>
</tr>
<tr>
<td>1996-97</td>
<td>13053</td>
<td>85984 (05.01)</td>
<td>64946 (06.01)</td>
<td>75.53</td>
</tr>
<tr>
<td>1997-98</td>
<td>6970</td>
<td>57736 (-32.85)</td>
<td>46956 (-27.70)</td>
<td>81.33</td>
</tr>
<tr>
<td>1998-99</td>
<td>3753</td>
<td>37196 (-35.57)</td>
<td>35897 (-23.55)</td>
<td>96.51</td>
</tr>
<tr>
<td>1999-00</td>
<td>2878</td>
<td>34026 (-08.52)</td>
<td>29849 (-16.85)</td>
<td>87.72</td>
</tr>
<tr>
<td>2000-01</td>
<td>2677</td>
<td>44005 (29.33)</td>
<td>32878 (10.15)</td>
<td>74.71</td>
</tr>
<tr>
<td>2001-02</td>
<td>1625</td>
<td>30371 (-30.98)</td>
<td>29242 (-11.06)</td>
<td>96.28</td>
</tr>
<tr>
<td>2002-03</td>
<td>1352</td>
<td>34067 (12.17)</td>
<td>26828 (-08.25)</td>
<td>78.75</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KSFC for the relevant period.

Note: Figures in parenthesis indicate percentage to the total.

The KSFC as a pivotal funding institution of Karnataka is working efficiently in the fields of sanctions, disbursement and recovery. It helped the process of industrialization to gain momentum. The analysis clearly indicates the positive role played by KSFC in the State.
2.5.B.2. Karnataka State Industrial Investment and Development Corporation Limited (KSIIDC)

KSIIDC was established in 1964 with the main objective of promoting industrial growth in the State, especially in the medium and large sectors. To achieve this, KSSIDC identifies industrial opportunities provides guidance and advice to prospective entrepreneurs and extends necessary financial assistance to realize these opportunities. It also provides assistance in securing single window clearances for land, power, water, etc.

The important objectives of KSIIDC are:

- To help industrial units coming up in the State of Karnataka;
- To provide qualitative service through discharging its duties;
- To maintain regionally balanced industrial growth in the State;
- To provide merchant banking services to the young and new entrepreneurs; and
- To assist mega projects and strategic industries in the State.
KSIIDC provides a package of services apart from finance, from project conception to the post-production stage like medium and long-term loans, director equity participation and underwriting, equipment finance scheme, deferred payment guarantees, equipment ceasing scheme, tourism projects, hospital/nursing home finance scheme, nodal agency for certain mega project of the state and merchant banking services.

**Project Identification Of KSIIDC**

KSIIDC assists entrepreneurs in identifying suitable projects. Keeping in view the resource availability and the market demand, project profiles of contemporary relevance are prepared and made available to prospective entrepreneurs. Technologies are procured for new projects. Entrepreneurs are assisted with techno-economic reports, feasibility studies and market surveys, specialized consulting firms are commissioned wherever necessary.

**9) Medium and Long-term Loans**

KSIIDC provides medium and long-term loans for projects planned in Karnataka. Loans are made available for setting up of new projects as well as for expansion, modernization or
diversification. Under the refinance scheme of IDBI/SIDBI, the corporation will provide term loans up to Rs.250 lakh for a single project/scheme.

It also provides term loans (non-refinanceable) beyond Rs.250 lakh and up to Rs.4 crore per proposal subject to a maximum outstanding limit of Rs.6 crore. It can also syndicate term loans under an arrangement with IDBI/KSFC/banks for a project costing up to Rs.10 crore.

A special scheme offering ½ per cent education on interest, on term loan proposals to companies with excellent track record is also provided.

9) **Direct Equity Participation and Underwriting Facility**

The corporation participates in the direct equity share capital mainly in respect of assisted/joint sector companies. The participation will be up to 11 per cent of the paid up equity share capital depending upon the merit of the project. In certain sectors, the participation could be up to 26 per cent. The equity though such direct participation is expected to be disinvested by the corporation within a maximum period of three to five year on a mutually agreed disinvestments formula entered into at the time of investment.
KSIIDC also considers providing underwriting facility (on a selective basis) against applicable underwriting commission on the following broad parameters:

- Issues should have been tied-up with Merchant Banking Division of Central Financial Institutions, nationalized banks, etc.
- Listing in at least two Stock Exchange, viz., Bangalore and Mumbai.
- Issues which are already having firm underwriting tie-up with institutions for substantial amount would be preferred.
- Issues only from well-established promoters with good track record will be considered.

9) **Equipment Finance Scheme**

Short and medium-term loan funds are provided quickly under a simplified procedure to well-established small and medium-term industries for acquisition of indigenous as well as imported capital goods. This assistance is available for the purchase of identifiable items of new plant and machinery for modernization/expansion/balancing/replacement or for any other purpose except for setting up a new project.
Assistance under this scheme is available to existing industrial concerns with a good performance record and sound financial position. They should:

9) Have been in operation for at least 4 years,
9) Have earned profits and or declared dividend on equity shares during the preceding two financial years, and
9) Not be in default to institutions/banks in the payment for their dues.

The borrowing concern can avail up to a maximum of 77.5 per cent of the cost of equipment as loan under this scheme subject to having an overall debt-equity ratio on implementation of the scheme within the prevailing norms. The loan, however, be limited to Rs.150 lakh for sanction at one time subject to an overall ceiling limits of Rs.200 lakh per company. The period of loan repayment ranges from 2 to 5 years including moratorium of up to one year.

9) Deferred Payment Guarantee

The corporation provides guarantees against deferred credit in respect of both indigenous and imported machinery (imported machinery obtained through authorized Indian agents). The guarantees are generally provided under IDBI Bill
Rediscounting Scheme and other similar schemes of central financial institutions. The guarantee commission to be paid is 1 per cent per annum and is payable in advance on the amount of guarantee extended.

9) **Equipment and Leasing Finance**

The KSIIDC can offer equipment leasing facility on a selective basis for established units having good track record. Under the scheme a wide variety of machinery and equipment can be leased on attractive terms.

The special features of this scheme are:

9) 100 per cent of the equipment costs can be financed.

Sanctions and disbursements of funds are quick, since the formalities are simple.

The minimum amount of KSIIDC can consider under this scheme is Rs.25 lakh and the maximum is Rs.250 lakh.

9) **Tourism Projects**

Long-term loan facility is also extended by the KSIIDC for setting 2 or 3 star hotel projects as per the guidelines stipulated by the Department of Tourism. Government of India
establishing the hotel in a prime location *inter alia* would be an important factor for consideration.

9) **Hospital Finance Scheme**

Assistance under the scheme is available to hospitals/nursing homes which are organised as private/public limited company's partnership concerns or trusts. However, these will be subjected to the stipulated norms, terms and conditions.

9) **Nodal Agency for Non-Resident Indians (NRIs)**

In Karnataka the KSIIDC is the nodal agency for assisting NI entrepreneurs. A special NRI cell assists NRI entrepreneurs with project identification, clearances from State and Central governments and provides industrial service.

9) **Merchant Banking Services**

KSIIDC provides a host of merchant banking services particularly in the areas of issue management, co-managers to the issues, syndication of loans, bought out deals, advisors to the issue and opening letters of credit and guarantees.
KSIIDC also provides advisory services to PSUs and other companies for financial restructuring and disinvestments proposals.

2.5.B.3. Karnataka State Small Industries Development Corporation (KSSIDC)

KSSIDC, a Government of Karnataka undertaking was established in the year 1960. The main objectives of the company are to provide industrial infrastructure for the development of small-scale industries and supply of industrial raw material.

KSSIDC (then the Mysore Small Industries Organization) is rendering services to small-scale sector in the State for over a quarter century. It is both benefiting and appropriate to look back over the years and trace lower of the important events that took place during the period.

With a moderate beginning by occupying a small rented building in the outskirts of Bangalore, the Corporation moved to its own building in the Rajajinagar Industrial Estate until around 1960. The State Government's efforts to encourage the development of small-scale industries were being pursued by the Department of Industries and Commerce as a part of the
Department's over all strategy for a comprehensive industrial development. From 1960 KSSIDC, then MSIC, took over the activities relating to the management and letting up industrial estates and distribution of raw material and started to give a new orientation to this aspect of development.

The Corporation started with an initial share capital of Rs.10 lakh which was gradually stepped up. The State Government's contribution to the equity of the corporation during the first 10 years was Rs.20 lakh. The Memorandum and the Articles of Association of the Corporation have been framed in a comprehensive and exhaustive manner which permit the corporation to take up any activity aimed at the rapid development of small-scale industry subject to the guidelines issued by the Government from time to time. Since KSSIDC is a study unit for the research, a detailed discussion is followed in the subsequent chapters.

2.5.B.4. Karnataka Industrial Area Development Board (KIADB)

The KIADB was created in 1966 by an act of Statute, the Karnataka Industrial Areas Development Act, 1966. It is an autonomous body under the Ministry of Industries in the
Government of Karnataka and is a part of a network of organizations to promote industrialization in the State of Karnataka.

The main objectives of the Board are:

- To secure the establishment of industrial areas in the State of Karnataka and generally, to promote the establishment and orderly development of industries.

- To balance industrial growth in both forward and backward districts of Karnataka by cross-subsidization.

The activities of KIADB are catalyst to promote industrial growth in Karnataka. It is critical to industrial development in the State since it supplies land stock, which is a fundamental resource for any industrial activity. KIADB develops essential infrastructure such as roads and water supply for an industrial area. It has an impact on the pace of industrialization in the State, profitability of industrial units, lives of landowners who provide land to KIADB.

KIADB has an important role to play in attracting as much industrial investment as possible, to Karnataka. Given the government's thrust on industrialization, KIADB's role can
only become more critical for Karnataka's industrial development.

Activities of KIADB

The primary activities of KIADB are acquisition, development and allotment of land to industrial units. KIADB supplies land to industries. It does this primarily, by forming industrial areas. KIADB's services can be classified into four segments:

- **Industrial Areas:** KIADB creates industrial areas in response to the felt needs, to attract industries in districts all over the State. The Board receives inputs from several sources to moot the idea of an industrial area. KIADB facilitates the creation of infrastructure such as power, water, communication and civic amenities. Layouts of plots are created and sold to industrial units.

- **Single Unit Complexes (SUC):** SUCs are created in response to requests from large corporation wanting to establish big facilities. KIADB acquires large extents of land and allots them in an as-is basis to the industrial units.

- **Single Window Agency Clearances:** Enterprises interested in establishing their businesses in Bangalore have to make an application to Karnataka Udyog Mitra
(KUM) which is the single window agency to approve project proposals. Entrepreneurs approach KIADB as per KUM's directions and make an application for land. Small-scale units are cleared at the district level while medium scale and large-scale units are cleared by Single Window Agency and High Level Committee respectively.

**Special Projects:** Projects such as Export Promotion Industrial Parks (EPIP) come under special projects. The Central and State governments direct KIADB to acquire and develop land for special projects.

While the activities of acquisition, development and allotment is the same irrespective of the segment catered to, the difference is in the role of the KIADB in initiating the proceedings. For instance, creation of industrial areas is typically initiated by KIADB while the land acquisition for the formation of SUCs is initiated by the Single Window Agency.

Also KIADB develops land for industrial area while for SUCs it just acquires and allot on an as-is basis.

1) **Land Acquisition**

KIADB is empowered by the KIAD Act, 1966 to acquire and develop land for the formation of industrial areas in order to promote industrialization. Sections 28 and 29 of the Act
prescribe the procedures for acquisition and payment of compensation to land owners. According to Section 28 of the Act, the government can acquire land after sufficient notices to and hearing the land owners. The Section also facilitates the transfer of land from the government to KIADB. Section 29 governs the payment of compensation to land owners. The compensation value can be arrived at either by negotiation, when both KIADB and the land owner are in agreement on the value of the compensation, or by an award, when KIADB passes a unilateral award if no agreement could be reached with the land owner.

It is to be noted as per the provisions of the KIAD Act, nothing other than a procedural irregularity on the part of KIADB, can prevent KIADB from acquiring land for industrial development. The Land Acquisition Department is headed by Special Deputy Commissioner who is on deputation from the Government of Karnataka. The Special Deputy Commissioner is assisted by Special Land Acquisition Officer (SLAOs) who work from different zonal offices. The SLOAs are the authorities who hear the land owners' grievances and pass the final orders on land acquisition. All communication and proposals to the Board are routed by the SLAOs through the
Special Deputy Commissioner. The Special Deputy Commissioner takes part in the decision making process and is the overall in charge of the land acquisition activity.

2) Land Development

KIADB also provides and maintains the basic infrastructure such as roads, water connections, power sources, etc., in the industrial areas it develops. The engineering section is responsible for the development works.

The engineering department is headed by the Chief Development Officer (CDO). The CDO is assisted by Development Officers (Dos) at the zonal offices. The DOs and the DDOs are the officials responsible for carrying out the development works.

3) Land Allotment

The land allotment department interacts with industrial units that are in need of land. The CEO heads the allotment department. Activities such as preparing marketing brochures, fixing land price, executing land title deeds come under land allotment. KIADB, in most areas, gets into lease agreements with the allottees and only after a period of 6
years, the land transfer takes place. The lease method instead of an outright sale is followed for two main reasons:

1. KIADB needs to monitor the use of land it allots to industrial units. The land should be used for establishing facilities as agree to by the allottees. The allottees should not use the land for any other purpose or trade in the land allotted to it. The lease agreement enables KIADB to have a hold on the land till the transfer of title takes place. KIADB collects almost the whole of the land sale value upfront. Only a small portion of the sale value is collected over the lease period.

2. In a number of cases, KIADB may not be in a position to arrive at the exact sale value of the land. This may happen because of unresolved legal cases pertaining to compensation to KIADB's decision to phase the development works, the cost of which needs to be recovered from the allottees over a period of time.

Organization Structure of KIADB

The State of Karnataka has been divided into north and south zones for the purpose of administration at KIADB.

<table>
<thead>
<tr>
<th>Offices of KIADB</th>
<th>North zone</th>
<th>South zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dharwad</td>
<td>Bangalore 1</td>
<td></td>
</tr>
<tr>
<td>Davangere</td>
<td>Bangalore 2</td>
<td></td>
</tr>
<tr>
<td>Belgaum</td>
<td>Mysore</td>
<td></td>
</tr>
<tr>
<td>Gulbarga</td>
<td>Hassan</td>
<td></td>
</tr>
</tbody>
</table>
A Board of chief executive officers governs KIADB, the heads of various government bodies are the members.

The Chief Executive Officer and Executive Member (CEO and EM), the Special Deputy Commissioner (Special DC) and the Controller of Finance (COF), who are full time employees of KIADB are on deputation from Government of Karnataka.

The key officials in Land Acquisition Department are on deputation from Revenue Department, Government of Karnataka.

Most of the key officials of Land Development and other departments are permanent staff of KIADB.

The organization structure of KIADB is depicted in Figure 2.4.
Performance of KIADB

KIADB has developed industrial areas in districts, covering the whole State. KIADB has since its inception till 1999, has developed 74 industrial areas spread over 48,000 acres. KIADB has served some of the best known corporate to facilitate the establishment of Single Unit Complexes. KIADB has acted as a catalyst for growth in high growth sectors such as information technology by developing complexes such as
Electronic City and Export Promotion Industrial Park, in the outskirts of Bangalore.

For 1997-98, total income reported by KIADB was Rs.18.75 crore with a net surplus of Rs.9.25 crore.

KIADB is funded by government grants and sale proceeds of the land to industrial units. In the year 1999, KIADB raised funds from the market by issuing debt.

Table 2.3 Area-wise Industrial Lands Acquired, Developed and allotted as on 31.5.2002

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Industrial area</th>
<th>Rank</th>
<th>Extent in acres</th>
<th>Allotted</th>
<th>Extent vacant in acres</th>
<th>Prevailing Price/acre (Rs. In lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bangalore</td>
<td>I</td>
<td>8437.86</td>
<td>7602.82</td>
<td>2692</td>
<td>5903.89</td>
</tr>
<tr>
<td>2.</td>
<td>Belgaum district</td>
<td></td>
<td>869.17</td>
<td>715.17</td>
<td>1674</td>
<td>432.68</td>
</tr>
<tr>
<td>3.</td>
<td>Bellary district</td>
<td></td>
<td>437.98</td>
<td>437.98</td>
<td>242</td>
<td>269.50</td>
</tr>
<tr>
<td>4.</td>
<td>Bidar district</td>
<td></td>
<td>1831.37</td>
<td>1514.97</td>
<td>830</td>
<td>791.64</td>
</tr>
<tr>
<td>5.</td>
<td>Bijar district</td>
<td></td>
<td>582.88</td>
<td>582.88</td>
<td>120</td>
<td>181.00</td>
</tr>
<tr>
<td>6.</td>
<td>Bagalkot district</td>
<td></td>
<td>388.26</td>
<td>215.00</td>
<td>10</td>
<td>32.00</td>
</tr>
<tr>
<td>7.</td>
<td>Chikmagalure</td>
<td></td>
<td>50.50</td>
<td>50.50</td>
<td>03</td>
<td>08.10</td>
</tr>
<tr>
<td>8.</td>
<td>Chittadurga</td>
<td></td>
<td>83.45</td>
<td>83.50</td>
<td>75</td>
<td>68.00</td>
</tr>
<tr>
<td>9.</td>
<td>Dakshina Kannada</td>
<td></td>
<td>1128.92</td>
<td>1128.92</td>
<td>567</td>
<td>947.00</td>
</tr>
<tr>
<td>10.</td>
<td>Davangere</td>
<td></td>
<td>132.42</td>
<td>132.42</td>
<td>77</td>
<td>107.00</td>
</tr>
<tr>
<td>11.</td>
<td>Dharwar district</td>
<td>III</td>
<td>3066.11</td>
<td>3059.02</td>
<td>478</td>
<td>1774.29</td>
</tr>
<tr>
<td>12.</td>
<td>Gadag district</td>
<td></td>
<td>165.75</td>
<td>162.75</td>
<td>02</td>
<td>19.00</td>
</tr>
<tr>
<td>13.</td>
<td>Gulbarga district</td>
<td></td>
<td>953.91</td>
<td>460.93</td>
<td>237</td>
<td>244.64</td>
</tr>
<tr>
<td>15.</td>
<td>Kodagu district</td>
<td></td>
<td>250.00</td>
<td>250.00</td>
<td>97</td>
<td>106.41</td>
</tr>
<tr>
<td>16.</td>
<td>Koppal district</td>
<td></td>
<td>38.22</td>
<td>38.22</td>
<td>02</td>
<td>02.50</td>
</tr>
<tr>
<td>17.</td>
<td>Kolar district</td>
<td></td>
<td>688.33</td>
<td>688.33</td>
<td>270</td>
<td>515.10</td>
</tr>
<tr>
<td>18.</td>
<td>Mandya district</td>
<td></td>
<td>271.92</td>
<td>271.92</td>
<td>16</td>
<td>232.25</td>
</tr>
<tr>
<td>19.</td>
<td>Mysore district</td>
<td>II</td>
<td>3872.80</td>
<td>3872.80</td>
<td>910</td>
<td>2925.34</td>
</tr>
<tr>
<td>20.</td>
<td>Raichur district</td>
<td>IV</td>
<td>2234.45</td>
<td>631.68</td>
<td>97</td>
<td>240.19</td>
</tr>
<tr>
<td>21.</td>
<td>Shimoga district</td>
<td></td>
<td>463.25</td>
<td>463.25</td>
<td>291</td>
<td>289.77</td>
</tr>
<tr>
<td>22.</td>
<td>Tumkur district</td>
<td></td>
<td>815.95</td>
<td>781.58</td>
<td>285</td>
<td>497.11</td>
</tr>
<tr>
<td>23.</td>
<td>Udupi district</td>
<td></td>
<td>90.00</td>
<td>90.00</td>
<td>97</td>
<td>72.90</td>
</tr>
<tr>
<td>24.</td>
<td>Uttar Kannada</td>
<td></td>
<td>35.30</td>
<td>35.30</td>
<td>45</td>
<td>24.38</td>
</tr>
</tbody>
</table>

Source: Handbook of KIADB, Bangalore, 2002.
Table 2.4 shows that area-wise land acquired, developed and allotted as on 31.5.2002, which is a cumulative total since its inception. It reveals that Bangalore ranks 1st, followed by Mysore, Dharwad, Raichur and Hassan, in area acquired by the KIADB with a view to promote the industrial sector with 3,437.86, 3,872.80, 3,066.11, 2,234.45 and 2,020.98 acres respectively. In fact it is found that of the total area acquired in Bijapur, Bellary, Chikmagalore, Hassan, Kolar, Gadag and many other areas has been developed entirely for the sake of industrial development in the State. Further, it is found from Table 2.3 that in terms of number of units also Bangalore stands first, followed by Belgaum, Mysore, Bidar and Dakshina Kannada.

2.5.B.5 Karnataka Leather Industries Development Corporation Limited (KLIDCL)

Karnataka Leather Industries Development Corporation Limited (KLIDCL) is an Industrial Development Institution. It started in the year 1976 with the main intention for the improvement of leather and leather based industries in the State. The Corporation has been implementing the following schemes for the welfare of leather artisans to promote their trade.
1) Schemes

The roadside cobblers engaged in repairing and manufacture of footwear are facing main difficulty. In order to provide them facility to carry on their trade, the corporation has formulated the scheme for supply of wayside cabins. The cabin will be supplied on 60 per cent subsidy under special component plan and remaining 40 per cent will be loan from financial institutions. Along with the cabin one tool kit, chair and petromax will be supplied free of cost as a part of infrastructure facility. This scheme has become popular and the corporation has supplied about 11,000 cabins.

2) Training Programme

The corporation is conducting training programme in the manufacture of footwear, leather goods and shoes managing from 3 months and 6 months respectively in order to improve the skill and improve productivity. The training programme will be organized in different places of all the districts. During the training programme period stipend will be paid to the trainees. Each trainee will be provided a free set of tool kit and a certificate. So far the corporation has trained about
12,000 artisans in order to develop the designs which will set the present day market.

3) **Study Tour Programme**

The leather artisans in rural areas once required orientation in development of skill in manufacture of tanned leather and footwear. In this direction the corporation is organizing study tours to the various parts of the country to study the latest technology adopted in the manufacture of footwear units. The artisans of the State are being sent to Madras, Vaniambadi, Ranipet, Ambur, Vinnamangalm, etc., to visit the training units where modern technology has been adopted in processing of hides and skins. The corporation is also organizing tours to Agra, Delhi, Kanpur and Calcutta to footwear units and training centers. About 450 artisans have been covered in this scheme.

4) **Supply of Raw Material to Artisans**

To continue their trade, the leather artisans are facing difficulty in getting the raw material at reasonable rates. To help the artisans in this direction, the corporation is running 24 centers for selling of raw material all over the State and Central stores to make available the required raw material to
the leather artisans at reasonable price thereby avoiding the exploitation by the middlemen. The corporation is running these depots primarily to serve the leather artisans.

5) **Construction of Living-cum-Work sheds**

The leather artisans in the rural areas are not having the infrastructural facilities and an atmosphere to work and also they are not having proper houses to live and work. It is essential to provide a suitable place for them to live and work. So far 98 house-cum-work sheds constructed under special component plan and proposed to construct 200 living-cum-work sheds during the year 1997-98 under special component plan.

6) **Marketing Assistance**

With the main intention of providing the market for the products manufactured by the artisans and SSI/Training units, the corporation has opened 27 Emporia in various places of the State and also at Calcutta. The finished products manufactured by artisans and SSI/Training units as per our designs will be purchased and supplied to government departments, public sector undertakings besides selling through our showrooms. In order to increase the sales of
finished goods manufactured by artisans and SSI/Training units, the corporation is also participating in important exhibitions including trade fairs. The corporation is also organizing exhibition-cum-sales.

7) Dutch Assisted Programmes

Under the Dutch assistance Lidkar has established 14 complexes covering 274 house-cum-work sheds for footwear artisans and 90 houses for tanners. In total 364 leather artisans were covered under this scheme.

The main object of this scheme is the improvement of socio-economic situation of leather workers and their families - employment generation especially in the rural areas. Table 2.4 shows the places where the complexes are established.
TABLE - 2.4

Places of Complexes Established

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Place</th>
<th>No. of. Houses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chidri, Bidar</td>
<td>24</td>
</tr>
<tr>
<td>2.</td>
<td>Aurad, Bidar</td>
<td>24</td>
</tr>
<tr>
<td>3.</td>
<td>Sirsi, South Canara</td>
<td>24</td>
</tr>
<tr>
<td>4.</td>
<td>Athani, Belgaum</td>
<td>34</td>
</tr>
<tr>
<td>5.</td>
<td>Hubli, Dharwad</td>
<td>24</td>
</tr>
<tr>
<td>6.</td>
<td>Malavalli, Mandya</td>
<td>24</td>
</tr>
<tr>
<td>7.</td>
<td>Chickballapur, Kolar</td>
<td>24</td>
</tr>
<tr>
<td>8.</td>
<td>K.G. Halli, Bangalore</td>
<td>48</td>
</tr>
<tr>
<td>9.</td>
<td>Bijapur (footwear)</td>
<td>24</td>
</tr>
<tr>
<td>10.</td>
<td>Belgaum</td>
<td>24</td>
</tr>
<tr>
<td>11.</td>
<td>Lakammanahalli, Dharwad (tanning)</td>
<td>30</td>
</tr>
<tr>
<td>12.</td>
<td>Tanning complex, Humnabad</td>
<td>30</td>
</tr>
<tr>
<td>13.</td>
<td>Tanning complex, Bijapur</td>
<td>30</td>
</tr>
<tr>
<td>14.</td>
<td>Tanning complex, Gurumitkal</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>364</strong></td>
</tr>
</tbody>
</table>

Source: KLIDCL, Bangalore.

Out of the 14 complexes (10) are the footwear complexes and (3) tanning complexes and one common facility centre for tanning. The procurement activities will also be held in these centers.

8) Vishwa Scheme

In order to give the continuous employment to the artisans, the Government of Karnataka has started Vishwa scheme during 1991-92. Under this scheme 2,470 artisans have been trained in Chappal a leather goods manufacturing. After the training programme 753 artisans have been
sanctioned loans from KSFC and other financial institutions for production purpose. The corporation is procuring finished goods from the Vishwa artisans through its DVRPC's all over the State.

Lidkar with its main activity under the development schemes is helping the artisans through its various schemes explained above to come out of the poverty line. More than 50,000 leather artisans have been benefited out of the development activities.

2.5.C. District Level Institution –

2.5.C.1 District Industries Centers (DIC)

The District Industries Centers are the only institutions, which at the district level. The DIC was established in 1978 in all the districts of India (excluding 4 metropolitan cities, Delhi, Calcutta, Bombay and Madras) based on the Industrial Policy Statement of 1977. A DIC is an institution at the district level which provides all the services and facilities to entrepreneurs at one place so that they may set up small and village industries. These services and facilities include identification of a suitable scheme, preparation of a feasibility report, arrangements for supply of machinery and equipment,
provision of raw material, credit facilities and inputs for marketing and extension services, quality and research and entrepreneurial training. The DIC also ensures that small industries continue to be viable. For this purpose, it provides all the facilities to the entrepreneur under one roof at the district and sub-district levels.

The DIC programme is one of the major contributions of the Janata Government to the country when it came into power in 1977, the government desired to bring some drastic changes in the rural and small-scale industrial scenario of the country. Accordingly, centrally sponsored DIC programme was originated.

DICs were set up mainly to provide all the services and support required by the entrepreneur at a single point. The objectives of the DICs are:

- To provide an integrated administrative framework at the district level to accelerate the pace of industrial development, particularly small, tiny, village and cottage industries in a planned and composite manner.

- To provide all the services and support activities required by the small and rural entrepreneurs under a single roof.
• To establish linkage with the development blocks and specialized institutions at the national and State levels and provide a co-ordinate structure at the district level.

• To generate more employment opportunities in the rural sector.

• To create a new awareness in the prospective entrepreneurs so as to intensify the tempo of rural industrialization.

• To set up display and information cells.

• To showcase levels of technology in rural industries.

• To hold regional trade fairs, spotlight development technology in selected industries.

• To arrange buyers and sellers meet on technology.

• To eliminate organizational weaknesses and functional deficiencies through the district industries officers.

The main functions of the DIC are:

• To survey existing traditional new industries and raw material and human resources, to identify schemes and make market forecasts for different items, to prepare simple techno-economic feasibility reports and after investment advice to entrepreneurs.

• To assess the machinery and equipment requirements of small-scale, tiny and village industries, to indicate the
location where machinery and equipment for different plants may be available for entrepreneurs, to liaison with research institutions and arrange for the supply of machinery on hire-purchase basis.

- To arrange for training courses for entrepreneur of small and tiny units and liaison with small industries, the SIET institute and other institutions and keep abreast of research and development in selected product lines and quality methods.

- To ascertain the raw material requirements of various units, their sources and price and to arrange for their bulk purchases for distribution to entrepreneurs.

- To liaison leading banks and other financial institution appraise applications, monitor the flow of industrial credit in the district and arrange for financial assistance to entrepreneurs.

- To organize marketing outlets, to liaison with government agencies, convey market intelligence to entrepreneurs, and organize market surveys and market development programmes.

- To give particular attention to the development of Khadi and Village Industries and other cottage industries to liaison which the State Khadi Board and organize training programmes for rural artisans.
Conclusion

Thus, the growth of industrial development institutions to promote, assist and develop SSI sector to initiate industrial growth in the country has been the most important development in the post-independence period. These institutions have been striving to mould the entrepreneurs and SSIs to accelerate the process of industrial economy. The country has laid a strong foundation by providing infrastructure and all needed support and assistance. It can be generalized that there are a number of institutions to cater to numerous needs of entrepreneurs. "The need of hour is nucleus centre in each industrial pocket/area where all these services are provided through one centre. Effective linkages will provide the necessary impetus to entrepreneurs to embark upon the prime move of industrial development. The accent ought to be on institutional innovation and efficiency. It is on the foundation of a strong and efficient institutional infrastructure which builds a vibrant and dynamic industrial economy."
REFERENCES


